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Magna Entertainment Corp. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you very much. (Operator instructions) And our first question comes from the line of Tom Koch from Turnaround Capital. Please go ahead.

Tom Koch – Turnaround Capital

Yes, hi. I was just wondering the Magna Racino was written down I think by \$29 million, if I got this right. Can you – what's the reason behind that and what was it written down to, what's the current book value of that?

Blake Tohana

The current book value on Magna Racino – yes, it's Blake Tohana – and all of the Austrian assets is approximately 18 million Euros. The write-down primarily related to a classification in the first quarter where we moved it into assets held for sale and as a result took an impairment charge on the building and the other fixed assets and so the charge, the fixed assets that remain primarily relate to land in Europe.

Tom Koch – Turnaround Capital

So, is that what you would deem to be more representative of fair value?

Blake Tohana

Well, I think fair value in, yes, the short answer to that is yes, in the circumstances.

Tom Koch – Turnaround Capital

So, are you looking to sell the land with those fixed assets on them that you've basically written down, or are you selling only land?

Blake Tohana

No. We're looking at a potential transaction which would include the assets as they are today, and if we can attract investors into those assets, then we'll look at it the way the assets are right now.

Tom Koch – Turnaround Capital

Okay. Also, regarding your holdback from the sale of The Meadows, is it correct to look at this and say that that \$25 million holdback is offset by \$6.2 million of this withdrawal liability?

Blake Tohana

I think that's part of it. There's a number of indemnifications that were included in The Meadows sales transaction what that \$25 million holdback relates to. That withdrawal liability is one of those obligations and we are continuing to work through some of the other indemnification obligations.

Tom Koch – Turnaround Capital

So, what do you view as the net value there and when can that be realized?

Blake Tohana

We haven't disclosed that, because as I said, there's indemnification obligations that relate to certain things that haven't occurred yet, so I can't give you a quantum at this point. But for accounting purposes, we've not recognized any amount of that \$25 million holdback.

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