



Horse Racing Ireland
**ANNUAL
REPORT
2011**



**HORSE RACING
IRELAND**

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MISSION STATEMENT

To develop and promote Ireland as a world centre of excellence for horse racing and breeding.

In identifying its mission statement, Horse Racing Ireland (HRI) has placed emphasis on Ireland's position in both the international horse racing and breeding industries and the quality of the product being offered to the racegoing public.

The continuity of funding necessary to develop strategies to achieve the mission is the key element of the HRI Strategic Plan.

The claim to be a world centre of excellence is a realistic one and the benefits of the strategies pursued to achieve the mission will be reflected in the economic, cultural and social environment of the country.

This mission gives expression to the values and sense of purpose of the organisation.



CEO, BOARD MEMBERS & COMMITTEES OF HRI

HRI BOARD

Denis Brosnan	Chairperson
Roderick Ryan	Vice Chairperson Racing Regulatory Body
Bernard Caldwell	Representative of persons employed directly in the industry
Noel Cloake	Representative of persons employed in the industry
William Flood	Racing Regulatory Body
Joe Hernon	Breeders
Michael Hickey	Racing Regulatory Body
Francis Hyland	On-course bookmakers
Noel Meade	Trainers
John Moloney	Racecourses
Jim Nicholson	Representative of persons in the industry in Northern Ireland
Neville O'Byrne	Racing Regulatory Body
Mary O'Connor	Racing Regulatory Body
John Power	Owners

APPOINTMENTS & REMUNERATION COMMITTEE

Denis Brosnan *Chairperson*
John Power
Roderick Ryan

AUDIT COMMITTEE

Jim Nicholson *Chairperson*
Bernard Caldwell
Con Haugh
Francis Hyland

BOOKMAKERS COMMITTEE

Mary O'Connor *Chairperson*
Bernard Caldwell
Raymond Horan
Neville O'Byrne

FAIRYHOUSE COMMITTEE

Pat Byrne *Chairperson*
Michael J Murphy
Noel Meade
Bernard Caldwell
Joe Keeling
Dara Mullen
Eamon Grimes
Mary Wallace



FINANCE COMMITTEE**Denis Brosnan** *Chairperson*

William Flood
John Moloney
John Power
Roderick Ryan
Brian Kavanagh

FOAL LEVY COMMITTEE**Jim Beecher** *Chairperson*

William Flood
Noel Meade
James Murphy
Derek Iceton

FIXTURES COMMITTEE**William Flood** *Chairperson*

Noel Cloake
Noel Meade
Sue Phelan
John Power
John Moloney
Neville O'Byrne

HRI RACECOURSES BOARD**Denis Brosnan** *Chairperson*

William Flood
Joe Walsh
Pat Byrne
Dave McGrath
Tim Hyde
Brian Kavanagh

ITM COMMITTEE**Joe Hernon** *Chairperson*

David O'Loughlin
Jim Martin
Joe Foley
Noel Meade
John Osborne
Michael Hickey
Mick Buckley
Richard Pugh
Louise Fitzsimons
Joe Osborne
Dick O'Sullivan

LEOPARDSTOWN COMMITTEE**Dave McGrath** *Chairperson*

Tom Taaffe
John Oxx
David Allman
Mary O'Connor
Jim Mulqueen
Neville O'Byrne

MEDIA RIGHTS COMMITTEE**John Moloney** *Chairperson*

Mary O'Connor
John Power

NAVAN COMMITTEE**William Flood** *Chairperson*

Noel Cloake
Janet Williamson
Michael Cunningham
Jimmy Owens
Donal Matthews
Deirdre McFadden
Ruairi O'Coileain

PROGRAMMES COMMITTEE**William Flood** *Chairperson*

Noel Cloake
Joe Hernon
Noel Meade
Neville O'Byrne
John Power
John Moloney

TIPPERARY COMMITTEE**Tim Hyde** *Chairperson*

John Power
Michael Ryan
Ciaran Conroy
Matty Fogarty
Daniel O'Connell
Paul Shanahan
Peter Roe

TOTE COMMITTEE**Jim Nicholson** *Chairperson*

Brian Kavanagh
Pat Garvey
Pat Kenny
John Flannelly
Nathaniel Lacy
Dairine Walsh

HRI NOMINATIONS/APPOINTMENTS**CORK****Joe Walsh** *Chairperson*

John Murphy

DUNDALK

Philip Furlong
Ciaran Kennelly
Eamon McLroy

IRISH EQUINE CENTRE

Joe Hernon
Margaret Davin
Marcus Swail

PUNCHESTOWN**David Mongey** *Chairperson*

Sandy Persse
Dick O'Sullivan
Nyall Speirs

RACE

Bernard Caldwell
Margaret Davin
David Wright

CHAIRMAN'S REPORT

I am pleased to present the 2011 Annual Report for Horse Racing Ireland. While the recession continues to make its mark on the industry, with many key performance indicators declining, there were some areas of improvement, particularly in the sales of bloodstock at public auction. Tote betting increased and attendances continued to improve, concentrated around the Festival meetings and events such as student days and concerts combined with race-days. On the other hand, the numbers of active owners and the total horses in training figures continued the pattern of decline seen since 2007, with ownership now at a ten-year low. This is a cause of great concern as the owner is the foundation upon which the industry is built.

While demand in Ireland may remain depressed for a while, we were active in overseas markets, working to attract new overseas owners to join those who are already satisfied customers and investors in horse-related properties. Growing success in overseas markets saw Irish-foaled horses exported to 35 countries compared to 34 in 2010. It is estimated that a further €112 million of bloodstock was sold by Irish consignors at auction in Britain and France and the total value of Irish-foaled exported horses sold at public auction was €156.5 million. We also welcomed increasing numbers of fact-finding and buying missions from emerging markets, with China, in particular, becoming a major player.

Our breeding sector is well-placed to benefit from world economic recovery through high-value exports and inward investment. Breeding and racing are closely intertwined and the health of one depends on the other. A racehorse establishes its credentials on the race-track and the 26 racecourses in Ireland sustain the race programme which is designed to provide tests for all grades and classes. The racecourses have managed through the downturn with great skill, thanks in many cases to voluntary committees and difficult cost reductions affecting staff and suppliers.

To meet the challenge of the domestic market the Board established the Strategic Marketing Group (SMG), chaired by board member Jim Nicholson, to report on ways to improve attendances at Irish race meetings, which are so fundamental to the health and wealth of the sport. The group worked with all major racing industry sectors through stakeholder meetings during the preparation of the report, including the Racegoers Consultative Forum and a marketing group established by the Association of Irish Racecourses (AIR). The report, published in May 2011, has already delivered a number of changes to the way we present and promote racing and it sets out the template for marketing strategy in the coming years.

The Minister for Agriculture, Food and the Marine, Simon Coveney TD, announced towards the end of 2011 that he wished to carry out a review of certain aspects of the racing industry. The review's terms of reference include the legislation governing the Irish horse racing industry; the structure, size and nomination process of the Board of HRI; streamlining of all the functions assigned under the legislation and the question of an appropriate funding structure for the long term development of the sector.

Irish horse racing and breeding is struggling to deal with continuing reductions in the Horse and Greyhound Racing Fund and the continuing uncertainty attached to annual votes from the exchequer which undermines the basis of good planning, which Horse Racing Ireland was established to deliver. We welcome the Government's review of the industry and will work with their advisors and Department officials to ensure that the review is comprehensive and positive in its conclusions and recommendations.

We also await the introduction of legislation in 2012, to impose duty on online and off-shore betting on an equal basis with high street bookmakers.

Finally, as mentioned above, racecourses throughout Ireland provide the stage on which the thoroughbred racehorse proves its worth. Among the many challenges they face is a continuous struggle to retain corporate customers for hospitality and sponsorship.

In presenting these Financial Statements I would like to thank all of my colleagues on the Board of Horse Racing Ireland and all others who have given so generously of their time to serve on Subsidiary Boards and Statutory and Advisory Committees. I also thank Chief Executive Brian Kavanagh and his executive team, who are responsible for the management and administration of Irish horse racing. The Board and executive team have confronted and overcome many challenges throughout 2011 and I have every confidence in their ability to meet 2012 in the same spirit.

Denis Brosnan
Chairman



CHIEF EXECUTIVE'S REPORT

2011 showed tentative signs of renewal in Irish Racing, with racecourse attendances – always a sensitive test of the health of the industry, returning to growth. The total was up by 40,000 at 1.24 million compared to 1.20 million in 2010, with the average per meeting reaching 3,684, up 3% from 3,587. However, in 2012 pressure is still on to retain attendances and the bad weather to date has not helped. Bloodstock sales and Tote betting also produced growth in 2011, together marking the best results for the industry since 2007.

Bloodstock sales at public auction in Ireland were €81 million, up 19% from €68 million in 2010 and it estimated that a further €112 million of bloodstock was sold by Irish consignors at auction in Britain and France. The total value of Irish-foaled exported horses sold at public auction was €156.5 million, up 6.5% from €146.9 million.

Tote betting was €45.9 million, up 13.9% from €40.3 million, with most of the increase generated by international co-mingling deals. The Tote has been very active in building its online and mobile presence, including the launch of a new app for the iPhone.

While the number of new owners entering the market, an important indicator of the health of horse racing, emerged fractionally ahead at 777, just one up on 2010, total active ownership declined by 8% from 4,667 to 4,278.

The summary of areas where we saw declines were:

- Average Horses in Training, down 12.8% to 5,030
- On-Course Bookmakers Betting, down 9.2% to €97.5m
- Total Number of Owners, down 8.3% to 4,278
- Total Prize Money, down 3.5% to €44.4m
- Race Sponsorship, down 3.2% to €4.8m

This very clearly establishes the main problems which we must address in 2012. The recession is an obvious source of our difficulties but there are real structural problems underlying these figures, which must be addressed if we are to emerge from the recession in a fit condition to compete at the top level internationally.

Although the number of new owners entering the market emerged fractionally ahead at 777, just one up on 2010, total active ownership declined by 8% from 4,667 to 4,278.

The horses in training and ownership figures give most concern as they are strong predictors of the health of the industry in the short to medium term. The wider rural economy feels these shocks immediately and the traditional skills base which sustains the industry may be fundamentally compromised if we fail to reverse these trends.

Racehorse owners were identified as the 'foundation' market segment to develop interest in racing by the Strategic Marketing Group, which was chaired by HRI Board member Jim Nicholson. The report, published in May, drew on the talents of HRI Board members, HRI executives and external sports and marketing experts. Extensive stakeholder consultations ensured a comprehensive overview of the issues and the actions needed to address them. The report will direct the marketing of racing for the coming years and will affect the development of strategy for racecourse and racing product development. It identified the need to raise interest levels in racing among the general public as the overriding focus of marketing and communications activities up until 2015.

The most difficult issue highlighted in the report is the rapidly changing betting market which is drawing the traditional 'punter' race-goer away from the racecourse. The changing world of betting is also the source of the key issue for Government and HRI in seeking a stable funding mechanism for racing. Irish racing's ability to recover lost ground and be a

major contributor to the national economic recovery effort is compromised by successive cutbacks to its budget, totalling 26% since 2008. This is a direct consequence of low betting duties and the movement of betting revenues online and off-shore. Our prize money is at its lowest level for ten years, at a time when other major European racing countries are announcing prize money increases.

The Government's recently announced plans to extend the betting duty regime to remote betting and exchanges and to carry out a review of the industry, offer the prospect of a secure funding mechanism for racing and we look forward to seeing this come to fruition in 2012.

The development of sales leads in new and emerging markets presents one of the best opportunities for growth for the horse racing industry and for Ireland's wider economy. We have established a foothold in China which is aiming to become a major player in the international racing scene and other emerging markets show considerable potential. Growth in overseas markets saw Irish-foaled horses exported to 35 countries compared to 34 in 2010. Britain, however, remains our top destination for exports by a distance and we retain an active sales presence on the ground there, and actively promote Ireland at the Cheltenham Festivals and through hosted visits to our own top race-meetings and racing centres.

The reputation of our horses and people precedes us across the globe, franked by the only proof that counts - winning the top prizes at home and internationally. Irish based stallions have been champion sire in Great Britain and Ireland every year since 2009. Ten of the last fifteen winners of the Epsom Derby and thirteen of the last fifteen winners of the Cheltenham Gold Cup have been bred in Ireland.

Our trainers have also chalked up successes and earned widespread acclaim around the globe. Irish-trained horses had remarkable success in the UK and overseas, with a 53% increase in prize money won abroad from €8.52 million in 2010 to €13 million. Irish trainers' achievements are reflected in the World Thoroughbred Rankings 2011, with six of the top ten and fourteen of the top thirty two-year-olds in the world Irish-trained.

The high point of the year was undoubtedly the record-breaking 13 Irish-trained winners at the Cheltenham Festival, where there were also 15 Irish-bred and 22 Irish-ridden winners. This success on the most important stage for Irish National Hunt racing was further enhanced with Willie Mullins, Ruby Walsh and Gigginstown House Stud being awarded the leading trainer, jockey and owner titles respectively.

We were happy to celebrate this and other successes at the annual Irish Horse Racing Awards in the Leopardstown Pavilion in December. Awards were presented to Hurricane Fly, Willie Mullins, Nina Carberry, Joseph O'Brien and Derek O'Connor. Dermot Weld received a special 'Contribution to the Industry' award.

Brian Kavanagh
Chief Executive

FINANCE REVIEW

The financial results of the Horse Racing Ireland Group were satisfactory for the year ended 31st December 2011.

Within the year, a group deficit of €7.580m arises primarily due to exceptional items during the year of €16.95m. During the year the Horse Racing Ireland Group carried out a review of all its land and building assets and as a result of this exercise an impairment charge of €16.95m arose in 2011. The other main movements during the year showed an increase in subsidiary net income, an increase in media income of €3.745m, a decrease in the allocation from the Horse and Greyhound Racing Fund and a reduction in total prize money. Total expenditure showed a decrease of €3.859m in 2011 due to a reduction in Capital Development Fund Grants to third party racecourses of €1.835m and other costs were down €2.024m.

GROUP INCOME AND EXPENDITURE ACCOUNT

Turnover for the year was up 15% or €7.7m to €59.2m compared to €51.5m in 2010. The turnover increase is primarily due to an increase of 14% or €5.5m in Tote Ireland turnover and an increase of €2.2m or 25% in Racecourse income in 2011. Income from bookmakers remained similar year on year at €2.3m in 2011. The income from On-Course Bookmakers' betting and pitch fees is paid back to the relevant racecourses. This amounted to €1.347m in 2011 which showed a decrease of 9% or €0.143m from the previous year figure.

The number of fixtures in 2011 increased by 2 from 334 in 2010 to a figure of 336 in 2011. 22 of these fixtures were run in Northern Ireland which is an increase of 1 fixture from the previous year. The total number of Races in 2011 increased by 16 races to 2,397, up from 2,381 in 2010.

Complete statistics for Irish Racing are available in the Horse Racing Ireland Fact Book 2011 and on the website www.goracing.ie.

OTHER INCOME

Other income has increased by €1m to €75m in 2011. The allocation from the Horse and Greyhound Racing Fund has decreased by €1.581m or 3% from the previous year to €45.830m. Foal Levy contributions showed a small decrease from the 2010 figure of €1.644m to €1.602m. There was a slight decrease in the number of foals born in 2011 (7,550 in 2011 compared to 7,588 in 2010). Media income increased by €3.745m in 2011 to a figure of €5.388m. Registrations income remained unchanged year on year at a figure of €3.42m. Other income in the year remained unchanged at €0.4m and industry contributions to ITM increased by €0.047m to €0.251m. Financial investment income increased by €0.4m to €1.1m.

PRIZE MONEY

The total value of prize money of €45.3m showed a decrease of €1.7m from the previous year total of €47m. The contributions from owners were down by €1.2m from the previous year. The contributions from sponsors remained similar year on year, while Horse Racing Ireland's contribution to prize money decreased by €0.4m to €29m in 2011. Point to Point prize money was €0.9m against a figure of €1m in 2010. There were 109 Point to Point fixtures in 2011 compared with 112 fixtures in the previous year. The total number of races in 2011 decreased by 10 races to 817, down from 827.

EXPENDITURE

Other Group Expenditure at €23.3m was down €2.1m or 8% from the 2010 figure of €25.4m. The main decrease reflects a reduction of €1.835m in Capital Development Fund Grants, as this scheme is now closed.

Integrity and Racecourse Services costs decreased by 3% or €0.262m in 2011 to a figure of €8m.



Payments made to Racecourses for various programmes decreased by €0.3m or 17% to €1.5m in 2011. This was primarily due to the closure of schemes and a reduction in levy and pitch fee payments to racecourses.

Grants/Fees paid to Industry Bodies increased by €0.266m or 12% in 2011 to a total figure of €2.525m. The Irish Equine Centre received €1.344m in 2011, an increase in funding of €0.650m from 2010 and grants paid to racecourses reduced from €0.302m in 2010 to nil in 2011.

Distributions made under the Foal Levy Scheme in 2011 were €1.379m which was a reduction of €0.200m on the previous year. The main third party beneficiaries in 2011 were as in previous years, namely the Irish Equine Centre (€1m in 2010 to €0.875m in 2011) and Irish Thoroughbred Breeders Association (€0.450m in 2010 to €0.410m in 2011). Irish Thoroughbred Marketing was also a beneficiary and received €0.440m in 2011.

Other expenditure reduced by €0.313m or 19% in 2011. There was little movement in the administration costs year on year.

Irish Thoroughbred Marketing expenditure has remained unchanged year on year. General Marketing and Promotional costs increased by €0.338m or 22% from €1.527m in 2010 to €1.865m in 2011. Marketing expenditure was higher in 2011 due to the running of a TV campaign to get people to go racing. This TV campaign was not run in 2010.

GROUP CASH FLOW

Group cash flow from operations amounted to an inflow of €10.278m. The net cash inflow from return on investments and servicing of finance amounted to €0.879m. Net cash outflow from capital expenditure and financial investments totalled €0.304m. Group payments to acquire tangible fixed assets totalled €1.148m in the year. Net cash inflow before financing totalled €10.853m for 2011. Group bank loan repayments amounted to €2.223m in the year.



MARKETING REVIEW

Horse Racing Ireland's (HRI) marketing department welcomed the return in growth to Irish racing in 2011. Racecourse attendances were up by 40,000 at 1.24m compared to 1.20m in 2010. The average attendance at race meetings in 2011 was 3,684, up 3% from 3,587.

However, the task of marketing racing still faced clear challenges. Owners, betting people, horse followers, commercial customers, sports fans and the leisure market were still in retreat due to the recession and it was recognised that an economic recovery may not solve matters fully because fundamental changes remain – the interest level in horse racing among the public needed to be developed. To that end, the Strategic Marketing Group (SMG), established by the Board of Horse Racing Ireland and chaired by Jim Nicholson, was set up to report on ways to improve attendances at Irish race meetings.

The group carried out market research to find the level of interest in racing compared to other sports. They also identified what drives interest in racing and what the barriers to participation are. All major racing industry sectors were involved in stakeholder meetings during the preparation of the report including the Racegoers Consultative Forum and a Racecourse Marketing Group established by the Association of Irish Racecourses (AIR).

Launched in May 2011, the report identified three key goals:

- Create a customer-focused racing product
- Restore and grow the levels of attendance by the betting customer at the racecourse
- Grow the fan base by increasing levels of interest in the sport.

The report also made clear the central role of betting in attracting and retaining fans and recommended the creation of a broad forum to include HRI, the racecourses, on-course and off-course bookmakers and suppliers of online betting and exchange products.

The UK market is very important for HRI Marketing and Cheltenham's Festival plays a key part in our overseas marketing. Once again, St Patrick's Day fell during the festival. In conjunction with Cheltenham Racecourse and Tourism Ireland, HRI rolled out the 'Go Racing in Ireland for Free' campaign. This ticket offered free racing at eight Irish race meetings. This campaign was targeted at 40,000 UK racegoers through a direct mail campaign to Cheltenham's database of UK racegoers. We also developed an 'Irish Racing packages' brochure, outlining various accommodation and racing offers at various racecourses around Ireland. This was also distributed as direct mail via the UK edition of the Racing Post – approximately 60,000 copies on St Patrick's Day. In addition, HRI marketing also co-ordinated the 'Go Racing in Ireland' trade stand for the four days of the festival, distributing free literature on Irish racing, and hosted the Irish

Racing Focus Press Conference on the first day of the festival. Another important remit of HRI marketing is to demonstrate the success and, more importantly, the value of the racing industry to the Irish economy. So, on the back of the Irish success at the Cheltenham Festival, HRI marketing organised that all of the 13 Irish Cheltenham winners parade at Fairyhouse on Easter Sunday to acknowledge their record-breaking performance at the Festival, at which there was a record 13 Irish-trained, 15 Irish-bred and 22 Irish-ridden winners. The unprecedented Irish success was also highlighted by Willie Mullins, Ruby Walsh and Gigginstown House Stud capturing the leading trainer, jockey and owner titles respectively.

As the National Hunt season wound down, HRI marketing announced apprentice jockeys Gary Carroll, Ben Curtis and Joseph O'Brien as our 'Rising Stars of Flat Racing'. The trio were an automatic choice following the exciting finish to the 2010 Flat season in Dundalk in December.

The objective of the 'Rising Stars' initiative was to increase the profile of Flat racing and to allow racing fans and the general public to get to know more about the work and lifestyle of these up and coming jockeys. A key part of their role was to give an inside view of their daily routine and their general take on life, inside and outside racing. This campaign was executed through TV, press and social media.

With the Strategic Marketing Report recommendations in mind, 'Stars go Racing', a reality series, in association with HRI, was aired on RTE One in July for 6 weeks. Six well-known Irish personalities – Linda Martin, Francis Brennan, Jean Byrne, Alan Quinlan, Ella McSweeney and Mike Denver – were recruited and paired with some of Ireland's top trainers to learn the business of horse training and to compete with each other at a series of race meetings nationwide. The series was extremely successful, with an average viewership of 348,600 adults and approximately 28% share.

The Strategic Marketing Report also influenced significant product development to the 2012 Fixture List, which was announced at the Galway Festival in July. The 2012 fixture list featured many changes to meet our customers' habits and requirements. The key changes were:

- The Dubai Duty Free Irish Derby to be run on a Saturday as part of a late afternoon card
- The Red Mills Irish Champion Stakes will also be run as part of a late afternoon card on a Saturday
- A new top class weekend of Flat racing has been created on September 8th/9th featuring the Red Mills Irish Champion Stakes at Leopardstown on the Saturday and the Moyglare Stud Stakes at the Curragh on the Sunday

The success of the Tote Go Racing Club (TGRC) and the Go Racing Kids Club continued in 2011. The TGRC held 34 events throughout the year which attracted over 5,000 through

racecourse turnstiles. Similarly, HRI marketing hosted seven Kids' Club days in 2011 at Tramore, Tipperary, Kilbeggan, Ballinrobe, Curragh, Galway and Fairyhouse and more than 1,500 primary school children took part.

In November we launched a national radio advertising campaign in support of the winter racing season. The campaign arises from the Strategic Marketing Group Report, which identified target markets for improving racing attendances and the appropriate advertising themes to address them.

Behaviour & Attitudes research commissioned by the Strategic Marketing Group identified 'occasional' racegoers as a specific target for advertising during the popular National Hunt season. Occasionals are people who have been racing before, have enjoyed the experience, but need to be encouraged to re-connect with the sport and to attend more often.

The radio advertisement encapsulates the unique atmosphere of a day at the races, stating that 'nothing else feels like this'. It captures the deep emotional connection that Irish people have with horse racing and how they value it as part of their sporting and social life. The sign-off line underscores our unique national affinity for the horse: "Horse Racing – It's in the Blood".

The creative brief for the campaign grew from a number of core research findings:

- The changed circumstances following the recession have changed attitudes and expectations
- Irish people want to re-connect with things they consider authentic
- They value the countryside, its customs and everything traditional more than before
- They seek a renewed sense of Irishness
- Sport offers the celebration of something they love in the company of like-minded people

The campaign was built around a mix of 60-second and 30-second ads which were broadcast from November to February, dove-tailing with the Down Royal, Leopardstown and Limerick Christmas Festival and Hennessy campaigns.

In December, the annual Irish Horse Racing Awards were hosted by Horse Racing Ireland in the Leopardstown Pavilion. The awards, which were in their ninth year, are voted on by the Irish racing media to recognise excellence in the sport of horse racing. Awards were presented to Hurricane Fly, Willie Mullins, Nina Carberry, Joseph O'Brien and Derek O'Connor. Dermot Weld received a special 'Contribution to the Industry' award.

In summary, 2011 was a busy year for HRI marketing that delivered focused and innovative campaigns based on the recommendations of the Strategic Marketing Report.



TOTE REVIEW

Tote made significant advances in 2011. Overall revenues increased by 13.9% from €40.3 million to €45.9 million. This was particularly satisfying in a flat economic environment. However, on-course betting remained weak due to economic conditions.

Tote launched a new 6 Leg Jackpot type bet in January 2011. This bet is called the "Pick 6" and entails the selection of the winning horses in races 1 to 6 at a race meeting. Initially, the bet was run every Sunday and for the major festivals, but it is now available at every fixture in Ireland. Despite a slow start, it is gradually gaining acceptance among the betting public and is expected in the not too distant future to add significantly to Tote turnover. The Tote also launched a Daily Double bet. This bet entails the selection of the winners of the 5th and 6th races at a race meeting.

Betting from third parties and other international Totes into Tote Ireland pools continues to show very positive growth. This is particularly true of betting from the UK and France. Downpatrick commenced betting into the Placepot Pool. Also in 2011, At The Races added some additional overseas partners to its portfolio during the year.

2011 saw some very sizeable Tote Pools being achieved. The highest betting race on the Tote in 2011 was the Pretty

Polly Stakes at the Curragh on the 25th June, which was a very healthy €339,219. This figure represents betting on the Win, Place, Exacta and Trifecta pools combined. At Galway, on 30th July, the Pick 6 achieved a pool of €78,071. The Jackpot at Sligo on the 3rd August achieved a pool of €226,140, which was shared among 10 lucky winners.

There were some enhancements to the Tote system during the year, which puts the Tote at the forefront of technology developments in the betting market. Early in the year, Tote provided its account clients with the facility to watch every race in Ireland and the UK online, free of charge, after having a bet through the Tote internet site. Later in the year, Tote launched the Tote App. This was a very welcome development and allowed Tote clients to bet into Tote Pools using the Mobile App.

Tote had a strong set of financial results for the year, due to enhanced revenue streams and a continuing cost reduction programme. The Tote continued its policy of returning all profits to racing, through race sponsorship and payments to racecourses, based on a percentage of their respective on-course turnover. 2012 will see a continuation of the strategy to grow the top line, hold costs at an acceptable level and provide excellent customer service.



HRI RACECOURSE DIVISION

2011 was the sixth year of operations for the HRI Racecourse Division (HRI Racecourses Ltd.) which is responsible for:

- Leopardstown
- Fairyhouse
- Navan
- Tipperary

In overall terms, the weather did not impact in 2011 as it did in 2010 where a total of 6 racemeetings were cancelled and a further 6 were rescheduled due to snow and rain. HRI Racecourses ran 70 racemeetings in 2011. This resulted in a

combined attendance of 248,157 which represented a 13% increase in attendances on the previous year.

The combined Tote betting amounted to €11,844,392, which is up 43% on 2010, while bookmaker turnover came to €26,611,468, showing a decline of 3% on 2010.

HRI Racecourses, as part of the Association of Irish Racecourses, signed a new media deal in 2011 which resulted in a significant increase in revenues related to the televised pictures provided by the racecourses.

Leopardstown

2011 was a good year for Leopardstown, with 144,464 attending the 23 race days. This was up from 121,373 the previous year, although there were only 22 days racing in 2010. Bookmaker betting for the year amounted to €14,150,144 and Tote turnover was €7,889,969 in 2011.

The Bulmers Summer Music Series went very well and this has established itself as a music festival with a difference. This will continue to attract new entrants to racing.

September saw a highly successful Champion Stakes sponsored by Red Mills for the first time. The Red Mills Marquee featured a variety of entertainment throughout the day. This was very popular and the music was very well received.

Leopardstown was successful in attracting new sponsors during the year. In addition to Red Mills, BHP, the Racing Post and Topaz were all new Grade 1 race sponsors. There were many other new sponsors and all 28 races were sponsored for the Christmas Festival. This was a noticeable milestone for Leopardstown.

BHP, the sponsors of the BHP Irish Champion Hurdle, had a very successful day in January. They partnered with the Marie Keating Foundation and had a well supported lunch in the Pavilion. This partnership between a sponsor and a charity is a model that the racecourse will look to develop in the future.

The refurbishment programme continued during 2011, with the completion of works in the Tote Hall, Suite Level and the Leopardstown Pavilion. The reaction to the improvement was very positive and it is hoped that this will result in higher attendances in the future.

Leopardstown Golf Centre had another good year in 2011; there were 35,000 rounds of golf played at the Foxrock venue during the twelve months. The Irish Ladies Golfing Union affiliation is a big addition to the offering to customers and attracted many new members during the year. Improvements to the course continued and this will make it a more challenging course for the players in the future.



Fairyhouse

The highlight of the calendar was the annual Grand National Festival which took place from 24th to 26th April. Attendance for the 3 days was 27,083 compared to 24,159 in 2010. This represented a 12% increase over the festival. The highlight was the Ladbrokes Irish Grand National, which this year had a great local story with Nina Carberry becoming the third member of her family to score in the race on her uncle Arthur Moore's Organisedconfusion. The Grade 1 Powers Gold Cup also provided a local story with Paul Carberry being successful aboard Realt Dubh.

The Bar One Racing sponsored 'Premier Jump Racing Weekend' also attracted the cream of National Hunt stars, with Voler La Vedette, Bog Warrior and Sous Les Cieux claiming the Grade 1 honours.

The feature of the Flat season at Fairyhouse is the Group 3 Brownstown stakes and this year's victory went to the Juddemonte Farms owned and bred mare Emulous for trainer Dermot Weld. She later went on to Group 1 glory in the Matron Stakes at Leopardstown.

2011 was a difficult year for the track at Fairyhouse due to the unsuccessful track works in 2010. This led to just 16 of the 20 scheduled meetings taking place. However, by the end of the year, all of the galloping areas had been successfully tested to allow a full programme for 2012.

The enclosure and facilities saw improvements such as a new members lounge, the Tote Sport's lounge and the addition of the winning connections room. The committee have planned for further developments in 2012.

The Sunday market continues to develop and is a key contributor to Fairyhouse by attracting large crowds every Sunday. The 3-Steps school was among the new non-racing activities which occurred in 2011.

Overall attendance of 53,546 was up on 2010 by 5,939 customers. Bookmaker betting for the year amounted to €6,018,167 and Tote turnover was €1,954,760.



Navan

Navan raced 19 times in 2011, comprising 13 National Hunt meetings (increase of 4 from 2010 as a result of taking 2 fixtures from Fairyhouse and lost meetings in 2010 due to bad weather) and 6 Flat meetings. Overall attendances for the year were 32,951, a 2.5% increase on last year. Navan also hosted a very successful schooling day in April. Tote betting amounted to €1,300,474 while bookmaker turnover came to €4,428,984.

Navan has fully implemented its re-structuring programme in both Racing and Golf and is now starting to see the financial benefits of these changes. Many of Ireland's Cheltenham hopefuls visited Navan in 2011 which is a great recommendation for the quality of the racing surface.

This year's Ladbrokes.com Troytown Chase proved very successful and attracted an attendance of 4,052. The race itself has become a recognised target for a number of Ireland's leading handicap staying chasers.

The Flat racing programme in April saw the Salsabil Stakes and Vintage Crop Stakes won by Fame and Glory, on his way to success in the Ascot Gold Cup, one of the highlights of the European Flat racing season.

The golf course has also undertaken a number of new initiatives to grow membership and green fee business and to date has received a positive take-up of the packages offered.

Tipperary

In 2011, Tipperary Racecourse staged 12 fixtures, one more than the scheduled 11 cards due to the addition of a transferred card from Fairyhouse. There was 1 Mixed, 7 Flat and 4 National Hunt cards. Compared to 2010, there was one less National Hunt card and one additional Flat card.

Attendances were down 9% from 18,892 in 2010 to 17,196 in 2011. Tote betting amounted to €699,189 and bookmaker turnover was €2,014,172, over Tipperary's season.

The very first race of the 2011 Racing season at Tipperary gave an indicator of what was to come in terms of quality as the Michael Mulvany trained Tough As Nails strode to an impressive seven length victory. Indeed, that very first meeting set the tone for the season as Dermot Weld's Notable Graduate took the 3-Y-O Maiden on the card while Pittoni defeated Galileo's Choice in the concluding conditions race over a mile and six furlongs. Notable Graduate subsequently went on to take his chance in the Dubai Duty Free Irish Derby while Pittoni went on to win at Listowel and

Naas before taking third place in the recent Grade 1 Morgiana Hurdle at Punchestown. Galileo's Choice subsequently scored at the Galway Festival over hurdles before taking the Group 3 Kiltarnan Stakes at Leopardstown on Red Mills Irish Champion Stakes Day in early September.

The National Hunt races also featured some top quality performers such as First Lieutenant, who opened his account over fences in the Like A Butterfly Novice Chase in early October, while on the same card, Edward O'Grady's The Real Article confirmed himself as a most improved animal when taking the Friends Of Tipperary Hurdle. The Real Article had earlier gone very close against Captain Cee Bee in the Kevin McManus Bookmakers Grimes Hurdle in July and has subsequently won a graded event at Down Royal.

Again on Easter Sunday, the Tipperary Vintage Club ran a very successful vintage rally, which to date has raised over €24,000 for local South Tipperary charities, while showcasing the racecourse as a versatile facility.

IRISH THOROUGHBRED MARKETING REVIEW

Irish Thoroughbred Marketing (ITM) is funded jointly by Horse Racing Ireland and different sectors of the Irish bloodstock industry including: breeders through the foal levy, sales companies, stallion farms and the Irish Racehorses Trainers Association. 2011 saw further pressure on ITM's budget, yet it still managed to undertake all planned international marketing activity and achieved some positive results. The thrust of ITM is to generate inward investment and increase export sales. These two activities are carried out by the team, with the support of the industry. With the ever growing worldwide interest in breeding and racing, the countries of China, India, Poland, South America and Russia are becoming more important as these new markets develop.

2011 began off the back of a very successful 2010 for both Irish racing and breeding and this success continued throughout the year. Irish bred horses won 15 of the 26 races run at the 2011 Cheltenham Festival, with Irish trainers winning a record 13 races, including the Champion Hurdle and the Queen Mother Champion Chase. Irish bred horses continued their domination of the Aintree Grand National when Ballabriggs lead home an Irish bred 1-2-3. Nine of the last ten winners of the world famous race have been bred in Ireland. Overall, Irish bred horses won 65% of the Grade 1 National Hunt races run in Ireland and Britain during the 2010/11 season.

On the flat, Irish horses made their presence felt the world over. Pour Moi posted another Epsom Derby success for an Irish bred horse while Irish bred horses featured strongly in the World Thoroughbred Rankings. Out of the top 10 horses in the world in 2011, 3 were Irish bred. Apart from the ill-fated Rewilding, 6 of the top 10 were colts and of those, Canford Cliffs and Dream Ahead have already retired to stand at stud in Ireland, while another two, Excelebration and So You Think will most likely feature on Coolmore Stud's roster when retiring from racing. This continued trend of some of the world's best racehorses retiring to stud in Ireland should ensure Ireland remains at the forefront of global thoroughbred breeding and racing.

In the European rankings, 10 of the top 20 rated 2yo's of Europe in 2011 were bred in Ireland. The Champions of both sexes, Camelot and Maybe are both trained in Ireland. 2011 was also a highly successful year for Irish flat trainers on the international circuit with 8 different trainers winning 32 stakes races around the world. These included 14 Group or Grade 1 wins for 3 trainers: Aidan O'Brien, Ger Lyons and Jim Bolger. Aidan O'Brien landed an amazing seven Grade 1 wins in the USA in 2011. Trainers Edward Lynam, Tommy Stack, David Wachman and John Oxx were all successful at Group 2 level in the UK. In total Irish trainers won €13m in prize money outside of Ireland in 2011.

There were signs in 2010 that the Irish bloodstock industry was beginning to stabilize. There were further signs in


2011 that this was indeed the case and the industry posted some positive growth figures in some key areas. From an ITM point of view, perhaps the most significant indicator is the value of bloodstock sold at public auction. This figure is directly influenced by the level of inward investment by overseas bloodstock buyers, in addition to the activity of the domestic market. After dropping 60% in two years from 2007 to 2009, the figure showed a modest increase in 2010 but a significant 19% increase in 2011 to €81m. Back to back years of steady growth shows confidence has returned to the market and provides a foundation from which to build further. Furthermore, this increase in turnover was gained through a reduced sales calendar and a reduction in the number of horses both catalogued and sold.

There was a reduction in the number of foals born in Ireland in 2011. The foal crop figure of 7,550 represents a 25% decrease on the 2009 crop. Despite the reduced figure, Ireland still produces more thoroughbreds than any other European country and with the focus firmly set on quality, we are confident that Ireland will continue to provide a top class product for our international bloodstock clients.

ITM has invested significant resources in developing key emerging markets over the past five years, and this investment is now beginning to pay off. ITM made three trips to China in 2011 and as a direct result of this activity Chinese investors have come to Ireland and bought over fifty horses within the last year. This market is in its infancy and Ireland is now well positioned to become a significant trading partner with China as their bloodstock industry develops. In 2011 ITM also appointed Jennifer Zhou as Asian Representative. Jennifer lives in China and her knowledge of local language and culture will be a huge asset to ITM's work in the region.

Throughout the year the ITM team maintained a busy schedule of market visits. These visits incorporated Government trade missions, bloodstock auctions, and selective race sponsorships at racing festivals, in order to brand Ireland as a centre of excellence for breeding and training horses. In 2011 the ITM team were active in 22 different countries around the world including UK, USA, South Africa, Singapore, Korea, China, the Middle East, India, Turkey, Morocco, Eastern Europe, Scandinavia and mainland Europe.

Significant involvement in the UK Market, specifically with racecourses like York and Newmarket, enables ITM and representatives of the Irish sales companies to make contact with both existing and new clients of the Irish bloodstock industry in advance of the major Irish bloodstock sales. ITM

A close-up photograph of a horse's head, focusing on the texture of its fur. The horse has a rich brown coat with a prominent white blaze running down the center of its face. The lighting is soft, highlighting the individual hairs and the smooth skin. The background is blurred, emphasizing the horse's features.

also continued its association with Cheltenham Racecourse, gaining a considerable presence at the home of British National Hunt racing, which allows ITM direct access to their target market and also has a major spin off in subsequent sales and attendances at major festivals in Ireland.

ITM is confident that further progress can be made promoting Ireland overseas as both a source for quality bloodstock and as a country in which to invest in, be it for training horses or establishing a breeding enterprise.

2011 RACING REVIEW

The MCR Hurdle at Leopardstown is always the highlight of the opening weeks of January, and the success of Final Approach in this valuable contest was the start of what proved to be an astonishing year for champion trainer Willie Mullins. He continued his domination of the Irish big race scene at Leopardstown, completing a double by landing the featured Grade 1 BHP Insurances Irish Champion Hurdle with Hurricane Fly. The other Grade 1 on the card was the Frank Ward Solicitors Arkle Novice Chase and it was the Noel Meade-trained, Paul Carberry-ridden Realt Dubh that took the spoils in a thrilling contest.

The twice postponed Connolly's Red Mills Thyestes Handicap Chase meeting finally took place at Gowran Park and it was the Dessie Hughes-trained Siegemaster that took the spoils in an exciting renewal of the feature race. At Punchestown, the Tied Cottage Chase went to the Willie Mullins trained Golden Silver who hit the front in the closing stages to get the better of his old rival Big Zeb by half a length.

February began with deep sadness in Irish racing circles as news that amateur rider Jack Tyner, who had been in an induced coma since a fall at a point-to-point in Dungarvan five days previously, had died early on Monday February 7th. The only son of trainer Robert Tyner and his wife Mary, the 19-year-old had been treated for a serious head injury at Cork University Hospital following the heavy fall.

At Leopardstown Jessica Harrington landed the Dr. P.J. Moriarty Novice Chase with Bostons Angel and then the Deloitte Novice Hurdle with Oscar Wells running out the impressive winner. Willie Mullins was not to be denied his place in the spotlight, with Kempes landing the featured Hennessy Gold Cup in good style under David Casey. The Grade 2 Red Mills Trial Hurdle at Gowran Park saw the Philip Fenton-trained Dinguib make an impressive winning seasonal reappearance under Brian O'Connell. The other co-main event on the card was the Grade 2 Red Mills Chase and it saw the Robbie Hennessy-trained Rubi Light produce an impressive winning performance under Andrew Lynch.

March is all about the Cheltenham Festival and the first day of the festivities saw Irish based trainers saddling three of the seven winners. The highlight came in the featured Grade 1 Stan James Champion Hurdle Challenge Trophy, with the Willie Mullins-trained Hurricane Fly running out the comfortable winner under Ruby Walsh. Mullins and Walsh enjoyed another memorable success just over an hour later, with Quevega producing a highly impressive performance to win the Grade 2 David Nicholson Mares' Hurdle for the third year in succession. In between those wins, the Henry De Bromhead-trained Sizing Australia landed the Glenfarclas Cross Country Chase under Andrew Lynch.

On the second day of the meeting, Irish-trained horses won six of the seven races on the card. Gordon Elliott got the ball rolling by sending out Chicago Grey to win the opening National Hunt Chase and he would go on to complete a double on the card by saddling Carlito Brigante to win the Coral Cup. That latter win also completed a double for Russell and owner Gigginstown House Stud, as they had already won the Grade 1 Neptune Investment Management Novices' Hurdle on the Mouse Morris-trained First Lieutenant. Jessica Harrington sent out the Robbie Power-ridden Bostons Angel to win the Grade 1 RSA Chase, while her Kildare compatriot Arthur Moore triumphed with What A Charm in the Fred Winter Juvenile Handicap Hurdle under Paul Townend. The Irish also enjoyed a clean sweep in the feature race of the day, the Grade 1 sportingbet.com Queen Mother Champion Chase, with the Henry De Bromhead-trained, Andrew Lynch-ridden Sizing Europe leading home an Irish-trained 1-2-3-4.

On the Thursday of the Cheltenham Festival, the Paul Nolan-trained Noble Prince was the sole winner on the day in the opening Grade 2 Jewson Novices' Chase, while on the final day, Irish-trained horses won three races on the card, bringing their Festival total to a remarkable 13. Willie Mullins saddled Final Approach to win the Vincent O'Brien County Hurdle under Ruby Walsh and Sir Des Champs to secure a similarly last-gasp win in the Martin Pipe Conditional Jockeys' Handicap Hurdle under Emmet



Mullins. Ian Ferguson sent out Zensky to record a wide margin win in the Christie's Foxhunter Chase Challenge Cup.

The spring National Hunt festival bandwagon rolled into Aintree at the beginning of April and while the Grand National went the way of the Donald McCain-trained Ballabriggs, Irish-trained horses enjoyed plenty of success. Gordon Elliott's Steps To Freedom won the Grade 2 John Smith's Champion Standard Open National Hunt Flat Race under Paul Carberry while the Davy Russell-ridden Quito De La Roque landed the Grade 2 John Smith's Mildmay Novices' Chase.

On the flat, as the season started at the Curragh, Tommy Stack was the man to follow, saddling a double that included the featured Group 3 Lodge Park Stud EBF Park Express Stakes with the Wayne Lordan-ridden Lolly For Dolly. Jim Bolger and Kevin Manning then teamed up to complete a double at Leopardstown which included the featured Group 3 P.W. McGrath Memorial Ballysax Stakes with Banimpire. Dermot Weld was also in double form, with the highlight being the win of the ever-green Famous Name in the Listed Heritage Stakes under Pat Smullen.

The Fairyhouse Easter Festival got underway and the feature on the opening day, the Grade 1 Powers Gold Cup, was won by the Noel Meade-trained Realt Dubh. Then, on Easter Monday, Nina Carberry had a day that will surely rank as one of the greatest of her career, riding Organisedconfusion to win the featured Ladbrokes Irish Grand National for her uncle, Arthur Moore. Nina sent the six-year-old to the front after the penultimate fence and looked to be in control soon after, eventually having five lengths to spare over Western Charmmer.

May kicked off with the ex-Australian superstar So You Think making a highly impressive Irish debut in the Group 3 High Chaparral EBF Mooresbridge Stakes at the Curragh, with Aidan O'Brien's charge bolting up by no less than ten lengths. The attention was soon back on the National Hunt action, with the opening day of the Punchestown Festival proving to be a red letter day for trainer Colm Murphy, as he saddled the winner of two of the three Grade 1 contests on the card. Big Zeb got the

ball rolling in the Boylesports.com Champion Chase, followed by the relentless galloper Quito De La Roque grinding out a wide margin success in the Growise Champion Novice.

The Grade 1 Punchestown Guinness Gold Cup was the main event on the second day of the Punchestown Festival with Follow The Plan capitalising on very disappointing runs from the British raiders Kauto Star and Nacarat, as well as the final fence fall of Roberto Goldback. Quevega lit up proceedings on the third day of the Festival, winning the Grade 1 Ladbrokes.com World Series Hurdle in brave fashion. Hurricane Fly then confirmed his position as the most exciting hurdler since Istabraq by completing his perfect season with a deeply impressive win in the Grade 1 Rabobank Champion Hurdle on the Friday.

The attentions of the racing public soon returned to the Flat with the first Classic of the Irish Flat season, the Abu Dhabi Irish 2,000 Guineas at the Curragh. The feature race produced a famous family success, with Aidan and Joseph O'Brien combining with Roderic O'Connor to take the spoils. The son of Galileo was given a well judged front-running ride by Joseph and had three quarters of a length to spare over the British raider Dubawi Gold at the line. The following day, Aidan O'Brien was in dominant form, completing a remarkable four-timer that included both Group 1 contests on the card. The highlight came in the Group 1 Etihad Airways Irish 1,000 Guineas, with the Seamie Heffernan-ridden Misty For Me beating off the challenge of her stable mate Together. O'Brien's other Group 1 win came courtesy of the immensely exciting So You Think in the Tattersalls Gold Cup.



2011 RACING REVIEW (CONTINUED)

The first Group 1 action of June took place at Epsom's Derby meeting and Aidan O'Brien got on the Group 1 scoreboard on the Friday, winning a thrilling renewal of the Investec Coronation Cup with the Ryan Moore-ridden St Nicholas Abbey. However, O'Brien was out of the luck in the feature events of the meeting, saddling Wonder Of Wonders to finish second in the Investec Oaks and Treasure Beach to finish second in the Investec Derby to Pour Moi.

Royal Ascot is always one of the most high profile meetings of the year and Aidan O'Brien made a solid start to the meeting on Tuesday, saddling the Ryan Moore-ridden Power to win the Coventry Stakes. The following day, Tommy Stack and Wayne Lordan ensured that the Tipperary flag was flown high, with them teaming up with Lolly For Dolly to record an authoritative success in the Group 2 Windsor Forest Stakes. After the defeat of So You Think earlier in the week, Aidan O'Brien got his week at Royal Ascot back on track the very next day by saddling Fame And Glory to win the featured Group 1 Ascot Gold Cup under Jamie Spencer. Jim Bolger's remarkably tough filly Banimpire ground out a typically game win in the Group 2 Ribblesdale Stakes under Kevin Manning, her fifth stakes race win of the season. Maybe maintained her unbeaten record with an impressive success in the Chesham Stakes, while better was to come in the Group 2 Hardwicke Stakes, with Await The Dawn running out the easy three lengths winner.

The following weekend, Aidan O'Brien took charge on Saturday's meeting at the Curragh, saddling three winners that included Misty For Me in the featured Group 1 Stobart Ireland Pretty Polly Stakes, while on the Sunday O'Brien continued his domination of the Dubai Duty Free Irish Derby, saddling his third successive 1-2-3 in the race with Treasure Beach leading home the charge.

At the beginning of July, the focus of the racing world was very much on the Eclipse Stakes at Sandown as Aidan O'Brien-trained So You Think got the better of Workforce by half a length in a thrilling finish. The good times continued to roll for Ballydoyle as just a week later Cape Blanco won the Man o'War Stakes at Belmont Park in America. Back at the Curragh, Frankie Dettori stole the show on Blue Bunting to win a dramatic success in the featured Darley Irish Oaks. Dettori delivered his mount fast and late to grab the verdict by a short-head in the very last stride, celebrating in typically ebullient fashion much to the delight of the crowd.

Dermot Weld dominance of the Galway Festival was taken to an all new level at the 2011 festivities. Weld's previous best tally of winners at the meeting was 11, but he saddled a truly remarkable 17 winners over the course of the week. In terms of the feature races at Galway, thetote.com Galway Plate produced a thrilling finish, with the Willie Mullins-trained Blazing Tempo coming out on top. Ridden by Paul Townend, the seven-year-old arrived with a sweeping challenge to lead inside the final furlong. The next day, the Guinness Galway Hurdle produced a popular winner in the shape of the Paul Flynn-trained Moon Dice. Ridden

by Tom Doyle, the lightly-raced six-year-old was prominent from the outset and hit the front at the final flight to forge clear.

In August, veteran trainer Kevin Prendergast made a welcome return to the Group 1 winner's enclosure at the Curragh, saddling La Collina to record a shock 33/1 success in the featured Keeneland Phoenix Stakes. She produced a withering turn of foot to snatch the verdict close home from the previously unbeaten Power. The following weekend, Aidan O'Brien enjoyed a remarkable day at Arlington Park in America, saddling the winners of two of the Grade 1 contests on the card from just two runners. The Irish Derby winner Treasure Beach got the ball rolling by recording a game neck success in the Secretariat Stakes under Colm O'Donoghue and Cape Blanco completed a remarkable evening for O'Brien by running out the easy winner of the Arlington Million under Jamie Spencer. The month was closed with the Aidan O'Brien-trained Maybe stamping herself as the best juvenile filly in Europe, as she impressively took the feature race at the Curragh, the Group 1 Moyglare Stud Stakes.

The Irish Champion Stakes meeting at Leopardstown got September underway in style and So You Think once again took centre stage, winning the featured Group 1 Red Mills Irish Champion Stakes in gritty style from Snow Fairy. Dermot Weld and Pat Smullen also had a day to remember, with Emulous running out the impressive three lengths winner of the Group 1 Coolmore Fusaichi Pegasus Matron Stakes and Galileo's Choice winning the Group 3 Kilternan Stakes.

Group 1 action returned to the Curragh with the Goffs National Stakes being won by the Aidan O'Brien-trained Power. The son of Oasis Dream had to pull out all the stops under Seamie Heffernan to see off the late challenge of Dragon Pulse by half a length. The other Group 1 on the card, the Irish Field St. Leger, produced a dramatic dead-heat between the British raiders Jukebox Jury and Duncan. Back over the jumps, the featured Guinness Kerry National Handicap Chase went to Alfa Beat who was winning this race for successive years at Listowel.

The following weekend saw Ger Lyons secure his first Group 1 win as a trainer by saddling Lightening Pearl, ridden by Johnny Murtagh, to win the Cheveley Park Stakes at Newmarket. The Group 2 Royal Lodge Stakes saw Ballydoyle saddle Daddy Long Legs to lead home his stable mates Tenth Star and Wrote. On the same day back in Ireland, Andy Oliver gained the first Group winner of his training career at Gowran Park, saddling Flowers Of Spring to win the featured Group 3 Denny Cordell Lavarack & Lanwades Stud Fillies Stakes.

The Irish domination of the top juvenile races in Britain continued at Newmarket the following weekend, with Irish-trained two-year-olds winning the three most high profile juvenile races on the card. The Group 1 Dubai Dewhurst Stakes saw Jim Bolger send out his fourth winner of the race in the last six renewals, with Parish Hall grinding out a game success under Kevin Manning. Aidan O'Brien took charge thereafter, with Crusade

causing a 25/1 shock in the Group 1 Emaar Middle Park Stakes and Wading winning the Group 2 Vision.ae Rockfel Stakes.

The inaugural British Champions Day took place at Ascot in the middle of October and while the amazing Frankel stole the show with another impressive win in the Queen Elizabeth II Stakes, Aidan O'Brien made his mark on the card by saddling Fame And Glory to win the Qipco British Champions Long Distance Cup. The following weekend saw the master of Ballydoyle unleash a potential star of the future in the shape of Camelot after the son of Montjeu won the Group 1 Racing Post Trophy at his ease at Doncaster. The month was wrapped up by the much anticipated return to the track of the highly promising Born To Sea, a half-brother to World Champion Sea The Stars, in the Group 3 JRA Killavullan Stakes at Leopardstown, but it was the Aidan O'Brien-trained Nephrite that stole the show with a comfortable success.

The JNwine.com Champion Chase meeting at Down Royal in November saw Quito De La Roque looking a lost cause from a long way out, but responded gamely to pressure and finished strongly to overhaul Sizing Europe close home. Later that evening in America, Aidan O'Brien enjoyed one of the most memorable days of his training career on the second day of the Breeders' Cup meeting at Churchill Downs, saddling a remarkable double that was highlighted by the win of his son, Joseph, on St Nicholas Abbey in the Emirates Airline Breeders' Cup Turf. The following day saw Johnny Murtagh regain the Champion Flat Jockey crown as the Irish Flat season came to a close at Leopardstown. Meanwhile Joseph O'Brien was crowned Champion Apprentice with 57 wins to his name, while his father Aidan was awarded Champion Trainer for the 14th time (fourth in a row).

The Grade 2 Clonmel Oil Chase is the feature of Clonmel's racing year and Edward O'Grady continued his tremendous run of form by sending out Tranquil Sea to take the spoils for the second consecutive year. The following weekend saw Colm Murphy send out his two stable stars to claim both the Grade 2 contests on the card. Voler La Vedette got the ball rolling in the Lismullen Hurdle while the big race double was completed in the Fortria Chase, with Big Zeb winning the race for the third consecutive year. Willie Mullins dominated the latter half of November and the pick of his many big days during that period came at Punchestown on Morgiana Hurdle day, with him completing a remarkable four-timer that included the feature race with Thousand Stars.

December kicked off with the Henry De Bromhead-trained Sizing Europe returning to his brilliant best to win the Grade 1 Sportingbet Tingle Creek Chase at Sandown. The very next day, Lynch completed a memorable weekend by riding the Colm Murphy-trained Voler La Vedette to win the featured Grade 1 Bar One Racing Hatton's Grace Hurdle at Fairyhouse. Ruby Walsh rode the winners of the other two Grade 1 contests on the card, Sous Les Cieux in the Bar One Racing Royal Bond Novice Hurdle and Bog Warrior to a very impressive win in the

Bar One Racing Drinmore Novice Chase. Grade 1 action returned to Punchestown a week later and the featured John Durkan Memorial Punchestown Chase produced an impressive winner in the shape of the Robbie Hennessy-trained Rubi Light.

The Grade 1 Racing Post Novice Chase was the main event on the opening day of the Leopardstown Christmas Festival and it was the Willie Mullins-trained Blackstairmountain that claimed the prize under Paul Townend. Big Zeb was the star performer on the second day at Leopardstown, winning the Grade 1 Paddy Power Dial-A-Bet Chase for the third time. The other Grade 1 on the card was the paddypower.com Future Champions Novice Hurdle and it was the Edward O'Grady-trained Cash And Go that took the spoils under Andrew Lynch.

The substantial prize for the Grade 1 Lexus Chase went for export after the Jonjo O'Neill-trained Synchronised took the spoils in the feature race on the third day of the Leopardstown Christmas Festival under a power-packed ride from Tony McCoy. The other Grade 1 on the card was the Topaz Fort Leney Novice Chase and Last Instalment jumped exceptionally well on his way to recording a six lengths victory under Brian O'Connell.

The main event on the final day of the Leopardstown Christmas Festival was the Grade 1 Istabraq Festival Hurdle and it produced an impressive winner in the shape of the Dermot Weld-trained Unaccompanied. Given a well judged ride by Paul Townend, the four-year-old quickened up in style to beat off the challenge of Thousand Stars by an authoritative one and a half lengths.

Audited Reports & Group Financial Statements



MEMBERS AND OTHER INFORMATION

MEMBERS

Mr. Denis Brosnan
Mr. Roderick Ryan
Mr. John McStay
Mr. Noel Cloake
Mr. William Flood
Mr. Joe Hernon
Mr. Michael Hickey
Mr. Francis Hyland
Mr. Noel Meade
Mr. John Moloney
Mr. Jim Nicholson
Ms. Mary O'Connor
Mr. John Power
Mr. Bernard Caldwell

Chairperson
Vice Chairperson
(Retired 5 February 2012)

SECRETARY

Mr. Raymond Horan

REGISTERED OFFICE

Ballymany
The Curragh
Co. Kildare

AUDITORS

Comptroller and Auditor General
Dublin Castle
Dublin 2

SOLICITORS

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

BANKERS

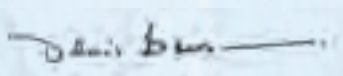
Bank of Ireland
Allied Irish Banks plc
Ulster Bank Ireland Limited
KBC Bank Ireland plc
Irish Life and Permanent plc

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members of Horse Racing Ireland are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of Horse Racing Ireland and the Group and of the result for the Group for that period. In preparing those financial statements, the members of Horse Racing Ireland are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that Horse Racing Ireland and the Group will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The members of Horse Racing Ireland are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland. They are also responsible for safeguarding the assets of Horse Racing Ireland and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Denis Brosnan,
Chairperson**



**Roderick Ryan,
Vice Chairperson**

6th July 2012
Date

COMPTROLLER AND AUDITOR GENERAL

REPORT FOR PRESENTATION TO THE HOUSES OF THE OIREACTHAS

HORSE RACING IRELAND

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2011 under the Horse and Greyhound Racing Act 2001. The financial statements, which have been prepared under the accounting policies set out therein, comprise the Statement of Accounting Policies, the Group Income and Expenditure Account, the Group Statement of Total Recognised Gains and Losses, the Group Balance Sheet, the Horse Racing Ireland Balance Sheet, the Group Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and Generally Accepted Accounting Practice in Ireland.

RESPONSIBILITIES OF HORSE RACING IRELAND

Horse Racing Ireland is responsible for the preparation of the financial statements, for ensuring that they give a true and fair view of the state of Horse Racing Ireland's affairs and of its income and expenditure, and for ensuring the regularity of transactions.

RESPONSIBILITIES OF THE COMPTROLLER AND AUDITOR GENERAL

My responsibility is to audit the financial statements and report on them in accordance with applicable law.

My audit is conducted by reference to the special considerations which attach to State bodies in relation to their management and operation.

My audit is carried out in accordance with the International Standards on Auditing (UK and Ireland) and in compliance with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements, sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- whether the accounting policies are appropriate to Horse Racing Ireland's circumstances, and have been consistently applied and adequately disclosed
- the reasonableness of significant accounting estimates made in the preparation of the financial statements, and
- the overall presentation of the financial statements.

I also seek to obtain evidence about the regularity of financial transactions in the course of audit.

In addition, I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

OPINION ON THE FINANCIAL STATEMENTS

In my opinion, the financial statements, which have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland, give a true and fair view of the state of the Group's and Horse Racing Ireland's affairs at 31 December 2011 and of the Group's income and expenditure for the year then ended.

In my opinion, proper books of account have been kept by Horse Racing Ireland. The financial statements are in agreement with the books of account.

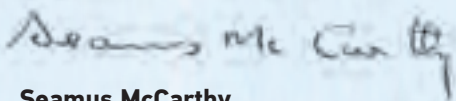
COMPTROLLER AND AUDITOR GENERAL REPORT FOR PRESENTATION TO THE HOUSES OF THE OIREACHTAS

MATTERS ON WHICH I REPORT BY EXCEPTION

I report by exception if

- I have not received all the information and explanations I required for my audit, or
- my audit noted any material instance where moneys have not been applied for the purposes intended or where the transactions did not conform to the authorities governing them, or
- the information given in Horse Racing Ireland's Annual Report for the year for which the financial statements are prepared is not consistent with the financial statements, or
- the Statement on Internal Financial Control does not reflect Horse Racing Ireland's compliance with the Code of Practice for the Governance of State Bodies, or
- I find there are other material matters relating to the manner in which public business has been conducted.

I have nothing to report in regard to the other matters upon which reporting is by exception.



Seamus McCarthy
Comptroller and Auditor General
13th July 2012

STATEMENT ON INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE YEAR ENDED 31 DECEMBER 2011

On behalf of the Board of Horse Racing Ireland, I acknowledge our responsibility for ensuring that a system of internal financial control is operated and maintained.

The internal financial controls are such that they provide reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded and that any material errors or irregularities would be detected in a timely period.

The trading subsidiaries operate a similar reporting structure in relation to the financial controls in accordance with the requirement of the Code of Practice for the Governance of State Bodies.

The Board has taken steps to ensure an appropriate control environment is in place through:

- A clearly defined Management Structure within Horse Racing Ireland and its subsidiaries with clarity on management responsibilities and powers.
- Developing a strong culture of accountability across all levels of the organisation.
- Establishment of formal procedures through various Committee functions to monitor activities and safeguard the assets of all companies within the organisation.
- Establishing procedures for reporting significant control failures and ensuring appropriate corrective action is taken. This includes an active Audit Committee, an Internal Audit function and regular reporting to the Board.

The implementation of a formal process to identify and evaluate organisation business risks is continuing.

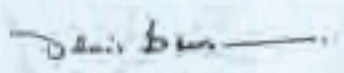
The System of Internal Financial Control is built on a framework of:

- Regular financial information.
- Administrative procedures including segregation of duties and responsibilities and a system of delegation and accountability.
- A comprehensive budgeting system with the detailed review process by Executives and signed off by the Board.
- Regular reviews by the Board of financial reports and key performance activity with performance measured against forecasts.
- Clearly defined capital investment control procedures.
- Compliance with purchasing policies and procedures.

Horse Racing Ireland has an outsourced Internal Audit function which operates in accordance with the Framework Code of Best Practice set out in the Code of Practice on the Governance of State Bodies and which reports directly to the Audit Committee and in turn to the Board of Horse Racing Ireland. The Internal Audit plans are carried out based on a risk analysis profile of activity and expenditure and the plans are pre-approved by the Audit Committee on behalf of the Board. In 2011, three Audit Committee meetings were held and twenty three separate reports presented. The final meeting for 2011 had to be deferred into January 2012 due to unforeseen circumstances.

For 2011, the head of Internal Audit provided the Board through the Audit Committee with a report on the Internal Audit activity for the year. This report includes the head of Internal Audit's opinion on the HRI system of Internal Financial Control.

I confirm that in respect of the year to 31st December 2011 the Board conducted a review of the effectiveness of the system of Internal Financial Control.



Denis Brosnan,
Chairperson

6th July 2012
Date

STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies adopted by the Group are as follows:

BASIS OF ACCOUNTING

The financial statements have been prepared on an accruals basis, under the historical cost convention and in accordance with generally accepted accounting practice. Financial Reporting Standards recommended by the recognised accounting bodies have been adopted as they become applicable. The unit of currency in which the financial statements are denominated is the Euro. The financial statements comprise the financial statements of Horse Racing Ireland and its subsidiaries.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Horse Racing Ireland and all its subsidiaries made up to the end of the financial year.

TURNOVER

Turnover, which excludes inter Group transactions with Group subsidiaries, represents Tote turnover, revenue from bookmakers' betting and revenue from race meetings and ancillary activities.

FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at cost less accumulated depreciation and provisions for impairment in value, except for land which is stated at cost less impairment. Depreciation is provided so as to write off the cost of the assets over their expected useful lives on the straight-line basis at the following annual rates:

Land	Nil
Buildings	2% to 4%
Plant, equipment and vehicles	7.5% to 33.33%

The carrying values of tangible fixed assets are reviewed for impairment in accounting periods if events or changes in circumstances indicate the carrying value may not be recoverable.

ACQUISITIONS

On the acquisition of a company or business, fair values reflecting conditions at the date of acquisition are attributed to the identifiable separable assets and liabilities acquired. Fair values of these assets and liabilities are determined by reference to market values, where available, or by reference to the current price at which similar assets could be acquired or similar obligations entered into, or by discounting expected future cash flows to present value, using either market rates or the risk-free rates and risk-adjusted expected future cash flows.

Where the fair value of the consideration paid exceeds the fair value of the identifiable separable assets and liabilities acquired, the difference is treated as purchased goodwill. Where the fair value of the separable net assets acquired exceeds the fair value of the consideration given, the difference is treated as negative goodwill. Negative goodwill is accounted for as indicated below.

GOODWILL

Negative goodwill arising on acquisitions is amortised to the Income and Expenditure account over the year in which the non-monetary assets are realised either through depreciation or sale. Negative goodwill comprises the excess of the fair value of the assets acquired over the consideration.

FINANCIAL ASSETS

Financial assets are stated at cost less provision for any impairments in value.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTION TO PRIZEMONEY

Contributions to prizemoney are made by Owners, Sponsors and Horse Racing Ireland.

Contributions to prizemoney by Horse Racing Ireland are expensed in the period in which they are incurred.

The entrance fees, forfeits and sponsorship money for guaranteed value races are applied in funding prizemoney for such races. Where there is a surplus in any guaranteed value race this is used to fund any deficits in other such races at a subsequent time as directed by the Chief Executive of Horse Racing Ireland.

PENSIONS

Horse Racing Ireland has both defined contribution and defined benefit schemes.

Defined contribution schemes

Payments to the defined contribution schemes are charged to the Income and Expenditure account in the period to which they relate.

Defined benefit schemes

For the defined benefit schemes operated by Horse Racing Ireland, pension scheme assets are measured at fair value. Pension scheme liabilities are measured on an actuarial basis using the projected unit method. An excess of scheme liabilities over scheme assets is presented on the Balance Sheet as a liability.

Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

The pension charge in the Income and Expenditure account comprises the current service cost and past service cost plus the difference between the expected return on scheme assets and the interest cost on the scheme liabilities.

LEASED ASSETS

The capital cost of assets acquired under finance leases is included under tangible assets and written off over the shorter of the lease term or the estimated useful life of the asset. Interest on the remaining lease obligation is charged to the Income and Expenditure account over the period of the lease. This charge is calculated so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period.

GRANTS AND RACECOURSE INCENTIVE SCHEMES

Grants paid

Capital development grants paid to racecourses under the capital development programme are accounted for on an accruals basis.

These grants are treated as a deferred credit in the Balance Sheets of the subsidiary companies and are credited to revenue on the same basis as the related fixed assets are depreciated. However for consolidation, these balances are adjusted to reflect the Group position.

Grants received

State grants are credited to income on a cash receipts basis.

State capital grants received and receivable are treated as future development reserves in the Balance Sheet and released to the Income and Expenditure account based on the estimated useful lives of the assets to which the grants relate.

Racecourse incentive schemes

Racecourse incentive schemes are based upon racecourses achieving specific criteria and are charged to the Income and Expenditure account in the period to which they relate.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Provision is made at the rates expected to apply when the timing differences reverse. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in periods different from those in which they are recognised in the financial statements.

A net deferred asset is regarded as recoverable and recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

INVESTMENT PROPERTIES

Investment properties owned by group companies are revalued annually and are not depreciated or amortised. This treatment is a departure from the requirement of Company Law to provide depreciation on all fixed assets, which have a limited useful life. However, these investment properties are not held for consumption but for investment. The directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of investment properties and changes to that current value are of prime importance rather than the calculation of annual depreciation.

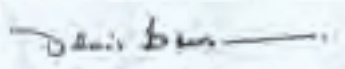
Surpluses and deficits arising in the value of investment properties are disclosed as a movement on the Investment Revaluation Reserve through the Statement of Total Recognised Gains and Losses. In the event of the Investment Revaluation Reserve being insufficient to cover a diminution in value, the amount by which the diminution exceeds the reserve is charged to the Income and Expenditure account.

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 €'000	2010 €'000
Turnover			
Tote Ireland turnover		45,820	40,314
Betting income		2,283	2,267
Racecourse income		11,117	8,897
Total turnover		59,220	51,478
Winnings paid on bets	3	(39,589)	(33,784)
Operating costs	3	(16,357)	(16,973)
Direct costs		(55,946)	(50,757)
Income from Racing		3,274	721
Other income			
Allocation from the Horse and Greyhound Racing Fund	4	45,830	47,411
Prizemoney contributions from Owners and Sponsors	7	16,339	17,686
Foal Levy	5	1,602	1,644
Media income		5,388	1,643
Registrations income		3,420	3,422
Industry services income		559	576
Other income	6	437	437
Industry contributions to Irish Thoroughbred Marketing		251	204
Interest income	12	1,141	738
Net income		78,241	74,482
Expenditure			
Contributions to prizemoney	7	28,957	29,319
Prizemoney contributions from Owners and Sponsors	7	16,339	17,686
Integrity and racecourse services	8	8,006	8,268
Racecourse schemes	13	1,476	1,776
Capital development fund grants	13	-	1,835
Tote capital grant amortisation	15	27	14
Capital development fund interest and expenses	12	404	271
Grants / Fees to industry bodies	9	2,525	2,259
Foal Levy distribution	5	1,379	1,579
Other expenditure		1,342	1,655
Horse Racing Ireland administration costs	12	4,906	4,890
Irish Thoroughbred Marketing expenditure		1,367	1,373
General marketing and promotions		1,865	1,527
		68,593	72,452
Other finance expense		(276)	(437)
Exceptional items	10	(16,952)	(133)
Taxation	11	-	378
(Deficit) / Surplus for the year	12	(7,580)	1,838

The result on ordinary activities arises solely from continuing activities.

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Denis Brosnan,
Chairperson



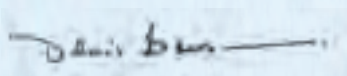
Roderick Ryan,
Vice Chairperson

6th July 2012
Date

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 €'000	2010 €'000
(Deficit) / Surplus for the financial year		(7,580)	1,838
Movement on pension scheme			
Actuarial loss recognised in the pension scheme	27	(2,523)	(167)
Reclassification of investment properties			
Surplus on revaluation of investment properties	26	2,846	-
Write back of depreciation	26	717	-
Total recognised gains or losses for the year		(6,540)	1,671

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Denis Brosnan,
Chairperson



Roderick Ryan,
Vice Chairperson

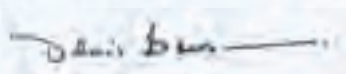
6th July 2012
Date

GROUP BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 €'000	2010 €'000
Fixed assets			
Tangible assets	14	77,698	99,092
Intangible assets	15	-	27
Financial assets	16	10,360	5,107
Negative goodwill	17	(9,688)	(10,125)
		78,370	94,101
Current assets			
Debtors	18	5,508	8,276
Cash at bank	19	47,107	38,477
		52,615	46,753
Creditors (Amounts falling due within one year)	20	27,269	32,143
Net current assets		25,346	14,610
Total assets less current liabilities		103,716	108,711
Creditors (Amounts falling due after one year)	21	15,748	16,428
Provision for liabilities and charges	24	2	51
Pension liability	27	10,941	8,667
Net assets		77,025	83,565
Capital and reserves			
Establishment reserve	25	17,193	17,193
Revenue reserves	26	44,149	54,111
Revaluation and non-distributable reserves	26	9,721	6,875
Capital reserves	26	4,000	3,430
Total establishment and other reserves		75,063	81,609
Minority interest	28	1,962	1,956
		77,025	83,565

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Denis Brosnan,
Chairperson



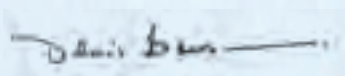
Roderick Ryan,
Vice Chairperson

6th July 2012
Date

HORSE RACING IRELAND BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 €'000	2010 €'000
Fixed assets			
Tangible assets	14	19,669	37,674
Financial assets	16	25,407	26,712
		45,076	64,386
Current assets			
Debtors	18	2,954	3,006
Cash at bank	19	37,130	35,227
		40,084	38,233
Creditors (Amounts falling due within one year)	20	21,634	27,929
		21,634	27,929
Net current assets		18,450	10,304
Total assets less current liabilities		63,526	74,690
Creditors (Amounts falling due after one year)	21	15,063	15,179
Pension liability	27	10,941	8,667
Net assets		37,522	50,844
Capital and reserves			
Establishment reserve	25	9,592	9,592
Revenue reserves	26	17,055	30,947
Non-distributable reserves	26	6,875	6,875
Capital reserves	26	4,000	3,430
Total establishment and other reserves		37,522	50,844

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.



Denis Brosnan,
Chairperson



Roderick Ryan,
Vice Chairperson

6th July 2012
Date

GROUP CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 €'000	2010 €'000
Net cash inflow from operations	29(i)	10,278	2,067
Return on investments and servicing of finance			
Interest received		1,144	743
Interest paid		(265)	(181)
Net cash inflow from returns on investments and servicing of finance		879	562
Taxation		-	195
Capital expenditure and financial investment			
Receipts from sale of tangible fixed assets		447	-
Payments to acquire tangible fixed assets		(1,148)	(2,163)
Loans repaid from racecourses and industry bodies		397	330
Preference shares and minority interests		-	1
Net cash outflow from capital expenditure and financial investment		(304)	(1,832)
Net cash inflow before financing	29(ii)	10,853	992
Financing			
Bank loan in the period		-	6,805
Bank loan repayment		(2,223)	(3,429)
Net cash (outflow) / inflow from financing		(2,223)	3,376
Increase in cash	29(iii)	8,630	4,368

The Statement of Accounting Policies and notes 1 to 34 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

1. EMPLOYEE NUMBERS

The average number of persons employed by the Group was as set out below:

	2011 Number	2010 Number
HRI - Full time staff	73	74
HRI - Raceday casual staff (Full time equivalents)	6	6
	79	80
HRI Subsidiaries - Full time staff	80	87
HRI Subsidiaries - Raceday casual staff (Full time equivalents)	48	52
	128	139
	207	219

The prior year comparatives have been restated to include fixed term employees. The average number of individual casual employees that worked in 2011 was 313 (2010: 331).

2. EMPLOYEE REMUNERATION

The aggregate payroll cost of the employees, excluding pension costs, detailed above was as follows:

	2011 €'000	2010 €'000
Wages and salaries	8,756	9,420
Employer's social welfare costs	796	832
	9,552	10,252

3. DIRECT COSTS

	Winnings paid on bets		Operating costs		Total	Total
	2011 €'000	2010 €'000	2011 €'000	2010 €'000	2011 €'000	2010 €'000
Betting collection costs	-	-	405	411	405	411
Tote Ireland	39,589	33,784	5,077	5,698	44,666	39,482
HRI Racecourses Group	-	-	10,875	10,864	10,875	10,864
	39,589	33,784	16,357	16,973	55,946	50,757

The prior year comparatives have been restated to reflect the re-analysis of operating and administration costs.

4. ALLOCATION FROM THE HORSE AND GREYHOUND RACING FUND

Horse Racing Ireland was established on 18 December 2001, under the Horse and Greyhound Racing Act 2001. A fund was established for the purpose of giving support to the horse and greyhound racing industry under Section 12 of this Act. This has subsequently been extended under the Horse and Greyhound Fund Regulations 2004, 2009, 2010 and 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

5. FOAL LEVY

Under the Irish Horseracing Authority Act 1994, as amended by the Horse and Greyhound Racing (Betting Charges and Levies) Act 1999, Horse Racing Ireland may, with the consent of the Minister for Agriculture, Food and the Marine, charge a levy on all thoroughbred foals registered in a stud book.

This levy is collected by Weatherby's on behalf of Horse Racing Ireland at variable rates and the distribution is based on recommendations from the Foal Levy Committee (as defined in the Act) and finally approved by Horse Racing Ireland.

The total collected in respect of 2011 was €1.602m.

In addition to the €1.379m expenditure disclosed in the Income and Expenditure account, a further €440,000 was granted to Irish Thoroughbred Marketing out of the levy collected. This expenditure is included in the Group Income and Expenditure account as Irish Thoroughbred Marketing expenditure. The distribution of the foal levy was as follows:

	2011 €'000	2010 €'000
Breeders' prizes and sponsorship	38	76
Irish Equine Centre	875	1,000
Irish Thoroughbred Breeders Association	410	450
Others	56	53
	1,379	1,579

As at 31 December 2011, Horse Racing Ireland had a balance of €720,000 (2010: €937,000) relating to the foal levy which is provided for future expenditure on programmes recommended by the Foal Levy Committee and approved by the Board of Horse Racing Ireland. This balance is included within reserves.

6. OTHER INCOME

	2011 €'000	2010 €'000
Goodwill amortisation (Note 17)	437	437

7. CONTRIBUTIONS TO PRIZEMONEY

	2011 €'000	2010 €'000
From Sponsors	5,211	5,365
From Owners	11,128	12,321
From Horse Racing Ireland	28,957	29,319
	45,296	47,005

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

8. INTEGRITY AND RACECOURSE SERVICES

Under the Irish Horseracing Industry Act 1994, Part III, as amended by the Horse and Greyhound Racing Act 2001, Schedule 6, the Racing Regulatory Body (which comprises the Turf Club and the Irish National Hunt Steeplechase Committee) has responsibility for making and enforcing the Rules of Racing and for providing on-course integrity services. Horse Racing Ireland provides the funding to the Racing Regulatory Body in order to meet the costs of providing such services as laid out in Part III, paragraph 42 of the 1994 Act.

Horse Racing Ireland directly funds Racecourse Service costs for patrol camera, starting stalls and photo finish, which were functions transferred to HRI from the Turf Club under the Horse and Greyhound Racing Act 2001.

	2011	2010
	€'000	€'000
Integrity	5,409	5,473
Racecourse Services	2,597	2,795
	8,006	8,268

9. GRANTS/FEES TO INDUSTRY BODIES

Grants / Fees paid to industry bodies are analysed as follows:

	2011	2010
	€'000	€'000
Irish Equine Centre	1,344	694
RACE	525	564
Order of Malta	385	365
Blue Cross	168	184
AIR	-	302
Other Industry Bodies	103	150
	2,525	2,259

10. EXCEPTIONAL ITEMS

	2011	2010
	€'000	€'000
Pension curtailment gain	-	1,837
Write-off of assets	-	(1,970)
Impairment of assets	(16,952)	-
	(16,952)	(133)

A pension curtailment gain arose under the defined benefit pension scheme as a result of a change in the benefits payable introduced in 2010.

During 2010, amounts were written off as a result of a decision not to proceed with capital projects at The Leopardstown Club Limited and Fairyhouse Club Limited where costs in respect of the design and planning fees had been incurred.

During the year the Horse Racing Ireland Group carried out a review of all its land and building assets and as a result of this exercise there was an impairment charge of €16.952m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

11. TAXATION

	2011 €'000	2010 €'000
Corporation tax charge / (credit)	49	(114)
Deferred tax movement (Note 24)	(49)	(264)
Taxation credit for the year	-	(378)
Reconciliation of Profit of taxable entities at standard rate:		
Profit on ordinary activities before taxation	2,988	5,950
Profit on ordinary activities before taxation at the standard rate	373	744
Effect of:		
Non deductible expenses	56	52
Non allowable income	(114)	(142)
Release of funds held by HRI	(275)	-
Write back of intercompany loan	-	(1,097)
Depreciation in excess of capital allowances	125	137
Income taxable at higher rate	32	256
Losses carried forward from previous years	(148)	(10)
Losses carried forward to future years	-	60
Corporation tax refund in respect of prior year	-	(114)
Corporation tax charge / (credit) for the year	49	(114)

The activities of Horse Racing Ireland, Irish Thoroughbred Marketing Limited and Tote Ireland Limited are exempt from corporation tax under the provisions of Section 220 of the Taxes Consolidation Act 1997.

A deferred tax asset of €355,000 (2010: €420,000) has not been recognised in the financial statements as there is insufficient evidence that the asset will be recovered in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

12. (DEFICIT) / SURPLUS FOR THE YEAR

	2011	2010
	€'000	€'000
(Deficit) / Surplus for the year has been arrived at after charging:		
Depreciation	3,056	2,792
Intangible assets amortisation	27	14
Auditors' remuneration: Audit of group financial statements	90	91
Capital development fund interest	262	176
Finance lease interest	3	5
Impairment of assets	16,952	-
Loss on disposal of assets	-	1,982
and after crediting:		
Interest receivable on deposits	1,057	694
Interest receivable on loans	87	49
Negative goodwill amortisation	437	437

Horse Racing Ireland administration costs comprise the following:

	2011	2010
	€'000	€'000
Running costs of departments - pay and non-pay	3,811	4,214
Additional pension / FRS 17	(193)	(234)
Building running costs	1,288	910
	4,906	4,890

The prior year comparatives have been restated to reflect the re-analysis of the running costs of departments.

The remuneration package of the Chief Executive of Horse Racing Ireland was as follows:

	2011	2010
	€'000	€'000
Basic salary	191	191
Pension contributions and other taxable benefits	59	65
	250	256

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

12. (DEFICIT) / SURPLUS FOR THE YEAR (CONTINUED)

Horse Racing Ireland Group Board Members fees and expenses were as follows:

	2011 Fees €'000	2011 Mileage €'000	2010 Fees €'000	2010 Mileage €'000
Denis Brosnan	-	4	-	3
John McStay	13	-	13	-
William Flood	13	2	13	4
Francis Hyland	13	1	13	1
Michael Doyle	-	-	13	3
Jim Nicholson	13	4	13	-
Michael Murphy	-	-	13	5
Mary O'Connor	13	1	13	-
Noel Meade	13	2	13	1
Bernard Caldwell	13	1	13	1
John Power	-	4	-	3
Noel Cloake	13	1	13	1
Michael Hickey	13	-	-	-
John Moloney	13	4	-	-
Joe Hernon	13	3	13	-
Roderick Ryan	13	1	13	1
	156	28	156	23

Horse Racing Ireland Group Board Members attendance at meetings was follows:

	2011 Board Meetings	2011 Board Meetings Attended	2011 Total number of Board & Other Committee Meetings	2011 Total number of Board & Other Committee Meetings Attended
Denis Brosnan	9	9	22	22
John McStay	9	9	25	24
William Flood	9	9	34	33
Francis Hyland	9	9	12	12
Jim Nicholson	9	8	23	22
Mary O'Connor	9	7	34	23
Noel Meade	9	9	36	30
Bernard Caldwell	9	9	35	30
John Power	9	7	34	25
Noel Cloake	9	9	30	27
Michael Hickey	9	9	13	11
John Moloney	9	9	29	26
Joe Hernon	9	9	19	17
Roderick Ryan	9	8	26	22

The total number of meetings attended includes Board Members attendance at meetings of HRI Board and other statutory / advisory committees.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

13. RACECOURSE SCHEMES AND CAPITAL GRANTS

Racecourse schemes	2011	2010
	€'000	€'000
Sponsorship incentive scheme	-	138
Levy and pitch fee payments to racecourses	1,347	1,490
Tote percentage betting payments	129	148
	1,476	1,776

The payments made under the above racecourse schemes relate to third party owned racecourses only.

Capital grants	2011	2010
	€'000	€'000
Capital development grants	-	1,835

The Board of Horse Racing Ireland established a capital development scheme in 2003. Under this scheme Horse Racing Ireland provides up to a maximum of 55% funding with the balance being funded by the racecourses. These grants are charged directly to the Income and Expenditure account. This scheme is now closed.

14. TANGIBLE ASSETS

GROUP

	Land & Buildings	Plant, Equipment, IT Development & Vehicles	Total
	€'000	€'000	€'000
Cost and valuation			
At 1 January 2011	102,845	32,050	134,895
Additions	403	745	1,148
Impairment	(11,729)	-	(11,729)
Reclassification	(3,567)	-	(3,567)
Disposals	-	(515)	(515)
At 31 December 2011	87,952	32,280	120,232
Accumulated Depreciation			
At 1 January 2011	14,430	21,373	35,803
Charge for year	1,445	1,611	3,056
Impairment	4,892	56	4,948
Reclassification	(1,205)	-	(1,205)
Disposals	-	(68)	(68)
At 31 December 2011	19,562	22,972	42,534
Net book value			
At 31 December 2011	68,390	9,308	77,698
At 31 December 2010	88,415	10,677	99,092

Impairment of assets of €16.952m includes the impairment of tangible assets of €16.677m and the impairment of investment properties of €0.275m.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

14. TANGIBLE FIXED ASSETS (CONTINUED)

Included above are assets held under finance leases as follows:

	2011 €'000	2010 €'000
Plant, machinery and motor vehicles		
Net book value	27	48
Depreciation charge	21	21

HORSE RACING IRELAND

	Land & Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost			
At 1 January 2011	36,418	5,244	41,662
Additions	-	151	151
Impairment	(11,729)	-	(11,729)
Disposals	-	(462)	(462)
At 31 December 2011	24,689	4,933	29,622
Accumulated Depreciation			
At 1 January 2011	1,270	2,718	3,988
Charge for year	262	771	1,033
Impairment	4,892	56	4,948
Disposals	-	(16)	(16)
At 31 December 2011	6,424	3,529	9,953
Net book value			
At 31 December 2011	18,265	1,404	19,669
At 31 December 2010	35,148	2,526	37,674

A dispute with a supplier of IT services was resolved during 2011.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

15. INTANGIBLE ASSETS

	2011 €'000	2010 €'000
GROUP		
Capital development grants paid		
At 31 December	45,790	45,790
Amortisation of grants paid		
At 1 January	45,763	45,749
Charge for year	27	14
At 31 December	45,790	45,763
Net book value		
At 31 December	-	27

Horse Racing Ireland established a capital development fund to enable a substantial upgrading of racecourse facilities to take place. It provided up to a maximum of 55% funding with the balance being funded by the racecourses. The balance remaining is nil (2010: €27,000).

The amortisation of Tote buildings was accelerated in the year with the result that the intangible assets were fully written down at year end.

16. FINANCIAL ASSETS

	2011 €'000	2010 €'000
GROUP		
Loans to racecourses / industry body	4,709	5,106
Investment in racecourse	1	1
Investment properties	5,650	-
	10,360	5,107
HORSE RACING IRELAND		
Loans to subsidiary undertakings	20,646	21,554
Investment in subsidiary undertakings	51	51
Loans to racecourses / industry body	4,709	5,106
Investment in racecourse	1	1
	25,407	26,712

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 34.

Following the decision to carry out an impairment on group assets, certain company assets were reclassified as investment properties. These investment properties are valued on the basis of open market value by O'Donnell Property Consultants.

The movement on investment properties is as follows:

	2011 €'000	2010 €'000
At 1 January	-	-
Reclassification from fixed assets	2,362	-
Write back of depreciation	717	-
Surplus on revaluation	2,846	-
Impairment	(275)	-
At 31 December	5,650	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

17. NEGATIVE GOODWILL

	2011 €'000	2010 €'000
Cost		
At 31 December	12,310	12,310
Accumulated Amortisation		
At 1 January	2,185	1,748
Amortised in the year	437	437
At 31 December	2,622	2,185
Net book value		
At 31 December	9,688	10,125
Goodwill attributable to non-monetary depreciable assets	(8,463)	(8,463)

18. DEBTORS

	2011 €'000	2010 €'000
GROUP		
Trade debtors	3,221	5,513
Prepayments and accrued income	1,680	2,317
Other debtors	441	438
Taxation recoverable	166	8
	5,508	8,276
HORSE RACING IRELAND		
Trade debtors	1,662	1,692
Prepayments and accrued income	787	1,049
Amounts due from subsidiary undertakings	356	217
Other debtors	149	48
	2,954	3,006

19. CASH AT BANK

	2011 €'000	2010 €'000
GROUP		
Horse Racing Ireland	37,130	35,227
HRI Racecourses	6,710	941
Tote Ireland	2,969	2,053
Irish Thoroughbred Marketing	298	256
	47,107	38,477
HORSE RACING IRELAND	37,130	35,227

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

20. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	2011 €'000	2010 €'000
GROUP		
Accruals	2,905	4,814
Bank loan (Note 22)	-	2,223
Trade creditors	2,470	2,396
Stakes due to racing clients	18,935	19,389
Deferred income	1,479	1,405
Guaranteed value races prize fund	272	272
Other creditors	859	1,247
Taxation creditors	331	381
Finance leases (Note 23)	18	16
	27,269	32,143

Trade creditors include amounts due to betting clients not drawn down.

HORSE RACING IRELAND		
Accruals	1,061	1,731
Amounts owed to subsidiary undertakings	46	2,469
Bank loan (Note 22)	-	2,223
Trade creditors	700	737
Stakes due to racing clients	18,935	19,389
Deferred income	117	117
Guaranteed value races prize fund	272	272
Other creditors	440	697
Taxation creditors	63	294
	21,634	27,929

Horse Racing Ireland deferred income due within one year and after one year has been separated from accruals in both the current year (€180,000) and the prior year (€296,000).

Taxation creditors is split as follows:

	2011 €'000	2010 €'000
GROUP		
PAYE	47	152
PRSI	28	118
VAT	34	70
Other taxes	222	41
	331	381
HORSE RACING IRELAND		
PAYE	-	130
PRSI	-	86
VAT	24	44
Other taxes	39	34
	63	294

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

21. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	2011 €'000	2010 €'000
GROUP		
Bank loan (Note 22)	15,000	15,000
Deferred income	718	1,380
Finance leases (Note 23)	30	48
	15,748	16,428
HORSE RACING IRELAND		
Bank loan (Note 22)	15,000	15,000
Deferred income	63	179
	15,063	15,179

22. BANK LOANS

	2011 €'000	2010 €'000
GROUP		
Repayable within 1 year	-	2,223
Repayable within 2 to 5 years	6,000	3,000
Repayable after 5 years	9,000	12,000
	15,000	17,223
HORSE RACING IRELAND		
Repayable within 1 year	-	2,223
Repayable within 2 to 5 years	6,000	3,000
Repayable after 5 years	9,000	12,000
	15,000	17,223

23. FINANCE LEASES

Leasing obligations, net of interest, are due for repayment as follows:

	2011 €'000	2010 €'000
GROUP		
Repayable within 1 year	18	16
Repayable within 2 to 5 years	30	48
	48	64

24. PROVISIONS FOR LIABILITIES AND CHARGES

	2011 €'000	2010 €'000
Deferred taxation		
At 1 January	51	315
Credit to the Income and Expenditure account	(49)	(264)
At 31 December	2	51

The deferred tax liability arises where fixed assets are depreciated over a longer period than that over which capital allowances are recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

25. ESTABLISHMENT RESERVE

The establishment reserve arose on the transfer of net assets from the Racing Board to the Irish Horseracing Authority on 1 December 1994 and on the transfer of net assets of the Irish Horseracing Authority to Horse Racing Ireland on 18 December 2001.

26. RESERVES

GROUP	Revenue Reserves	Establishment Reserve	Revaluation and Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000
At 1 January 2011	54,111	17,193	6,875	3,430	81,609
Transfer to/(from) reserves	(570)	-	-	570	-
Retained deficit for year	(7,580)	-	-	-	(7,580)
Reclassification of investment properties	717	-	2,846	-	3,563
Minority interest	(6)	-	-	-	(6)
Actuarial loss	(2,523)	-	-	-	(2,523)
At 31 December 2011	44,149	17,193	9,721	4,000	75,063

Revenue reserves at 31 December 2011 include €11.236m being the pension reserve cumulative amount charged through the Statement of Total Recognised Gains and Losses (2010: €8.713m). Capital reserves represent surpluses set aside to fund future capital development. This reserve will be released to revenue reserves on completion of such developments. Revaluation and non-distributable reserves represent revaluation surpluses arising on investment properties in 2011 and non-distributable reserves. Transfers to/(from) reserves during the year represent movement on capital reserves, the reclassification of pension obligations to revenue reserves and the release of funds by HRI in relation to the disposal of land in Leopardstown in previous years.

HORSE RACING IRELAND

	Revenue Reserves	Establishment Reserve	Non Distributable Reserves	Capital Reserves	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000	€'000
At 1 January 2011	30,947	9,592	6,875	3,430	50,844
Transfer to/(from) reserves	(570)	-	-	570	-
Retained deficit for the year	(10,799)	-	-	-	(10,799)
Actuarial loss	(2,523)	-	-	-	(2,523)
At 31 December 2011	17,055	9,592	6,875	4,000	37,522

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

27. PENSION COMMITMENTS

Horse Racing Ireland established with effect from 1 May 2007 the Horse Racing Ireland and Racing Regulatory Body Superannuation Scheme 2007. Horse Racing Ireland has established a trust fund for holding contributions made towards benefits to be paid under the Scheme and for the payment of superannuation benefits under the Scheme.

Defined Benefit Scheme (Horse Racing Ireland and Racing Regulatory Body Superannuation Scheme 2007)

- a) On 1 December 1994, the Irish Horseracing Authority took over the operation of the Racing Board's Defined Benefit Pension Scheme for permanent staff. Since 18 December 2001, this scheme continued to operate under HRI until 30 April 2007. On 1 May 2002, at the point of transfer of employees from the Turf Club to Horse Racing Ireland, a Deed of Adherence between Horse Racing Ireland, Stewards of the Turf Club and Coyle Hamilton Trustees Limited was put in place allowing Horse Racing Ireland to be an adhering body to participate in the Turf Club of Ireland Pension Scheme (the Principal Employer) from that point until 30 April 2007.
- b) Until 1 May 2007, two schemes operated under the Racing Board's Defined Benefit Pension Scheme and the Turf Club of Ireland Pension Scheme. Both of these schemes are now closed. The former Racing Board scheme had 9 active participants and 48 inactive participants at 31 December 2011. There were 30 employees of Horse Racing Ireland in the former Turf Club Scheme. The Turf Club Scheme also covers 53 employees involved in Integrity Services.
- c) At 1 May 2007, the two schemes merged into one scheme, encompassing all the above employees and the rest of the Turf Club employees. Total members at 31 December 2011 amounted to 159 (2010: 160). All pension obligations from both the former Racing Board Scheme and the former Turf Club Scheme are now covered in the new merged scheme. This scheme also covers the employees involved in Integrity Services who are directly funded by HRI under the Irish Horseracing Authority Act 1994, Section 42 and employed by the Turf Club. Liabilities relating to other employees of the Turf Club and the Curragh Racecourse are excluded in calculating the net pension liability disclosed underneath.
- d) Total employer contributions in this scheme made for the year ended 31 December 2011 were €739,000. Future expected employer contributions in this scheme are €730,000 for the year ended 31 December 2012.
- e) The pension cost of the defined benefit scheme is assessed on an annual basis in accordance with the advice of qualified actuaries using the projected unit method.

The principal financial assumptions for the full scheme used to calculate the retirement liabilities under FRS 17 as at 31 December 2011 were as follows:

Valuation Method	Projected Unit	
	2011	2010
Discount Rate	5.00%	5.50%
Future pensionable salary increases	1.75%	1.75%
Future pension increases	2.50% / 1.25% (where applicable)	2.50%
Future inflation	2.00%	2.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

27. PENSION COMMITMENTS (CONTINUED)

Life expectancy at 65:	2011	2010
	Year	Year
Current pensioners (currently aged 65) - male	87.2	87.0
Current pensioners (currently aged 65) - female	88.6	88.5
Future pensioners (currently aged 45) - male	89.8	89.7
Future pensioners (currently aged 45) - female	90.8	90.7

The life expectancy assumptions are based on up to date mortality tables as set out in actuarial guidance and include an allowance for future improvements in life expectancy.

The expected rates of return on assets and asset distribution of the pension scheme were as follows:

Class	Rate of expected return at 31/12/2011	Asset Distribution as percentage of total scheme assets at 31/12/2011	Rate of expected return at 31/12/2010	Asset Distribution as percentage of total scheme assets at 31/12/2010
Equities	7.25%	56%	7.50%	63%
Fixed Interest	4.00%	40%	4.00%	33%
Cash	2.00%	1%	2.00%	1%
Property	6.25%	3%	6.25%	3%
Total		100%		100%

The expected return on scheme assets assumption is determined based on the weighted average expected return of the underlying asset classes. The expected return on assets assumption for 2012 allows for the Government's Pensions levy of 0.6% of the plan's assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

27. PENSION COMMITMENTS (CONTINUED)

Analysis of the amount charged to HRI Administration costs before amounts deducted for Curragh / Others are as follows:

Current service cost

2011 €'000	2010 €'000
(136)	(223)

Analysis of the amounts charged to other finance expense before amounts deducted for Curragh / Others are as follows:

Expected return on pension scheme assets

Interest on pension scheme liabilities

2011 €'000	2010 €'000
1,696	1,619
(2,013)	(2,089)
(317)	(470)

Analysis of the amount credited to exceptional items before amounts deducted for Curragh / Others are as follows:

Gain on curtailment

2011 €'000	2010 €'000
-	2,036

The amounts recognised in the balance sheet are as follows:

Present value of wholly or partly funded scheme liabilities

Fair value of scheme assets

Total Deficit in Plan at end of the year

2011 €'000	2010 €'000
(38,144)	(36,651)
26,068	27,189
(12,076)	(9,462)

Curragh Racecourse / Others deficit included in total deficit for the year

Net HRI liability recognised in the balance sheet

(1,135)	(795)
(10,941)	(8,667)

Changes in the present value of scheme liabilities are as follows:

Opening present value of scheme liabilities

Current service cost

Interest cost

Contributions by scheme participants

Actuarial loss

Benefits paid

Gain on curtailment

Closing present value of scheme liabilities

2011 €'000	2010 €'000
(36,651)	(36,265)
(136)	(223)
(2,013)	(2,089)
(389)	(401)
(131)	(880)
1,176	1,171
-	2,036
(38,144)	(36,651)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

27. PENSION COMMITMENTS (CONTINUED)

Changes in the fair value of scheme assets are as follows:

	2011 €'000	2010 €'000
Opening fair value of scheme assets	27,189	24,596
Expected return	1,696	1,619
Actuarial (loss) / gain	(2,769)	700
Contributions by employer	739	1,044
Contributions by scheme participants	389	401
Benefits paid	(1,176)	(1,171)
Closing fair value of scheme assets	26,068	27,189

Analysis of the amount which is recognised in the statement of total recognised gains and losses (STRGL) is as follows:

	2011 €'000	2010 €'000
Curragh / Others actuarial loss for the year	(377)	(13)
HRI actuarial loss for the year	(2,523)	(167)

The actual return on scheme assets in 2011 was a loss of €1.073m (2010: gain of €2.319m). The cumulative gains and losses recognised in the statement of total recognised gains and losses at 31 December 2011 is a loss of €10.507m (2010: cumulative loss of €7.607m).

Amounts for the current and previous four periods are as follows:

Year ended 31 December

	2011 €'000	2010 €'000	2009 €'000	2008 €'000	2007 €'000
Present value of scheme liabilities	(38,144)	(36,651)	(36,265)	(36,717)	(37,014)
Fair value of scheme assets	26,068	27,189	24,596	20,737	29,828
Deficit in the scheme	(12,076)	(9,462)	(11,669)	(15,980)	(7,186)
Net deficit in pension scheme in relation to HRI and Turf Club funded employees of the Horse Racing Ireland and Racing Regulatory Body Superannuation Scheme	(10,941)	(8,667)	(10,634)	(14,629)	(6,576)
Experience adjustment arising on					
- the scheme liabilities	876	597	2,119	(353)	(890)
- the scheme assets	(2,769)	700	2,265	(11,411)	(3,105)

Defined Contribution Scheme / PRSA

- Horse Racing Ireland operates a Defined Contribution Scheme for all other eligible employees not in the Defined Benefit Scheme. At 31 December 2011 there were 90 active participants. Horse Racing Ireland also offers a PRSA to employees not eligible to join the scheme.
- The pension costs for the year ended 31 December 2011 was €321,424 (2010: €319,000).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

28. MINORITY INTEREST

	2011 €'000	2010 €'000
At 1 January	1,956	1,955
Movement in the year	6	1
At 31 December	1,962	1,956

Navan Golf Club Plc has a nominal share capital of 1,000 preference shares at 6 cent each. The share premium on issued preference shares was €1,973,000 at the year end. The balance of minority interest relates to the percentage of shareholdings which are not owned by the Group, as outlined in note 34.

29. (i) RECONCILIATION OF (DEFICIT) / SURPLUS FOR THE YEAR TO NET CASH INFLOW FROM OPERATIONS

	2011 €'000	2010 €'000
(Deficit) / Surplus for the year before tax and other finance expense	(7,304)	1,897
Interest receivable	(1,144)	(743)
Interest payable	265	181
Depreciation charges	3,056	2,792
Loss on disposal of assets	-	1,982
Impairment	16,952	-
Amortisation of capital development fund grants	27	14
Amortisation of negative goodwill	(437)	(437)
Decrease in debtors	2,768	4,880
Decrease in creditors	(3,380)	(4,283)
Investment in financial asset	-	(1,645)
Difference between pension charge and contribution	(525)	(2,571)
Net cash inflow from operations	10,278	2,067

29. (ii) RECONCILIATION OF MOVEMENT IN NET FUNDS

	2011 €'000	2010 €'000
Increase in cash in the year	8,630	4,368
Bank loans in the year	-	(6,805)
Repayment of bank loans	2,223	3,429
Change in net funds	10,853	992
Net funds at 1 January	21,254	20,262
Net funds at 31 December	32,107	21,254

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

29. (iii) ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/2010 €'000	Cash Flows €'000	At 31/12/2011 €'000
Cash at bank	38,477	8,630	47,107
Debt due within 1 year	(2,223)	2,223	-
Debt due after 1 year	(15,000)	-	(15,000)
	21,254	10,853	32,107

30. CAPITAL AND OTHER COMMITMENTS

Future capital and other expenditure committed by the Group but not provided for in these financial statements was as follows:

	2011 €'000	2010 €'000
Contracted	503	648

31. RELATED PARTY TRANSACTIONS

In the normal course of business Horse Racing Ireland may enter into contractual arrangements with undertakings in which board members have interests but no such transactions occurred in 2011. The Board adopted procedures in accordance with guidelines issued by the Department of Finance in relation to the disclosure of interests by Board members and these procedures were adhered to during the year. The Board complied with the Department of Finance guidelines covering situations of personal interest. In cases of potential conflict of interest Board members did not participate in or attend any Board discussion relating to the matter.

Horse Racing Ireland has availed of the exemption under FRS 8 Related Party Disclosures from disclosing transactions with wholly owned subsidiaries (i.e. 100% owned). Navan Races Limited, The Tipperary Race Company Plc, The Leopardstown Club Limited and Fairyhouse Club Limited are all considered related parties because they are not wholly owned subsidiary undertakings.

Subsidiary undertakings

Transactions in the year between Horse Racing Ireland and its non wholly owned subsidiary undertakings included payroll and cost recharges of €2.330m (2010: €2.060m), bookmaker's fees of €0.361m (2010: €0.360m), sponsorship collected of €0.643m (2010: €0.660m) and interest income of €0.280m (2010: €0.206m).

During the year, Horse Racing Ireland received repayments on financial assets of €0.910m (2010: €0.350m). Horse Racing Ireland repaid intercompany amounts of €2.430m (2010: €0.460m). The release of funds of €2.200m in 2011 by HRI was in relation to the disposal of land in Leopardstown in previous years.

At 31 December 2011, the amounts due from related parties are as follows:

Related party name	2011 €'000	2010 €'000
The Tipperary Race Company Plc	204	221
The Leopardstown Club Limited	4,215	2,543
Navan Races Limited	5,328	5,371
Fairyhouse Club Limited	5,006	5,004

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

32. PROPERTY

Horse Racing Ireland's main administrative office is located at the address defined on page 2 and is a freehold property.

33. APPROVAL OF FINANCIAL STATEMENTS

The Board of Horse Racing Ireland approved these financial statements for issue on 6th July 2012.

34. PRINCIPAL SUBSIDIARIES

Direct subsidiaries	% Held	Principal Activities
Tote Ireland Limited	100%	Operation of a totalisator at race meetings, operation of a tele-betting service and internet service
Irish Thoroughbred Marketing Limited	100%	Promotion of the Irish Thoroughbred Horse
HRI Racecourses Limited	100%	Racecourse holding company
Indirect Subsidiaries		
The Leopardstown Club Limited	99.97%	Holding of race meetings and ancillary activities
Navan Races Limited	99.58%	Holding of race meetings and ancillary activities
Cork Racecourse Limited	100%	Letting of land
The Tipperary Race Company Plc	97.56%	Holding of race meetings and ancillary activities
Navan Golf Club Plc	100%	Operation of a golf course
Fairyhouse Club Limited	99.94%	Holding of race meetings and ancillary activities

All the subsidiary companies are incorporated in the Republic of Ireland with their registered offices at Ballymany, The Curragh, Co. Kildare.

