



HORSE RACING
IRELAND



10

ANNUAL REPORT 2010





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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



BRIAN KAVANAGH

FRANCIS HYLAND

MICHAEL HICKEY

JOHN McSTAY

JOHN MOLONEY

WILLIAM FLOOD

DENIS BROSANAN

CEO, BOARD MEMBERS & COMMITTEES OF HRI

HRI BOARD

Denis Brosnan	Chairperson
John McStay	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 Herson	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
Mary O'Connor	Racing Regulatory Body
John Power	Owners
Roddy Ryan	Racing Regulatory Body

APPOINTMENTS & REMUNERATION COMMITTEE

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John Power
Roddy Ryan

AUDIT COMMITTEE

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Francis Hyland
Liam Madden
Mary O'Connor

BOOKMAKERS COMMITTEE

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Bernard Caldwell
Raymond Horan

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Michael J Murphy
Noel Meade
Bernard Caldwell
Eamon Duignan
Joe Keeling
Dara Mullen

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John McStay
John Power
Roddy Ryan
John Moloney
Brian Kavanagh



NOEL MEADE

JOE HERNON

JOHN POWER

BERNARD CALDWELL

RODDY RYAN

MARY O'CONNOR

NOEL CLOAKE

JIM NICHOLSON

FOAL LEVY COMMITTEE

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 Roddy Ryan
 James Murphy
 Joe Foley
 Ignatius Geraghty
 Edmund Loder
 William Flood
 Noel Meade

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 Noel Cloake
 Noel Meade
 Sue Phelan
 John Power
 John Moloney
 William Flood

HRI RACECOURSES BOARD

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

ITM COMMITTEE

Joe Heron *Chairperson*
 Joe Osborne
 David O'Loughlin
 Janet Williamson
 Jim Martin
 Joe Foley
 Noel Meade

John Osborne
 Michael Hickey

LEOPARDSTOWN COMMITTEE

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 Gerry Magee
 Tom Taaffe
 John Oxx
 Liam Madden
 David Allman
 Mary O'Connor
 Jim Mulqueen

MEDIA RIGHTS COMMITTEE

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 Mary O'Connor
 John Power

NAVAN COMMITTEE

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

PROGRAMMES COMMITTEE

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 Noel Cloake
 Joe Heron
 Noel Meade
 William Flood
 John Power
 John Moloney

TOTE COMMITTEE

Jim Nicholson *Chairperson*
 Brian Kavanagh
 Pat Garvey
 Pat Kenny
 Pat Keogh
 Imelda Hurley

HRI NOMINATIONS / APPOINTMENTS

CORK

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 Raymond Horan

DUNDALK

Philip Furlong
 Ciaran Kennelly
 Eamon McIlroy

IRISH EQUINE CENTRE

Joe Heron
 Margaret Davin
 Marcus Swail

PUNCHESTOWN

David Mongey *Chairperson*
 Sandy Persse
 Dick O'Sullivan
 Nyall Speirs

RACE

Bernard Caldwell
 Margaret Davin
 David Wright

All details correct as of publication date

CHAIRMAN'S REPORT



I am pleased to present the 2010 Annual Report for Horse Racing Ireland. As in 2009, we are faced with the cold reality of the downturn and its continuing effects on the industry. Most of the key performance indicators continued to show declines: prize-money, sponsorship, ownership and the number of horses in training were amongst the worst affected. The slight improvement in racecourse attendances together with the slight lift in bloodstock sales and inward investment was welcomed. This good news however is still far from a true sign of recovery.

Irish horse racing and breeding - one of Ireland's oldest and most productive industries - remains under threat from the combined effect of the recession and continuing reductions in the Horse and Greyhound Racing Fund. The fund, split 80:20 between horses and dogs, has been reduced to €57.3m (2011) from €76.3m in 2008. The resultant cuts across the board in the industry have had knock-on effects, including an estimated 2,000 job losses. The fall in prizemoney has seen Ireland's attractiveness as a place to train and race horses drop down the world rankings and the racecourse sector has had no capital development funding support to improve its infrastructure over the last two years.

The Dukes Report in 2009 established that the thoroughbred industry was contributing over €1 billion annually to the Irish economy, with at least 16,000 jobs and a national network of racecourses, breeders, trainers and farms which sustain a unique skills base, mostly in rural Ireland. It is one of the things we are best known for internationally and Irish horses are now exported to 40 countries worldwide, notably with growing awareness and interest from the fast developing economies of Russia, India and China. This

is precisely the kind of industry which Ireland needs to sustain and develop as part of the economic recovery.

This industry can only develop, if it has the certainty of funding and planning which Horse Racing Ireland was established to deliver. At its establishment date, the duty on betting was 5% which fully financed the Horse and Greyhound Racing Fund. The reduction of that duty to 1% and the duty lost due to migration of bets to off-shore bookmakers and betting exchanges has meant the exchequer subvention to the Fund cannot be sustained in the longer term.

We welcome the Government's commitment to betting duty as the basis of the Horse and Greyhound Racing Fund and to addressing the imposition of duty on online and off-shore betting on an equal basis with high street bookmakers. Horse Racing Ireland supports this position and will assist Ministers and Department officials with the implementation of that plan in any way possible.

In presenting these financial statements I would like to thank all of my colleagues on the Board of Horse Racing Ireland, together with those who have given 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 carry out the day to day tasks of the management and administration of Irish Horse Racing. The Board and executive team have shown great dedication to the task of carrying the industry through these difficult and challenging times and in planning for the future growth and vitality of our industry encompassing both breeding and racing.

Denis Brosnan





CHIEF EXECUTIVE'S REPORT



The year 2010 began and ended with harsh weather conditions, bringing about a number of major race cancellations, which added to an already challenging environment for racecourses. Despite some tentative signs of levelling out, the drop in participation in racing which we saw in 2008 and 2009 continued in a number of important sectors.

The two figures which gave some small cause for optimism were racecourse attendances and bloodstock sales. The attendances average of 3,586 was the same as the previous year and bloodstock sales at €68 million were marginally ahead of 2009.

Areas where we saw declines were:

- On-Course Betting, down 10% to €164 million
- Prize Money, down 13% to €47 million
- Sponsorship, down 32% to €5 million
- Average number of horses in training, down 11% to 5,769
- Total Number of Owners, down 9% to 4,667

The fall in participation was most evident in the number of new owners, which has now almost halved since 2007 from 1,449 to 776 and the total number of horses in training figure which was down from 12,188 in 2007 to 11,136. This of course has had knock-on effects throughout the economy, particularly on employment in rural areas, where thousands of jobs have been lost. These difficulties have concentrated minds on the need for secure funding for the industry because, while coping with recession is a challenge in its own right, the continuing reductions in the Horse and Greyhound Racing Fund present a real threat to the health and survival of the industry over the long term.

Any fall in prize money accelerates the falling participation rates in racing which has direct knock-on effects on employment throughout the country. This employment represents a precious indigenous skills base which is unequalled anywhere in the world and must be preserved if we are to avoid seeing the end of a great Irish success story.

Throughout the year, Horse Racing Ireland continued to make the point that a successful breeding industry depends on a successful racing industry, because the two are inextricably linked and the health of one immediately impacts upon the other. Our thoroughbred industry is a world leader and its continued success attracts foreign direct investment in stud farms and racing properties, buyers of horses at auction and tourist visits to our racecourses, particularly the main festivals throughout the racing

year. Despite the downturn, we remain Europe's leading producer of thoroughbred foals and export up to half of our produce, underlining the fact that thoroughbred horses are one of the most dynamic aspects of Ireland's livestock industry, with an earning potential of up to €200 million annually.

We have worked with representatives of all political parties to convey the very real threat to the industry as a result of reducing funds continuously. There has been and is still broad acceptance that the fall-off in betting duty revenues and the resultant need for direct exchequer support for the Horse and Greyhound Racing Fund is untenable over time. A realistic tax regime is the goal of all parties. This can only be based on a solution which needs to have betting duties for both online and telephone betting as well as exchange betting on an equal basis to how the high street shops are charged. This should secure a situation where racing is self-financing for the future and all sectors of the betting industry are giving a return to the Irish Exchequer.

Despite the air of gloom which racing felt as keenly as the rest of the nation, 2010 was a year of great achievement on the racecourse at home and abroad. Willie Mullins had a remarkable year, being crowned Champion Trainer for the third consecutive time and training 12 winners at the Punchestown Festival for the second consecutive time. These achievements were followed by sadness in October as the racing world mourned the passing of his father the legendary Paddy Mullins. May he rest in peace.

There were seven Irish winners at Cheltenham in 2010 with the highlight being Big Zeb's victory in the Queen Mother Champion Chase.

Ruby Walsh was champion jockey for the sixth time in a row despite suffering injury more than once, while with his fourth successive win on Kauto Star in the King George VI steeplechase at Kempton was the highlight of his year.

Aidan O'Brien continued to lead Irish flat racing with Cape Blanco delivering a fifth straight success in the Dubai Duty Free Irish Derby, leading home a 1-2-3 for the stable, followed in September with an impressive all the way win in the Tattersalls Millions Irish Champion Stakes at Leopardstown. Overseas Grade 1 wins included the Coronation Stakes at Royal Ascot (Lillie Langtry); a double in the Golden Jubilee Stakes at Royal Ascot and the July Cup at Newmarket (Starspangledbanner), the Coronation Cup at Epsom (Fame and Glory) and the Juddmonte International Stakes at York

(Rip Van Winkle). At home, Aidan had over 100 winners for the first time since 1999.

Dermot Weld and Pat Smullen added a fifth consecutive Ascot Gold Cup to Ireland's tally with Rite of Passage.

All of our breeders, owners, trainers, jockeys and horses continue to add to Ireland's reputation as one of the best places in the world in which to engage in the business and sport of horse racing. A real highlight of the year was Tony McCoy's selection as BBC's Sports Personality of the Year. This was proper recognition of

one the greatest talents ever seen in racing.

Horse Racing Ireland is committed to leading the industry through the coming challenges and to securing a proper basis for funding by supporting Government efforts to effect a realistic taxation regime on all forms of betting. In time this should ensure more security in funding and see the Irish exchequer secure a realistic taxation take from the betting industry as is occurring in other racing nations, particularly in Europe.

Brian Kavanagh



FINANCE REVIEW

The financial results of the Group were satisfactory for the year ended 31st December 2010.

Within the year, a group surplus of €1.838m arises primarily due to a decrease in total expenditure for

the Group with a reduction in Horse Racing Ireland's Contribution to Prizemoney and Racecourse Scheme payments. In addition to this, other income decreased mainly due to a reduction in the allocation from the Horse and Greyhound Racing Fund in 2010.

GROUP INCOME AND EXPENDITURE ACCOUNT

Turnover for the year was down 6% or €3.3m to €51.5m compared to €54.8m in 2009. The turnover decrease is primarily due to a reduction in Tote Ireland turnover and Racecourse income in 2010. Tote Ireland turnover has decreased by 4% or €1.5m in 2010. Income from bookmakers and betting exchanges decreased by 13% or €334,000 in 2010. The income from On-Course Bookmakers' betting and pitch fees is paid back to the relevant racecourses. This amounted to €1.5m in 2010 which was a decrease of 12% from the previous year.

Racecourse Income reduced by 14% or €1.5m in 2010.

The number of fixtures in 2010 reduced by 3% or 11 fixtures over 2009 to a figure of 334. 21 of these fixtures were run in Northern Ireland. The numbers of races in 2010 decreased by 3% or 63 races to 2,381 down from 2,444 in 2009.

Complete statistics for Irish Racing are available in the Horse Racing Ireland Fact Book 2010 and on the website www.goracing.ie.

OTHER INCOME

Other income has decreased by €16m or 18% to €74m. The allocation from the Horse and Greyhound Racing Fund has decreased by 13% from the previous year. This is a reduction of €7.1m in 2010 to €47.4m. Foal Levy contributions were down 24% in 2010 to €1.644m. There was a decrease in the number of foals born in 2010 of

25% (7,588 in 2010 compared to 10,167 in 2009). Registrations income was down 14% to €3.422m in 2010. Other income in the year decreased by €2.75m which related to a grant receivable in 2009. Media income decreased by €96,000 in 2010. Interest income was similar year on year.





PRIZE MONEY

The total value of prize money of €47m showed a decrease of 13% or €7m from the previous year. The number of fixtures in 2010 decreased by 3% from the previous year. The contributions from owners

were down by €2.3m from the previous year. The contributions from sponsors decreased by €2.6m, while Horse Racing Ireland's contribution to prizemoney decreased by €2.1m to €29.3m in 2010.

EXPENDITURE

Other Group Expenditure at €25.5m was down €4.5m or 15% from the 2009 figure of €30m. The main decrease reflects a reduction of €3m in Racecourse Schemes.

Integrity and Racecourse Services costs decreased by 14% or €1.3m in 2010. This is due to various cost reducing measures taken throughout 2010. Payments made to Racecourses for various programmes decreased by 63% to €1.776m in 2010. This was primarily due to the racecourse improvement scheme being completed in 2009. Capital development fund grants paid to third party racecourses increased to €1.835m in 2010 from €1.116m in the previous year. This scheme (Scheme 2) is now closed.

Grants/Fees paid to Industry Bodies decreased by

7% in 2010. All grants/fees paid to Industry Bodies were reduced in 2010. In addition to this there was a drop of 11 fixtures year on year.

Distributions made under the Foal Levy Scheme in 2010 were €1.579m which was similar to 2009. The main third party beneficiaries in 2010 were as in previous years, namely the Irish Equine Centre and Irish Thoroughbred Breeders Association. Irish Thoroughbred Marketing was also a beneficiary.

Horse Racing Ireland administration costs decreased by 13% or €0.7m in 2010 due to a number of cost reducing exercises as well as a reduction in FRS 17 charges.

General Marketing and Promotional costs were similar year on year.

GROUP CASH FLOW

The group cash flow showed an increase in cash of €4.368m for 2010 as the remainder of the loans for the capital programme were drawn down.

Group cash inflow from operations amounted to

€2.1m for the year. The net cash inflow from return on investments and servicing of finance totalled €0.6m. Total cash outflow from capital expenditure and financial investments totalled €1.8m for 2010.

MARKETING REVIEW

In 2010 Horse Racing Ireland's marketing activity operated in similar economic conditions and with similar marketing objectives as in 2009. Despite market conditions, the average attendance at race meetings in 2010 of 3,586 was the same as 2009 which was a welcome indicator of levelling off in an industry which is still feeling the full force of recession.

Racecourse attendances were maintained by targeting key customer segments – socialisers, horse lovers, punters, tourists and corporates through racecourse marketing support and PR programmes for all racecourses. Working off a reduced marketing budget in 2010 compared to 2009, the racecourse support strategy worked at targeting the various customer segments on a regional or national level depending on the type of race meeting or festival through a variety of marketing and PR tools such as radio, press, direct mail, online, social media, event creation, promotions, public affairs, etc.

In February 2010, Horse Racing Ireland commissioned Behaviour & Attitudes to complete extensive research to establish detailed demographics of racegoers and to review a range of marketing variables to help inform the design of its marketing and advertising strategy. Specifically the following key issues were to be addressed in research:

- The awareness levels of racing among fans and non-fans
- The popularity of racing versus other sports
- The profile of domestic attendees at race meetings in Ireland

- The number of people going racing overall
- The number of people who went racing in the past year
- Determine their demographics
- Why they go, why they don't go

The survey is based on a nationally representative quota sample of 1,000 adults (aged 16 years and over) and was conducted across 63 separate sampling points per survey. Quota controls are based on the most recent Census statistics of the national population.

The research concluded that:

- Over 1 in 5 adults (22%) are interested in horse racing – interest is highest among those aged 50+.
- Over 1 in 3 adults (37%) have attended a horse racing meeting at some point. This equates to 1.3 million adults, which is down somewhat from 1.4 million in 2006.
- This change in volume of attendance since 2006 is mostly explained by a fall in numbers who have attended within the past year: 12% in 2010; 17% in 2006.
- To socialise with friends, the visual appeal of the horses themselves and betting remain the key reasons for attendance.
- In terms of overall rating, Irish racecourses are rated highest for general atmosphere, the sociable experience and the quality of the racing.

In March, Horse Racing Ireland implemented a 'Go Racing in Ireland for Free' campaign as part of their Cheltenham Festival activity. Horse Racing Ireland in conjunction with Cheltenham Racecourse and Tourism



Ireland, offered all customers who went racing in Cheltenham on St Patrick's Day, a free ticket to go racing in Ireland at one of 14 Irish race meetings. As in previous years, Horse Racing Ireland's marketing department managed the 'Go Racing in Ireland' stand for the 4 days, providing free literature on Irish racing and racecourses. Horse Racing Ireland also hosted a Press Conference on the Tuesday morning promoting the Irish focus for the festival.

In May 2010 Horse Racing Ireland and Tote Ireland joined together to launch the Tote Go Racing Club. Membership of the club is free and the objective is simple - to encourage both regular and less frequent racegoers to go racing more often, while also providing greater access to the sport through informative newsletters and exclusive opportunities to see behind the scenes. To date membership of the club has been very encouraging with over 5,000 members.

May also saw Michael Kinane being announced as our Flat Ambassador while in October Barry Geraghty took on the role for National Hunt racing. The objective of the 'Ambassador' role is to increase the profile of racing and to allow racing fans and the general public to get to know more about the work and lifestyle of 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 through Facebook, Twitter and weekly online diaries which generated much mainstream media coverage.

In June, development work began on an extensive upgrade of our website www.goracing.ie along with an application version for iPhones. The purpose of this upgrade was to make the website more interactive and user friendly through ease of navigation and to offer our customers best practice in terms of content. Website upgrades were also implemented for all Horse Racing Ireland racecourses and the various websites went

live in February 2011. In conjunction with this, Horse Racing Ireland developed a social media strategy for Facebook and Twitter which offers our racegoers instant interactive communication on an informal basis.

At the Galway Festival, Horse Racing Ireland launched their new racing publication, 'A Guide to Racing in Ireland'. The guide is aimed at those who enjoy the sport of horse racing and would like to know even more about what's happening out there on the course and behind the scenes on a race day.

Horse Racing Ireland recognised the importance of engaging young children in racing and with their local racecourse, so with that in mind we launched a new Schools/Racing Education initiative at Navan Racecourse in September. Over 200 children from local schools came for a tour of the racecourse which involved meeting a jockey, a trainer with a racehorse, an instructor from RACE with the racing simulator and the racecourse manager who showed the children the track and fences.

This was the first of 6 highly successful school days in 2010 which occurred at Dundalk, Limerick, Naas, Cork and Gowran Park. The initiative will be rolled out again in spring 2011.

In December, Horse Racing Ireland hosted the 8th Annual Awards for the Racing year in the Leopardstown Pavilion. These awards recognise the excellence in the sport of Irish horse racing including a 'Contribution to the Industry' Award which was given to RTE's Colm Murray in recognition of his outstanding support and input to racing.

In summary, Horse Racing Ireland's marketing activity delivered focused and integrated campaigns in cooperation with the racecourses to maintain and grow racing attendances while ensuring an outstanding customer experience.



TOTE REVIEW

Tote had a relatively encouraging year in 2010 despite the adverse economic conditions. Overall revenues declined by 3.6% from €41.8 million to €40.3 million. Revenues were heavily affected by inclement weather, particularly during the month of December. Betting from third parties such as Tote UK, French Tote (PMU) and other international Totes into Tote Ireland pools continued to expand rapidly and showed a healthy increase of 15.6% or €2.33 million over the previous year.

Tote Ireland took delivery of a new Tote system in May 2010 from Sportech (formerly Scientific Games Racing). This new technology has and will enable the Tote to introduce a range of new bets the first of which, the Trifecta was introduced in 2010. The turnover on the Trifecta, which replaced the Trio bet, has shown significant growth since its introduction in May 2010, with an increase of 14% in comparison with turnover on the Trio in the same period in the previous year. The rolling over of all Trifecta's that have not been won to the 6th race has generated some sizeable pools, with a large pool of €17,578 achieved at the Curragh on the 27th June. The new technology has also enabled other enhancements to the computerised system with Tote patrons now able to select the SP favourite as a selection when doing the Jackpot or Placepot.

The Jackpot proved as popular as ever during the year with some very sizeable pools being achieved, the most significant of which was a pool of €216,576 at Dundalk on the 29th October, this being one of the highest

Jackpot pools ever achieved. A daily guarantee of the Jackpot, particularly in the latter part of the year has proved very popular with Tote patrons.

A new state of the art self service terminal, The Bet Jet terminal was introduced at a number of racetracks in 2010. This allows Tote patrons to place their wagers in privacy using the most up to date technology.

Tote Ireland took over the sponsorship of the Galway Plate in 2010. The Galway Plate is one of the most prestigious Handicap Chases in Europe and will enhance the profile of the Tote brand. The sponsorship of the Galway Plate is for a period of 3 years and the race is now called the "www.thetote.com Galway Plate". Tote Ireland also continued to make significant contributions to racecourses in the form of a payment of a percentage of their respective on-course Tote betting.

Tote Ireland in conjunction with Horse Racing Ireland launched the Tote Go Racing Club in May 2010. This club provides members with the opportunity to avail of special offers for race goers and Tote clients alike.

Tote Ireland continued to reduce costs during the period and was thus in a position to report a small profit for the year, in comparison to a small loss in the previous year.

Tote continues its strategy of returning all of its profits to racing after it has fully funded its own capital and future development needs.



HRI RACECOURSE DIVISION

2010 was the fifth year of operations for the HRI Racecourse Division (HRI Racecourses Ltd.) which is responsible for:

- Leopardstown
- Fairyhouse
- Navan
- Tipperary

The racecourses are supported by centralised resources from HRI's headquarters at Ballymany, The Curragh, Co. Kildare – Finance, Strategic Planning and Management, Human Resources, Training and IT.

The weather had a major impact on racing in 2010.

A total of 6 racemeetings were cancelled and a further 6 were rescheduled due to snow and rain. This resulted in 67 fixtures run compared to 74 in 2009. HRI Racecourses had 20% of the total fixtures and their combined attendance of 220,008 represented 18% of the total attendances.

The loss of racemeetings and rescheduled fixtures affected the betting on the HRI racecourses. The combined Tote betting amounted to €8,282,628 while bookmaker turnover came to €27,486,076, showing declines of 9% and 20% respectively on 2009.

LEOPARDSTOWN

Leopardstown staged 22 race meetings in 2010, one less than in 2009.

The reduction was due to the cancellation of the first two days of the 4 day Christmas festival due to weather conditions resulting in the meeting being compressed into 3 days. Inclement weather in January also resulted in the MCR Hurdle fixture being postponed for two weeks.

These factors had a major affect on the annual attendance figure which at 121,373 was down 14% on 2009. Tote betting for the year amounted to €4,764,314 while Bookmakers turnover at €14,112,038 showed declines of 5% and 17% respectively.

In a difficult trading year, the expansion of 'value' hospitality offerings proved very attractive to customers, particularly over Christmas and at the evening meetings.

Despite the economic downturn, race sponsorship support remained strong and in November BHP Insurance signed up for a five-year agreement to sponsor the Irish Champion Hurdle.

The summer evening meetings continued to grow in

popularity with Bulmers as overall sponsor. The main focus again was on securing high profile bands and further enhancing the customer experience.

The first phase of a track drainage scheme was completed during the summer with excellent results and phase two has been scheduled for the summer of 2011.

A major refurbishment of the Tote Hall was undertaken prior to Christmas with the development of a new dining area, coffee dock and sports lounge. Customer reaction to the improvements was very positive.

Leopardstown Golf Centre has continued to make a significant contribution to profits in 2010. The profile makeup of the Golf Centre is unique with the 25 Ladies Societies (approximately 2,500 society members). With the keenly priced affiliated membership Leopardstown has retained most of its members. This was further facilitated by the extension of the daytime discounted offer in the state of the art Driving Range which has not suffered in the economic downturn. The overall aspect of the Golf Centre, which incidentally is now five years old, has retained its profile as one of the best in Europe and will continue to be a success into the future.



FAIRYHOUSE

2010 saw Fairyhouse stage 18 fixtures out of a scheduled 21.

The weather was very unfavourable to Fairyhouse during the year. The New Year's day fixture was lost due to rain and the important Easter Festival was under threat until the last moment with water logging while the winter festival was affected by snow. In December, 3 fixtures were lost to the snow.

The highlight of the calendar was the annual Grand National festival which took place from 4th to 6th April. Attendance for the 3 days was 24,159 v 28,263 in 2009. As mentioned, the weather had a negative effect on the festival. The Powers Irish Grand National was won by Bluesea Cracker from the James Motherway yard in County Cork for the Note The Link syndicate and was ridden by Andrew McNamara at a price of 25/1. The

Grade 1 Powers Gold Cup was also a bookmaker's benefit and was won by the 25/1 Jadanli for Galway trainer Paul Gilligan who trained it for his father and local jockey Andrew Lynch.

During 2010, the parade ring was redeveloped at Fairyhouse and further improvements to the enclosure were made. The Sunday market continues to develop and is a key contributor to Fairyhouse by attracting large crowds every Sunday.

Overall attendance was 47,607 which was down on 2009 and can be attributed to the loss of race meetings and the disruption to key fixtures due to the weather. The winter festival was eventually run at the fifth time of asking on 15th December. Bookmaker betting for the year amounted to €6,241,131 and Tote turnover was €1,795,024 in 2010.

NAVAN

Navan raced 15 times in 2010, comprising 9 National Hunt meetings (decrease of 2 from 2009) and 6 Flat meetings. As a result of the inclement weather, Navan lost 2 race meetings in December. Overall attendances for the year were 32,136, a 15% decrease on last year. Navan also hosted a very successful schooling day in April. Tote betting amounted to €1,073,750 while bookmaker turnover came to €4,763,559.

Navan has undergone significant restructuring and cost cutting during the past 18 months and this had been achieved without impacting on our racing product or on our customers. Many of Ireland's Cheltenham hopefuls visited Navan in 2010 which is a

great recommendation for the quality of the racing surface. The Flat racing programme in April saw the return of the Salsabil Stakes, one of the highlights of the early season. Navan racecourse also hosted Navan on Ice during December which attracted large numbers of local people to the racecourse and it is hoped that this will be one of a number of non race day events which will take place annually.

The Golf Course has also undergone significant restructuring in 2010 as membership levels declined. Navan Golf continues to proactively look at additional revenue streams for the 2011 season.

TIPPERARY

In 2010 Tipperary staged all of its 12 scheduled cards without any weather problems. There was 1 Mixed, 6 Flat and 5 National Hunt cards. Compared to 2009 there was one less Mixed card and one additional Flat card.

Attendances were down 4% from 19,712 in 2009 to 18,892 in 2010. Tote betting amounted to €649,540 and bookmaker turnover was €2,369,348 representing an increase of 4% and 6% respectively.

The highlight of the year goes to the Michael Halford trained Casamento. The Shamardal colt made his winning debut at Tipperary on Thursday 26th August.

He went on to win the Group 2 Juddmonte Beresford Stakes impressively and then the Group 1 Racing Post Trophy at Doncaster. A number of national hunt horses impressed at Tipperary this season but most notable was John Shark Hanlon's Hidden Cyclone who opened his account over hurdles on 5th October. He subsequently won two Grade 2 Novice Hurdle races in Leopardstown and Navan.

Again on Easter Sunday, the Tipperary Vintage Club ran a very successful vintage rally which to date has raised over €48,000 for local South Tipperary charities while showcasing the racecourse as a versatile facility.



IRISH THOROUGHBRED MARKETING REVIEW

Irish Thoroughbred Marketing depends on its funding from contributions from the bloodstock industry in addition to contributions from HRI. It is funded 50 / 50 through this mechanism. 2010 saw significant pressure on this funding which has continued in 2011. The thrust of Irish Thoroughbred Marketing is to generate inward investment and 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, South America and Russia are becoming more important as these new markets emerge.

There were definite signs that in 2010 we saw the stabilisation of the Irish bloodstock industry. There were two years of decline in the industry leading up to this. From an Irish Thoroughbred Marketing 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 falling sharply in 2008 and 2009, the figure for bloodstock sales at public auction recovered in 2010 to a total of just over €68m, just 1% ahead of the previous year. While it would be premature to say that we are on an upward curve, at least it shows a degree of confidence in 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 offered for sale and sold.

There was a further reduction in the number of foals born in Ireland in 2010. The foal crop figure of 7,588 represents a 25% decrease on the 2009 crop. Despite the reduced figure, Ireland still remains the third largest producer of thoroughbreds in the world and it is widely accepted that the issue of over-production is finally working itself out, with the new streamlined foal crop being more focused towards quality.

There were many other positives to be taken from the activity during the Irish sales calendar. The November sale of breeding stock at Goffs experienced a healthy level of international trade. This sale has benefited from considerable investment from Indian, Turkish, Moroccan, South American, UK, French and Italian breeders and it has become an important export sale for Irish stud farms.

Irish Thoroughbred Marketing has invested significant resources in developing key emerging markets over the

past five years, and this investment is now paying off. It is even more important to maintain and develop the momentum gained in these markets in the coming years. At the following yearling sales, ITM welcomed buyers from Singapore for the first time. This was all the more rewarding given the concentrated effort in attracting them through market visits and meetings with key Singaporean decision makers throughout 2010.

The year began off the back of a very successful 2009 for both Irish racing and breeding. This success for Irish bred and trained horses continued throughout the year. Irish bred horses won 15 of the 26 races run at the 2010 Cheltenham Festival. Overall, Irish bred horses won 55% of the Grade 1 National Hunt races run in Ireland and Britain during the 2009/10 season.

On the flat, despite the absence of an Irish bred "World Champion" as in the previous two years, Irish bred horses accounted for 30% of the top ten 2yo's, 3yo's and older horses in the World Thoroughbred Rankings. The previous years champion racehorse Sea The Stars has settled into his new stallion role in Giltown Stud and his first foal was born in Castlebridge Stud in Co. Meath on 21st January 2011.

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. The team were active in a number of countries around the world including UK, USA, South Africa, Singapore, 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 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 would be confident that if it's funding can improve to the level it was at two years ago, it will continue to get value for money as it travels the world seeking continuing investment in the bloodstock industry in Ireland.

RACING REVIEW

The story which dominated the Irish racing scene at the beginning of 2010 was the wintry weather that decimated the racing calendar, as well as severely limiting the work that many trainers could do with their charges. When racing resumed, the first big race of the year was the Tendreen Thyestes Handicap Chase at Gowran Park and it was won by the Jimmy Mangan-trained Whinstone Boy. The MCR Hurdle was the main event on the first day of a two-day meeting at Leopardstown the following weekend and it saw the John Mulhern-trained Puyol break his maiden over hurdles in the best possible style. The following day the Grade 1 Toshiba Irish Champion Hurdle at Leopardstown was the focus of attention and it proved well worth the wait, with the Charles Byrnes-trained Solwhit running out the authoritative winner. The other Grade 1 on the card was the Frank Ward Solicitors Arkle Novice Chase and it saw a winning ride of the highest class from David Casey on Henry De Bromhead's An Cathaoir Mor. The month was closed out by a high class card at Punchestown and without doubt, the highlight was the clash between Golden Silver and Big Zeb in the Grade 2 Punchestown Pavilion Tied Cottage Chase, and it was the latter that emerged the comfortable victor.

February was opened by one of Ireland's top novice chasers Captain Cee Bee completing his Cheltenham preparations with a smooth display in the featured BBA Ireland Ltd Opera Hat Novice Chase at Naas. The Hennessy Cognac Gold Cup was the pick of no less than four Grade 1's at Leopardstown the following day and it was Paul Nolan that saddled the winner in the shape of the colossal Joncol. Away from the main event, the Philip Fenton-trained Dinguib won the Grade 1 Deloitte Novice Hurdle in the style of a potential star. The following week saw the well-established Red Mills Trial Hurdle meeting take place at Gowran Park. The main event was won by the locally-trained Luska Lad, with Shark Hanlon's six-year-old making all the running under Davy Russell. Later in the week, the hugely-popular War Of Attrition continued

his resurgence by running out the game winner of the Grade 2 Ladbroke's.com Boyne Hurdle at Navan. The month was wrapped up by a meeting at Leopardstown and the featured Grade 2 Newlands Chase was won by the Edward O'Grady-trained Tranquil Sea.

The week of the Cheltenham Festival in March started on a sad note with news of the death of trainer John Mulhern following a long illness. One of the most colourful and well-known faces on the Irish racing scene, he enjoyed high-profile success as a trainer, winning what was then the Stayers' Hurdle at the Cheltenham Festival in 1987 and 1988 with Galmoy and the Irish Grand National with Flashing Steel in 1995.

The opening day of the Cheltenham Festival has traditionally been a happy hunting ground for Irish-trained horses and so it proved again with victories in three of the six races on the card. The Henry De Bromhead-trained Sizing Europe routed the opposition in winning the Arkle Challenge Trophy under Andrew Lynch. The cross-country race unsurprisingly saw an Irish success, but the one that did the business was the relatively unconsidered 25/1 shot A New Story for Michael Hourigan and Adrian Heskin. However, the punters were sent home happy by the win of the strongly-fancied Willie Mullins-trained, Ruby Walsh-ridden, Quevega in the concluding David Nicholson Mares' Hurdle. The Champion Hurdle may have seen the Irish-trained brigade disappoint, but the winner Binocular was at least ridden by British-based Irishman Tony McCoy and owned by JP McManus.

Much of the focus on the second day of the Cheltenham Festival was on Master Minded's bid to complete a hat-trick in the Queen Mother Champion Chase, but it was the Colm Murphy-trained Big Zeb that delivered on the promise he had always shown to record a memorable six lengths success under Barry Geraghty. The other Irish-trained winner on the card was the Charles Byrnes-trained, Davy Russell-ridden, Weapon's Amnesty in the RSA Chase. After a



quiet third day of proceedings, there were two Irish successes to celebrate on the fourth and final day of the Cheltenham Festival. The Willie Mullins-trained Thousand Stars was the first to strike in the Vincent O'Brien County Hurdle, with Katie Walsh doing the steering to give her a memorable second win of the week at the Festival. In the next race Paul Gilligan gained the biggest win of his training career by sending out Berties Dream to win the Albert Bartlett Novices' Hurdle under Andrew Lynch, who was also gaining his second win at the Festival.

The Irish flat turf season got underway at the Curragh the following Sunday and Tommy Stack totally dominated proceedings, completing a remarkable four timer on the card that was highlighted by the win of Pollen in the featured Group 3 Lodge Park Stud EBF Park Express Stakes. Elsewhere on the card, the Tote Sport Lounge Irish Lincolnshire was won in good style by the Paul Deegan-trained, Kieran O'Neill-ridden, Big Robert. Irish racing sadly lost another leading figure in March with the universally respected owner of Rathbarry & Glenview Studs in County Cork, Liam Cashman, passing away following a short illness at the age of 72.

The Fairyhouse Easter Festival was the focus of attention at the beginning of April and the highlight of the opening day was the Grade 1 Powers Gold Cup. Run in extremely testing conditions, it was very much a case of survival of the fittest, with the Paul Gilligan-trained Jadanli prevailing by 23 lengths. The following day's action at the Co. Meath track was highlighted by the Powers Whiskey Irish Grand National Handicap Chase and it produced a dramatic result with Bluesea Cracker running out the brave winner at 25/1. Trained by James Motherway and ridden by Andrew McNamara, the eight-year-old mare led at the penultimate obstacle and kept on grittily to fight off all challengers by 4½ lengths.

The last of the spring racing festivals took place at Punchestown at the backend of the month and as usual the meeting provided an abundance of top class National Hunt action. As had been the case in 2009, Willie Mullins dominated proceedings from start to finish, declaring his intentions for the remainder of the week by saddling no less than three Grade 1 winners on the opening day of the festivities courtesy of Blackstairmountain in the Evening Herald Champion Novice Hurdle, Golden Silver in the Boylesports.com Champion Chase and Kempes in

the Growise Champion Novice Chase. The highlight of the second day of action at Punchestown was the Grade 1 Punchestown Guinness Gold Cup and it was the Philip Hobbs-trained Planet Of Sound that emerged on top under Richard Johnson. Thursday's card at Punchestown was highlighted by the Grade 1 Ladbrokes.com World Series Hurdle and it saw the Willie Mullins-trained Quevega toy with her rivals. One of the most eagerly anticipated Grade 1's of the week was the Rabobank Champion Hurdle on the Friday and it was the Willie Mullins-trained Hurricane Fly who made a successful return from a five month absence under Paul Townend, giving his trainer his fifth Grade 1 success at the meeting.

On the final day of the Punchestown Festival, which saw attendances rise year-on-year on four of the five days, Brian Kavanagh, Chief Executive of Horse Racing Ireland made the presentations to the 2009/2010 National Hunt Champions. Willie Mullins was crowned Champion Trainer for the third consecutive year, while Michael O'Leary held off the late challenge of JP McManus to be Champion Owner for the first time. Patrick Mullins had two winners to spare to annex the Qualified Riders' title for a third season in a row, while Ruby Walsh picked up his sixth successive jockeys' crown (his eighth in total) and Shane Hassett was crowned Champion Conditional Jockey.

Trial races for the upcoming Epsom Derby dominated the Flat racing scene in the early part of May and the Group 2 Derrinstown Stud Derby Trial Stakes at Leopardstown saw the Aidan O'Brien-trained Midas Touch stake his Epsom claims with an impressive display. The Irish Guineas meeting at the Curragh is always one of the highlights of the Irish Flat season and the opening day of proceedings was dominated by the always potent combination of Richard Hannon and Richard Hughes, with the pair completing a double that included the electric win of Canford Cliffs in the featured Abu Dhabi Irish 2,000 Guineas. The Group 1 Etihad Airways Irish 1,000 Guineas was the feature event on the second day and the Dermot Weld-trained Bethrah emerged victorious in a tremendously exciting finish under Pat Smullen.

Irish trainers and jockeys were out of luck in the Oaks and Derby at Epsom at the beginning of June, but it was not all doom and gloom for Irish trainers at Epsom as the Aidan O'Brien-trained Fame And Glory ran out the authoritative winner of the Investec Coronation



Cup under Johnny Murtagh, while on the Saturday, Tommy Stack saddled High Award to win the Listed Investec Woodcote Stakes. Royal Ascot is always one of the highlights of the Flat season and the Dermot Weld-trained Rite Of Passage prevailed in a thrilling renewal of the featured Gold Cup. Ridden by Pat Smullen, the six-year-old engaged in a terrific battle with the Aidan O'Brien-trained Age Of Aquarius and was a neck stronger at the finish, giving the Irish a memorable one-two and a sixth consecutive win in the race. After enduring a frustrating first three days of Royal Ascot, the Friday of the meeting saw Aidan O'Brien burst into winning form completing a double that included the featured Coronation Stakes with Lillie Langtry. O'Brien's resurgent run of form continued on the final day of the prestigious meeting, with him saddling the Australian import Starspangledbanner to win the featured Golden Jubilee Stakes.

Dermot Weld and Pat Smullen had a day to remember on the second day of the Irish Derby meeting at the Curragh, completing a memorable double with two very talented fillies. The first success came in the Group 3 Ballymacoll Stud International Stakes and it was very much a family affair with Precious Gem running out the game winner in the colours of Weld's mother, Marguerite. The double was completed with an even more memorable win for Chinese White in the featured Group 1 Audi Pretty Polly Stakes, with the in-foal five-year-old finishing her racing career in the perfect style. Johnny Murtagh was the toast of the Curragh on Sunday, bouncing back from a horror fall in the opening race to complete a double on the card that included the featured Dubai Duty Free Irish Derby on Cape Blanco. Murtagh had to use all his strength to drive the son of Galileo to a narrow success from his stable mates Midas Touch and Jan Vermeer, giving O'Brien his fifth consecutive win in the race.

The Darley Irish Oaks in mid-July looked to be a fiendishly competitive renewal of what is always one of the highlights of the Curragh's racing programme, but the Ed Dunlop-trained Snow Fairy turned the race into a procession. Ridden by Ryan Moore, the daughter of Intikhab sprinted eight lengths clear of her nearest pursuer. The highlight of the remainder of the action on the card was the Group 3 Jebel Ali Stables & Racecourse Anglesey Stakes and it saw another wide margin success, this time for the Kevin Prendergast-trained Dunboyne Express.

All eyes were on Galway for the final week of the month. The feature event on Wednesday's card was the www.thetote.com Galway Plate and it was the Aintree Grand National-winning team of Tony McCoy and JP McManus that claimed the pot with the Tom Taaffe-trained Finger Onthe Pulse. On the Thursday, the Guinness Galway Hurdle took centre stage and it was the Donald McCain-trained Overturn that claimed the prize for England. The fast-improving six-year-old made all the running to provide locally born jockey Graham Lee with an emotional success. The opening day of August saw the Galway Festival come to a close and once again it was dominated by Dermot Weld, with the Curragh trainer ending the festival as leading trainer for the 26th time having set a new record figure of eleven winners at the meeting. To mark his contribution to the festival, where he first trained a winner in 1972, Weld was made an honorary member of the Galway Race Committee. Encouragingly, the total attendance for the seven day meeting was 166,067, which was 5% more than in 2009.

Later in August, the well-bred Zoffany was the star performer at the Curragh, winning an exciting renewal of the featured Group 1 Keeneland Phoenix Stakes. The York Ebor meeting proved a happy hunting ground for the Irish, with the Aidan O'Brien-trained Rip Van Winkle getting the ball rolling in the Group 1 Juddmonte International Stakes on the opening day of the meeting. The following day, for the second year in succession, an Irish-trained runner prevailed in the Totesport Ebor, with the Gordon Elliott-trained Dirar emerging on top in the hands of Jamie Spencer. The remarkable run of Irish success at the meeting was completed on the Friday with the Eddie Lynam-trained Sole Power springing a 100/1 shock in the Nunthorpe Stakes, giving both the trainer and jockey Wayne Lordan their first successes at Group 1 level.

September began in the best possible style, with Leopardstown's Group 1 card taking centre stage. Not for the first time, it was dominated by Aidan O'Brien, with the Master of Ballydoyle saddling four winners. The highlight being the spectacular success of Cape Blanco in the featured Tattersalls Millions Irish Champion Stakes. Back at the Curragh, the substantial prize for the Irish Field St. Leger headed across the Irish Sea after the Jeremy Noseda-trained Sans Frontieres emerged on top. The other Group 1 on the card was the boylesports.com Vincent O'Brien National Stakes and



it saw Jessica Harrington and Fran Berry gain their first wins at the highest level, courtesy of the immensely exciting Pathfork. The son of Distorted Humor travelled very strongly indeed and showed a game attitude to get through the unsuitably soft ground to record a head success over Casamento.

The main event of the seven day Listowel Harvest Festival was the Guinness Kerry National Handicap Chase, which saw the Charles Byrnes-trained Alfa Beat run out the authoritative winner. Given a well-judged ride by Barry Geraghty, he completed his five-timer in fine style in beating Dancing Tornado. The festival as a whole was a notable success, highlighted by a record ladies' day crowd of 27,131 on the Friday. Attendance was up on every day of the meeting except the first two, with the final tally coming in 5,194 (6%) higher than in 2009. Veteran trainer Kevin Prendergast reached a notable milestone at Dundalk in the middle part of the month, recording his 2,000th winner as a trainer, while Vincent Ward stuck a notable blow for the small operators by sending over his Fictional Account to win the Listed SIS Live Fenwolf Stakes at Ascot. The month closed with the Group 2 Juddmonte Beresford Stakes at the Curragh in which the Mick Halford-trained and Sheikh Mohammed-owned Casamento ran out the easy winner.

The 'Super Sunday' mixed card at Tipperary got October underway and the featured Grade 2 Friends Of Tipperary Hurdle produced an exciting finish with the Noel Meade-trained Donnas Palm emerging on top under Paul Carberry. The highlight of the Flat action on the card was the Group 3 Coolmore Stud Home Of Champions Concorde Stakes and it was won by the Dermot Weld-trained Emulous. On the same day in France, Aidan O'Brien got Ireland on the score sheet at Longchamp by saddling Misty For Me to record a very game success in the Prix Marcel Boussac under Johnny Murtagh. The following week, there was a fairytale success for the one-horse stable of Cashel based farmer John Grogan who sent out Katla to bolt up in the Listed Coral Rockingham Stakes at York. The Ladbrokes.com Munster National Handicap Chase is always one of the highlights of Limerick's racing year and this year's renewal was won by the Adrian Maguire-trained Golden Kite in a thrilling finish. Later in the month Aidan O'Brien gained a notable international success, sending out Joshua Tree to gain a lucrative victory in the Canadian International at Woodbine. While the final Group 1 of the season in

Great Britain, the Racing Post Trophy at Doncaster, saw the Michael Halford-trained Casamento leading home a 1-2-3 for the raiding party, his first success at the highest level.

The month was closed by the sad news of the passing of legendary former trainer Paddy Mullins at the age of 91. Father of trainers Willie, Tom and Tony, he held a licence for 52 years. As recently as 2003, he had saddled Vintage Tipple to an unforgettable Irish Oaks success, but it was his jumping exploits that will mainly be remembered, most memorably, his handling of the iconic mare Dawn Run when she became the only horse to ever win both the Champion Hurdle and Gold Cup.

The last big race in October was the paddypower.com Cork Grand National Handicap Chase and it was the Christy Roche-trained Streets Of Gold that took the spoils. Ruby Walsh had a rollercoaster day at Down Royal the following weekend, riding the winners of the two most valuable races on the card, including partnering Kauto Star to victory in the Grade 1 JNwine.com Champion Chase, prior to suffering a badly broken leg. The following weekend, Queen Mother Champion Chase winner Big Zeb made a winning return to action in the featured Grade 2 Friends of Navan Fortria Chase. The Grade 2 Clonmel Oil Chase was won in great style by the Edward O'Grady-trained Tranquil Sea, while later in November, Charles Byrnes' leading hurdler Solwhit made a winning seasonal reappearance in the feature race at Punchestown, the Grade 1 Dobbins & Madigans at Punchestown Hurdle. A week later, the Ladbrokes.com Troytown Handicap Chase at Navan saw a victory for the small man, with the Peter Casey-trained Jack The Bus emerging on top ridden by the in-form Alan Crowe.

The year ended as it had begun with racing severely disrupted by wintry weather. High profile meetings at Fairyhouse and Punchestown were abandoned on several occasions, following multiple attempts at rescheduling and it was up to the all weather track at Dundalk to keep the show on the road. There was an exciting three-way battle for the title of Champion Apprentice, with Ben Curtis, Gary Carroll and Joseph O'Brien eventually sharing the title after a thrilling final few meetings that came right down to the wire, while Pat Smullen and Aidan O'Brien were crowned Champion Jockey and Trainer for 2010 respectively.



One positive of all the abandoned racing was what was referred to in many quarters as the best National Hunt card to be staged in Ireland in recent decades, the re-arranged Hatton's Grace Hurdle meeting at Fairyhouse. It finally took place in mid-December and the powerful combination of Willie Mullins and Paul Townend stole the show by winning two of the four Grade 1 contests on the card with Zaidpour and Hurricane Fly, as well as a Grade 2 with Golden Silver. It was also a day to remember for trainer Gordon Elliott, who saddled a notable double that included the Grade 1 Bar One Racing Drinmore Novice Chase with the Timmy Murphy-ridden Jessies Dream.

Another cold snap intervened at Christmas, with the Festivals at Leopardstown and Limerick being forced to start two days later than usual. Noel Meade was the star performer on the belated

opening day of Leopardstown's festivities, completing a double that included the featured Grade 1 Lexus Chase with the Paul Carberry-ridden Pandora. Barry Geraghty took centre stage on a star-studded second day of proceedings at Leopardstown, completing a treble that included the featured Grade 1 Paddy Power Dial-A-Bet Chase on the Colm Murphy-trained Big Zeb. The Grade 1 paddypower.com iPhone App Festival Hurdle saw Hurricane Fly confirm his position as the best hurdler in Ireland, while the other Grade 1 on the card saw victory for the Mouse Morris-trained, Davy Russell-ridden First Lieutenant. Noel Meade and Paul Carberry were again the star performers on the final day of the Christmas meeting at Leopardstown, combining to gain their second Grade 1 winner of the Festival courtesy of Realt Dubh in the Bord Na Mona With Nature Novice Chase.



AUDITED REPORTS & **GROUP FINANCIAL STATEMENTS**

AUDITED REPORTS & GROUP FINANCIAL STATEMENTS

MEMBERS AND OTHER INFORMATION

MEMBERS

Mr Denis Brosnan	Chairperson
Mr John McStay	Vice Chairperson
Mr Noel Cloake	
Mr Michael Doyle	(Retired 10 January 2011)
Mr William Flood	
Mr Joe Hernon	
Mr Michael Hickey	(Appointed 10 January 2011)
Mr Francis Hyland	
Mr Noel Meade	
Mr John Moloney	(Appointed 10 January 2011)
Mr Michael Murphy	(Retired 10 January 2011)
Mr Jim Nicholson	(Re-appointed 10 January 2011)
Ms Mary O'Connor	
Mr John Power	
Mr Bernard Caldwell	
Mr Roddy Ryan	

REGISTERED OFFICE

Ballymany
The Curragh
Co. Kildare

SECRETARY

Mr Raymond Horan

AUDITORS

Comptroller and Auditor General
Dublin Castle
Dublin 2

SOLICITORS

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

BANKERS

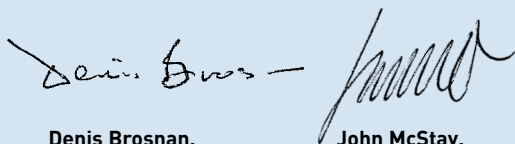
Bank of Ireland
AIB Bank
Ulster Bank
Anglo Irish Bank
KBC Bank Ireland plc

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members of Horse Racing Ireland are required to prepare financial statements in respect of the financial year ended 31st December 2010, which give a true and fair view of the state of affairs of Horse Racing Ireland and the group at the end of that year and of the result of the group for the year then ended. 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;
- 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,
Chairman
29th June 2011

John McStay,
Vice Chairman
29th June 2011

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

HORSE RACING IRELAND

I have audited the financial statements of Horse Racing Ireland for the year ended 31 December 2010 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, 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 the 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 2010 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 draw attention to Note 14 to the financial statements which discloses that there is an uncertainty over the carrying value of an asset in respect of an IT project of €447,000.

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



John Buckley
Comptroller and Auditor General
30th June 2011

STATEMENT ON INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE YEAR ENDED 31 DECEMBER 2010

On behalf of the Board of HRI, 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 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.
- An annual budgeting system with the detailed review process by Executives and signed off by the Board.
- Regular reviews by the Board of regular 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 HRI. 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 2010, four Audit Committee meetings were held and 20 separate reports presented.

For 2010, 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 2010 the Board conducted a review of the effectiveness of the system of Internal Financial Control.



Denis Brosnan,
Chairman
29th June 2011

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 and Irish statute law comprising the Companies Acts 1963 to 2009. 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. Comparative figures for the year ended 31 December 2009 have been reclassified to conform to the current year's presentation.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of Horse Racing Ireland and all of its subsidiaries made up to coterminous period ends.

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 except for land which is stated at cost. 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%

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 profit and loss 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 permanent diminution in value.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTION TO PRIZE MONEY

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

Contributions to prize money 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 HRI, 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

Payments made under operating leases are charged to the Income and Expenditure Account.

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

(i) 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 in order to reflect the group position.

STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

(ii) Grants received

State revenue grants are credited to revenue 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.

(iii) 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.

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.

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
TURNOVER			
Tote Ireland Turnover		40,314	41,795
Betting and Exchange Income		2,267	2,601
Racecourse Income		8,897	10,368
TOTAL TURNOVER		51,478	54,764
Winnings paid on bets	3	(33,784)	(34,922)
Operating costs	3	(16,871)	(20,223)
DIRECT COSTS		(50,655)	(55,145)
Income / (Deficit) from Racing		823	(381)
OTHER INCOME			
Allocation from the Horse & Greyhound Racing Fund	4	47,411	54,502
Prize money contributions from Owners and Sponsors	7	17,686	22,612
Foal Levy	5	1,644	2,166
Media Income		1,643	1,739
Registrations Income		3,422	3,961
Industry Services Income		576	644
Other Income	6	437	3,187
Industry contributions to Irish Thoroughbred Marketing		204	177
Interest Income	12	738	716
NET INCOME		74,584	89,323
EXPENDITURE			
Contributions to prize money	7	29,319	31,388
Prize money contributions from Owners and Sponsors	7	17,686	22,612
Integrity and Racecourse services	8	8,268	9,587
Racecourse Schemes	13	1,776	4,792
Capital Development Fund grants	13	1,835	1,116
Tote Capital Grant amortisation	15	14	14
Capital Development Fund interest and expenses	12	271	466
Grants/Fees paid to Industry Bodies	9	2,259	2,418
Foal Levy distribution	5	1,579	1,591
Other Expenditure		1,655	1,540
Horse Racing Ireland administration costs	12	4,992	5,708
Irish Thoroughbred Marketing expenditure		1,373	1,280
General marketing and promotions		1,527	1,562
		72,554	84,074
Other Finance Expense	28	(437)	(634)
Exceptional Items	10	(133)	-
Taxation	11	378	-
SURPLUS FOR THE YEAR	12	1,838	4,615

The statement of Accounting Policies and Notes 1 to 36 form part of these financial statements



Denis Brosnan,
Chairman
29th June 2011

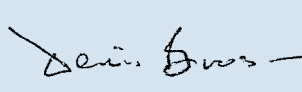



John McStay,
Vice Chairman
29th June 2011

GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Surplus for the financial year		1,838	4,615
Actuarial (loss) / gain recognised in the pension scheme	28	(167)	4,040
Total recognised gain for the year		1,671	8,655

The statement of Accounting Policies and Notes 1 to 36 form part of these financial statements

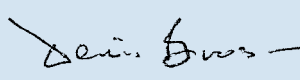



Denis Brosnan,
 Chairman
 29th June 2011

John McStay,
 Vice Chairman
 29th June 2011

GROUP BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	31/12/2010 €'000	31/12/2009 €'000
FIXED ASSETS			
Tangible assets	14	99,092	101,703
Intangible assets	15	27	41
Financial assets	16	5,107	3,792
Negative goodwill	17	(10,125)	(10,562)
		94,101	94,974
CURRENT ASSETS			
Debtors	18	8,276	13,238
Cash at bank	19	38,477	34,109
		46,753	47,347
CREDITORS			
Amounts falling due within one year	20	32,322	37,483
		32,322	37,483
NET CURRENT ASSETS			
		14,431	9,864
TOTAL ASSETS LESS CURRENT LIABILITIES			
		108,532	104,838
CREDITORS			
Amounts falling due after more than one year	21	16,249	11,995
Provisions for liabilities and charges	24	51	315
Pension liability	28	8,667	10,634
		83,565	81,894
NET ASSETS			
Deferred capital grant	25	-	-
FINANCED BY			
Establishment reserve	26	17,193	17,193
Income and expenditure account	27	54,111	19,942
Other reserves	27	10,305	42,804
Total Establishment and Other Reserves		81,609	79,939
Minority interest	29	1,956	1,955
		83,565	81,894

The statement of Accounting Policies and Notes 1 to 36 form part of these financial statements

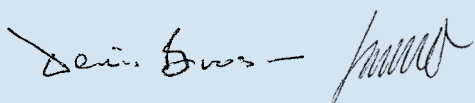
Denis Brosnan,
Chairman
29th June 2011

John McStay,
Vice Chairman
29th June 2011

HORSE RACING IRELAND BALANCE SHEET AS AT 31 DECEMBER 2010

	Notes	31/12/2010 €'000	31/12/2009 €'000
FIXED ASSETS			
Tangible assets	14	37,674	38,202
Financial assets	16	26,712	19,422
		64,386	57,624
CURRENT ASSETS			
Debtors	18	3,006	21,217
Cash at bank	19	35,227	29,452
		38,233	50,669
CREDITORS			
Amounts falling due within one year	20	28,108	31,930
		28,108	31,930
NET CURRENT ASSETS			
		10,125	18,739
TOTAL ASSETS LESS CURRENT LIABILITIES			
		74,511	76,363
CREDITORS			
Amounts falling due after more than one year	21	15,000	10,418
Pension liability	28	8,667	10,634
		50,844	55,311
NET ASSETS			
		50,844	55,311
FINANCED BY			
Establishment reserve	26	9,592	9,592
Income and expenditure account	27	30,947	21,441
Other reserves	27	10,305	24,278
		50,844	55,311

The statement of Accounting Policies and Notes 1 to 36 form part of these financial statements



Denis Brosnan,
Chairman
29th June 2011

John McStay,
Vice Chairman
29th June 2011

GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	31/12/2010 €'000	31/12/2009 €'000
Net Cash Inflow from Operations	30(i)	2,067	776
Return on Investments and Servicing of Finance			
Interest received		743	725
Interest paid		(181)	(345)
Net Cash Inflow from Returns on Investments and Servicing of Finance		562	380
Taxation received / (paid)		195	(112)
Capital Expenditure and Financial Investment			
Receipts from sale of tangible fixed assets		-	3
Payments to acquire tangible fixed assets		(2,163)	(1,077)
Loans repaid from racecourses and industry bodies		330	414
Preference shares and minority interests		1	(1)
Net Cash Outflow from Capital Expenditure And Financial Investment		(1,832)	(661)
Net Cash Inflow before financing	30(ii)	992	383
Financing			
Bank loan in the period		6,805	1,900
Bank loan repayment		(3,429)	(5,508)
Net Cash Inflow / (Outflow) from Financing		3,376	(3,608)
Increase / (Decrease) in Cash	30(iii)	4,368	(3,225)

The statement of Accounting Policies and Notes 1 to 36 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. EMPLOYEE NUMBERS

The average number of persons employed by the group at 31 December 2010 is as set out below:

	Year Ended 31/12/2010 Number	Year Ended 31/12/2009 Number
HRI – Full time staff	65	71
HRI – Raceday Casual Staff (Full time equivalents)	6	5
	71	76
HRI Subsidiaries – Full time staff	76	93
HRI Subsidiaries - Raceday Casual Staff (Full time equivalents)	52	45
	128	138
	199	214

The basis on which these numbers are shown has been changed to reflect the full time equivalents of casual staff employed on racedays (mostly in the Tote and HRI owned racecourses). The prior year comparatives have been restated to reflect this change. The average number of individual casual employees that worked in 2010 was 331 (2009: 294). Tote Ireland Ltd call centre was brought in house in 2010, thereby increasing the number of employees included under raceday casual staff.

2. EMPLOYEE REMUNERATION

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

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Wages and salaries	9,420	10,158
Employer's social welfare costs	832	914
	10,252	11,072

3. DIRECT COSTS

	Winnings paid on bets		Operating Costs		Total	Total
	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Betting collection costs	-	-	309	339	309	339
Tote Ireland	33,784	34,922	5,698	7,107	39,482	42,029
HRI Racecourses Group	-	-	10,864	12,777	10,864	12,777
	33,784	34,922	16,871	20,223	50,655	55,145

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

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 Regulation 2004, the Horse and Greyhound Racing Fund Regulations 2009 and the Horse and Greyhound Racing Fund Regulations 2010.

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, Fisheries and Food, 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 2010 was €1.644m.

In addition to the €1.579m expenditure disclosed in the Income and Expenditure account, a further €475,000 was granted to ITM out of the levy collected. This expenditure is included in the Group Income and Expenditure account as ITM expenditure. The distribution of the Foal Levy is as follows:

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Breeders' Prizes	76	88
Irish Equine Centre	1,000	1,000
Irish Thoroughbred Breeders Association	450	450
Others	53	53
	1,579	1,591

As at 31 December 2010, Horse Racing Ireland had a balance of €937,000 (2009: €1.347m) 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

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Goodwill amortisation (Note 17)	437	437
Income from Grant Receivable	-	2,750
	437	3,187

7. CONTRIBUTIONS TO PRIZEMONEY

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
From Sponsors	5,365	7,948
From Owners	12,321	14,664
From Horse Racing Ireland	29,319	31,388
	47,005	54,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

8. INTEGRITY 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 Services costs for patrol camera, starting stalls and photo finish, which are functions transferred to HRI from the Turf Club under the Horse and Greyhound Racing Act 2001.

The amount paid to the Racing Regulatory Body in 2010 is shown net of the employer pension contribution of €297,000 (2009: €412,000).

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Integrity	5,473	6,610
Racecourse Services	2,795	2,977
	8,268	9,587

9. GRANTS/FEES TO INDUSTRY BODIES

Grants/fees paid to industry bodies analysed as follows:

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Irish Equine Centre	694	738
RACE	564	600
Order of Malta	365	416
Blue Cross	184	201
Vets/Farriers	302	313
Other Industry Bodies	150	150
	2,259	2,418

10. EXCEPTIONAL ITEMS

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Pension curtailment gain	1,837	-
Loss on write-off of assets	(1,970)	-
	(133)	-

A pension curtailment gain of €1.837m arose under the defined pension benefit scheme as a result of a change in the benefits payable introduced in 2010.

During the year, a write off of €1.97m was made as a result of a decision not to proceed with further phases of capital projects at Leopardstown Club Limited and Fairyhouse Club Limited. The designs procured may be used should a decision be made to reactivate the projects.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

11. TAXATION

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Corporation tax credit	(114)	-
Deferred tax movement (Note 24)	(264)	-
Taxation credit for the year	(378)	-
Reconciliation of profit / (loss) at standard rate:		
Profit / (Loss) on ordinary activities before taxation	5,950	(1,351)
Profit / (Loss) on ordinary activities before taxation at the standard rate	744	(169)
Effect of:		
Non deductible expenses	52	17
Non allowable income	(142)	(106)
Write back of intercompany loan	(1,097)	-
Capital allowances in excess of depreciation	137	155
Income taxable at higher rate	256	107
Losses carried forward from previous years	(10)	(4)
Losses carried forward to future years	60	-
Corporation tax refund in respect of prior year	(114)	-
Corporation tax credit for the year	(114)	-

The activities of Horse Racing Ireland, Irish Thoroughbred Marketing Limited and Tote Ireland Limited are exempt from corporation tax.

A deferred tax asset of €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.

12. SURPLUS FOR THE YEAR

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Surplus for the year has been arrived at after charging:		
Depreciation	2,792	3,298
Amortisation of intangible assets	14	14
Auditors' remuneration	91	92
Finance lease interest	5	9
Capital development fund interest and expenses	271	466
Loss on disposal of assets (Refer to Note 10/14)	1,982	-
and after crediting:		
Interest receivable on deposits	694	651
Interest receivable on loans	49	74

The Group comparative Income and Expenditure Account figures have been restated to reflect the reclassification of media and registration income and expenditure. Media and Registration costs are now included under Other Expenditure.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

12. SURPLUS FOR THE YEAR (CONTINUED)

Horse Racing Ireland Group Board Members Fees and Expenses are as follows:

	2010 Fees €'000	2010 Mileage €'000	2009 Fees €'000	2009 Mileage €'000
Denis Brosnan	-	3	-	3
Nicholas Wachman	-	-	13	1
John McStay	13	-	13	-
Dermot Cantillon	-	-	13	-
William Flood	13	4	13	2
Francis Hyland	13	1	13	1
Michael Doyle	13	3	13	4
Jim Nicholson	13	-	13	4
Michael Murphy	13	5	13	3
Mary O'Connor	13	-	13	1
Noel Meade	13	1	13	1
Bernard Caldwell	13	1	13	1
John Power	-	3	-	3
Noel Cloake	13	1	13	1
Joe Hernon	13	-	-	-
Roddy Ryan	13	1	-	-
	156	23	156	25

Horse Racing Ireland Group Board Members Attendance at meetings is as follows:

	2010 Board Meetings	2010 Board Meetings Attended	2010 Total number of Board & Other Committee Meetings	2010 Total number of Board & Other Committee Meetings Attended
Denis Brosnan	9	9	23	23
John McStay	9	8	23	20
William Flood	9	9	25	25
Francis Hyland	9	9	13	13
Michael Doyle	9	9	11	11
Jim Nicholson	9	7	25	23
Michael Murphy	9	7	24	19
Mary O'Connor	9	7	22	16
Noel Meade	9	9	24	20
Bernard Caldwell	9	9	23	23
John Power	9	7	26	19
Noel Cloake	9	8	24	22
Joe Hernon	9	8	17	15
Roddy Ryan	9	8	27	24

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 2010 (CONTINUED)

12. SURPLUS FOR THE YEAR (CONTINUED)

Horse Racing Ireland Administration costs comprise the following:

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Running costs of departments - Pay and Non-Pay	4,214	4,654
Additional Pension/FRS 17	(132)	159
Building Running Costs	910	895
	4,992	5,708

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

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Basic Salary	191	191
Pension Contributions and Other Taxable Benefits	65	65
Performance Related Remuneration	-	57
	256	313

The Chief Executive's contract was submitted as required to the Department of Arts, Sports & Tourism prior to its approval by the Board of Horse Racing Ireland in 2009 and the amounts paid to the Chief Executive are in accordance with the contract.

13. RACECOURSE SCHEMES AND CAPITAL GRANTS

A) RACECOURSE SCHEMES

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Health and Safety Grants/Racecourse Improvement Scheme	-	2,740
Winter Racing	-	63
Sponsorship Incentive Scheme	138	130
Levy and Pitch Fee Payments to Racecourses	1,490	1,692
Tote Percentage Betting Payments	148	167
	1,776	4,792

The payments made under the above Racecourse Schemes relate to third party owned Racecourses only.

B) CAPITAL GRANTS

	Year Ended 31/12/2010 €'000	Year Ended 31/12/2009 €'000
Capital Development grants	1,835	1,116

The Board of Horse Racing Ireland established a new 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

14. TANGIBLE ASSETS

GROUP	Land and Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost and Valuation			
As at 1 January 2010	103,749	30,972	134,721
Additions	1,089	1,074	2,163
Transfers	(11)	11	-
Disposals	(1,982)	(7)	(1,989)
As at 31 December 2010	102,845	32,050	134,895
Aggregate depreciation			
As at 1 January 2010	13,010	20,008	33,018
Charge for year	1,420	1,372	2,792
Disposals	-	(7)	(7)
As at 31 December 2010	14,430	21,373	35,803
Net book value			
As at 31 December 2010	88,415	10,677	99,092
As at 31 December 2009	90,739	10,964	101,703

There is uncertainty over the carrying value of an asset in respect of an IT project of €447,000. Please refer to Note 33.

The exceptional items are analysed under Note 10.

HORSE RACING IRELAND

	Land and Buildings €'000	Plant, Equipment, IT Development & Vehicles €'000	Total €'000
Cost			
As at 1 January 2010	36,418	5,100	41,518
Additions	-	144	144
As at 31 December 2010	36,418	5,244	41,662
Aggregate depreciation			
As at 1 January 2010	1,051	2,265	3,316
Charge for year	219	453	672
As at 31 December 2010	1,270	2,718	3,988
Net book value			
As at 31 December 2010	35,148	2,526	37,674
As at 31 December 2009	35,367	2,835	38,202

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

15. INTANGIBLE ASSETS

GROUP

Capital development grants paid:

	31/12/2010 €'000	31/12/2009 €'000
As at 1 January	45,790	45,790
Payments during the year	-	-
As at 31 December	45,790	45,790

Amortisation of grants paid:

As at 1 January	45,749	45,735
Charge for the year	14	14

As at 31 December

	45,763	45,749
--	---------------	---------------

Net book value

	27	41
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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. This scheme has now been completed and Horse Racing Ireland's contribution has been funded by way of a 15 year loan. The balance remaining i.e. €27,000 (2009: €41,000) relates to grants paid by Tote Ireland to racecourses not owned by Horse Racing Ireland in order to fund capital developments of Tote buildings at those tracks, amortised over a five year period.

16. FINANCIAL ASSETS

GROUP

	31/12/2010 €'000	31/12/2009 €'000
Loans to racecourses/industry body	5,106	3,791
Investment in racecourse	1	1
	5,107	3,792

HORSE RACING IRELAND

Loans to subsidiaries	21,554	15,579
Investment in subsidiaries	51	51
Loans to racecourses/industry body	5,106	3,791
Investment in racecourse	1	1
	26,712	19,422

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in Note 36.

The Horse Racing Ireland comparative figures have been restated to reflect the reclassification of amounts to creditors.

The increase in loans to racecourses/industry body represents primarily a loan amount of €1.650m due from the Curragh racecourse due to discontinuing development work which had been grant aided. An amount of €1.1m was approved as final grant aid. Note 6 in the 2009 accounts refers to this transaction. Other racecourse loans have been repaid under their loan agreement terms.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

17. NEGATIVE GOODWILL

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
Goodwill arising on acquisition	(10,562)	(10,999)
Amortised to Income and Expenditure account in year	437	437
Goodwill at the end of the year	(10,125)	(10,562)
Goodwill attributable to non-monetary depreciable assets	(8,463)	(8,463)

18. DEBTORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
Trade debtors	5,513	6,627
Prepayments and accrued income	2,317	5,906
Other debtors	438	547
Taxation recoverable	8	158
	8,276	13,238
HORSE RACING IRELAND		
Trade debtors	1,692	2,372
Prepayments and accrued income	1,049	4,852
Amounts due from group companies	217	13,912
Other debtors	48	81
	3,006	21,217

The Group and Horse Racing Ireland comparative figures have been restated to reflect the reclassification of amounts to creditors and other debtors.

19. CASH AT BANK

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
Horse Racing Ireland	35,227	29,452
HRI Racecourses	941	1,359
Tote Ireland	2,053	3,201
Irish Thoroughbred Marketing	256	97
	38,477	34,109
HORSE RACING IRELAND	35,227	29,452

The cash balance in Horse Racing Ireland relates primarily to net funds for stakes won but not drawn down at 31 December 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

20. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
Accruals	5,110	7,661
Bank loan (Note 22)	2,223	3,429
Trade creditors	2,396	2,787
Prize money due to racing clients	19,389	20,448
Deferred Income	1,288	1,454
Guaranteed value races prize fund	272	272
Other creditors	1,247	1,038
Taxation creditors	381	377
Finance leases (Note 23)	16	17
	32,322	37,483
HORSE RACING IRELAND		
Accruals	2,027	4,137
Amounts owed to group companies	2,469	2,093
Bank loan (Note 22)	2,223	3,429
Trade creditors	737	854
Prize money due to racing clients	19,389	20,448
Guaranteed value races prize fund	272	272
Other creditors	697	422
Taxation creditors	294	275
	28,108	31,930

The Group and Horse Racing Ireland comparative figures have been restated to reflect the reclassification of amounts to debtors and other creditors. The Horse Racing Ireland comparative figures have been restated to include amounts reclassified from financial assets.

Analysis of Taxation Creditors

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
PAYE	152	189
PRSI	118	140
VAT	70	3
Other taxes	41	45
	381	377
HORSE RACING IRELAND		
PAYE	130	161
PRSI	86	103
VAT	44	3
Other taxes	34	8
	294	275

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

	31/12/2010 €'000	31/12/2009 €'000
GROUP		
Bank loan (Note 22)	15,000	10,418
Deferred income	1,201	1,513
Finance leases (Note 23)	48	64
	16,249	11,995
HORSE RACING IRELAND		
Bank loan (Note 22)	15,000	10,418

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

22. BANK LOANS

GROUP

Repayable within 1 year
Repayable within 2 to 5 years
Repayable after 5 years

31/12/2010 €'000	31/12/2009 €'000
2,223	3,429
3,000	2,223
12,000	8,195
17,223	13,847

HORSE RACING IRELAND

Repayable within 1 year
Repayable within 2 to 5 years
Repayable after 5 years

2,223	3,429
3,000	2,223
12,000	8,195
17,223	13,847

23. FINANCE LEASES

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

GROUP

Repayable within 1 year
Repayable within 2 to 5 years

31/12/2010 €'000	31/12/2009 €'000
16	17
48	64
64	81

24. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred Taxation

As at 1 January
Credit to the Income and Expenditure Account
As at 31 December

31/12/2010 €'000	31/12/2009 €'000
315	315
(264)	-
51	315

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

25. DEFERRED CAPITAL GRANT

Paid to the beginning of the year
Amortised during the year
Balance at the end of the year

31/12/2010 €'000	31/12/2009 €'000
-	134
-	(134)
-	-

26. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

27. MOVEMENT ON RESERVES

	Income and Expenditure Account	Establishment Reserve	Other Reserves*	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000
GROUP				
As at 1 January 2010	19,942	17,193	42,804	79,939
Transfer to/(from) Reserves	32,332	-	(32,332)	-
Retained Surplus for the year	1,838	-	-	1,838
Minority Interest	(1)	-	-	(1)
Actuarial Loss	-	-	(167)	(167)
As at 31 December 2010	54,111	17,193	10,305	81,609

	Income and Expenditure Account	Establishment Reserve	Other Reserves*	Total Establishment and Other Reserves
	€'000	€'000	€'000	€'000
HORSE RACING IRELAND				
As at 1 January 2010	21,441	9,592	24,278	55,311
Transfer to/(from) Reserves	13,806	-	(13,806)	-
Retained Deficit for the year	(4,300)	-	-	(4,300)
Actuarial Loss	-	-	(167)	(167)
As at 31 December 2010	30,947	9,592	10,305	50,844

*Other Reserves comprises Revaluation Reserve, Pension Obligation and Capital Reserve.

The amounts transferred from Other Reserves to Revenue Reserves represent the conclusion of the completed Leopardstown developments over the last number of years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. 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) By virtue of the "Deed of Adherence", Horse Racing Ireland has covenanted with the Turf Club and the Trustees to be bound by the provision of the scheme set out by the declaration and the rules.
- c) Both of these schemes were closed schemes. The former Racing Board Scheme had 10 active participants and 48 inactive participants at 31 December 2010. 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.
- d) As at 1 May 2007, the two schemes merged into one scheme, encompassing all the above employees and the rest of the Turf Club employees totalling 160 (2009: 159) members. 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 gave rise to a settlement loss for HRI in 2007. 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.
- e) Total contributions in this scheme made for the period ended 31 December 2010 were €1,044,000. Future expected contributions in this scheme are €758,000 for the period ended 31 December 2011.

The principal actuarial assumptions for the full scheme used to calculate the retirement liabilities under FRS 17 as at 31 December 2010 (weighted averages) were as follows:

Valuation Method	Projected Unit	
	2010	2009
Discount Rate	5.50%	5.75%
Future pensionable salary increases	1.75%	3.00%
Future pension increases	2.50%	2.50%
Future inflation	2.00%	2.00%
Class		
Equities	7.50%	7.75%
Fixed Interest	4.00%	4.00%
Cash	2.00%	2.00%
Property	6.25%	6.25%
Overall	6.24%	6.56%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. PENSION COMMITMENTS (CONTINUED)

The amounts recognised in the income and expenditure account before amounts deducted for Curragh / Others are as follows:

	31/12/2010 €'000	31/12/2009 €'000
Current service cost	(624)	(705)
Interest on obligations	(2,089)	(2,121)
Expected return on scheme assets	1,619	1,417
Contributions by scheme participants	401	289
Gain on Curtailment	2,036	-
Total	1,343	(1,120)
Actual return on scheme assets	2,319	3,682

The amounts recognised in the balance sheet are as follows:

	31/12/2010 €'000	31/12/2009 €'000
Present value of wholly or partly funded obligations	(36,651)	(36,265)
Fair value of scheme assets	27,189	24,596
Total Deficit in Plan at end of the year	(9,462)	(11,669)
Curragh Racecourse / Others deficit included in total deficit for the year	(795)	(1,035)
Net HRI liability recognised in balance sheet	(8,667)	(10,634)

Changes in the present value of the defined benefit obligation are as follows:

	31/12/2010 €'000	31/12/2009 €'000
Opening defined benefit obligation	(36,265)	(36,717)
Service cost	(624)	(705)
Interest cost	(2,089)	(2,121)
Actuarial gain arising from experience being different than expected	597	2,119
Actuarial loss arising from change in liability valuation assumptions	(1,477)	-
Benefits paid	1,171	1,159
Gain on Curtailment	2,036	-
Closing defined benefit obligation	(36,651)	(36,265)

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

	31/12/2010 €'000	31/12/2009 €'000
Opening fair value of scheme assets	24,596	20,737
Expected return	1,619	1,417
Actuarial gain	700	2,265
Contributions by scheme participants	401	289
Contributions by employer	1,044	1,047
Benefits paid	(1,171)	(1,159)
Closing fair value of scheme assets	27,189	24,596

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

	31/12/2010 €'000	31/12/2009 €'000
Curragh / Others actuarial (loss) / gain for the year	(13)	344
HRI actuarial (loss) / gain for the year	(167)	4,040
Cumulative actuarial losses recognised in the statement of total recognised gains and losses (for accounting periods ending on or after 22 June 2002)	(7,607)	(7,427)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

28. PENSION COMMITMENTS (CONTINUED)

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

Year Ended 31 December	2010 €'000	2009 €'000	2008 €'000	2007 €'000	2006 €'000
Defined benefit obligation	(36,651)	(36,265)	(36,717)	(37,014)	(38,856)
Fair value of scheme assets	27,189	24,596	20,737	29,828	31,486
Deficit in the Scheme	(9,462)	(11,669)	(15,980)	(7,186)	(7,370)
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	(8,667)	(10,634)	(14,629)	(6,576)	
Experience adjustment arising on					
- the scheme liabilities	597	2,119	(353)	(890)	(358)
- the scheme assets	700	2,265	(11,411)	(3,105)	593

The pension scheme in 2006 does not include both bodies as the merger date was 1 May 2007 but the deficit for this period represents the full scheme deficit.

Defined Contribution Scheme/PRSA

- Horse Racing Ireland operates a Defined Contribution Scheme for all employees not in the Defined Benefit Scheme, i.e. 93 employees.
- The pension costs for the period ended 31 December 2010 was €319,000.

29. MINORITY INTEREST

	31/12/2010 €'000	31/12/2009 €'000
As at 1 January	1,955	1,956
Movement in the year	1	(1)
As at 31 December	1,956	1,955

Navan Golf Club Plc has a nominal share capital of 1,000 Preference Shares at 6 cent each.

There were 280 shares issued and fully paid as at 31 December 2010 and the share premium on these issued shares was €1,973,000. The balance represents negative minority interest of €25,000 in Tipperary Race Company Plc and minority interest in Fairyhouse Club Limited of €8,000.

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

	31/12/2010 €'000	31/12/2009 €'000
Surplus for the year before tax and other finance expense	1,897	5,249
Interest Receivable	(743)	(725)
Interest Payable	181	345
Depreciation charges	2,792	3,298
Loss on Disposal of Assets	1,982	-
Amortisation of Capital Development Fund grants	14	14
Amortisation of Negative Goodwill	(437)	(437)
Decrease / (Increase) in Debtors	4,880	(488)
Decrease in Creditors	(4,283)	(4,757)
Decrease in Provisions	-	(1,000)
Investment in Financial Asset	(1,645)	-
Difference between pension charge and contributions	(2,571)	(589)
Amortisation of deferred capital grants	-	(134)
Net Cash Inflow From Operations	2,067	776

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

30. (ii) RECONCILIATION OF MOVEMENT IN NET FUNDS

	31/12/2010 €'000	31/12/2009 €'000
Increase / (Decrease) in Cash in the Year	4,368	(3,225)
Bank Loans in the Year	(6,805)	(1,900)
Repayment of Bank loans	3,429	5,508
Change in Net Funds	992	383
Opening Net Funds	20,262	19,879
Closing Net Funds	21,254	20,262

30. (iii) ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/2009 €'000	Cash Flows €'000	At 31/12/2010 €'000
Cash at Bank	34,109	4,368	38,477
Debt due within 1 year	(3,429)	1,206	(2,223)
Debt due after 1 year	(10,418)	(4,582)	(15,000)
	20,262	992	21,254

31. CAPITAL AND OTHER COMMITMENTS

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

	31/12/2010 €'000	31/12/2009 €'000
Commitments	648	2,517

32. CONTINGENT LIABILITIES

A number of legal cases were pending with a subsidiary of Horse Racing Ireland in relation to tenant property issues. A judgement was received on one significant case on the 29th January 2010 and the Court found in favour of a subsidiary company of Horse Racing Ireland. The remaining cases are being fully pursued by the Company. The financial effect arising from these cases cannot reasonably be ascertained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

33. POST BALANCE SHEET EVENTS

A dispute in relation to a tenant in Leopardstown has been partially resolved but not concluded before the signing of these accounts.

A dispute with a supplier of IT services has been resolved prior to the signing of the accounts. Refer to Note 14 in relation to the potential future effect of this transaction.

34. RELATED PARTY

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 2010. 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.

35. PROPERTY

Horse Racing Ireland's main administrative office is located at the address defined on page 1 and is a freehold property.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010 (CONTINUED)

36. PRINCIPAL SUBSIDIARIES

Direct Subsidiaries	% Held	Principal Activities
Tote Ireland Limited	100	Operation of Totalisator at racemeetings, operation of a telebetting service and an 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	100	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.

PHOTOGRAPHY DETAILS

All racing photographs used in the HRI annual report 2010 are taken by Healy Racing Photography (HR), Caroline Norris (CN) and Fennells (FE).

COVER PAGE:

Left: Starting stalls officials load Cadeaux Fax ahead of race at Ballinrobe Racecourse. (HR)

Middle: Dubai Prince and Pat Smullen are led in after winning the Group 3 Killavullan Stakes at Leopardstown Racecourse. (HR)

Middle: Sabbah and her filly foal by Dalakhani enjoy a tender moment at the Irish National Stud. (CN)

Right: Clerk of the Course, Paddy Graffin, watching a race at Gowran Park. (CN)

Main Image: Runners and Riders approach a fence in front of a packed stand at the 2010 Punchestown Festival. (HR)

PAGE 3:

The Ben Bulbin Mountain Range provides the backdrop for Sligo Racecourse. (HR)

PAGE 4:

Racing Action from Ballinrobe Racecourse. (HR)

PAGE 5:

Left: Novel Investment & Tom Doyle (Blue & Yellow White Cap) wait for their gap at the top of the hill as they come through to win The Tote Handicap Hurdle at Galway Racecourse. (HR)

Middle: Invincible Ash & Gary Carroll win The Abergwaun Stakes at Tipperary Racecourse. (HR)

Right: Jewel In The Sun & Nina Carberry (Green & Yellow) head for home to win the bumper at Ballinrobe Racecourse. (HR)

Main Image: Racing action from Punchestown Racecourse.

PAGE 8

Left: Leading up before racing at Leopardstown Racecourse.

Middle: Jockey discusses tactics with connections before racing.

Right: Akhat Razak from Kazakhstan viewing yearlings at the Irish Yearling Sales.

PAGE 9

Action from The Punchestown Event Centre Maiden Hurdle won by Seafield and Alain Cawley. (HR)

PAGE 11

Left: BBC Sport Personality of the Year, Jockey Tony McCoy

Middle: Champion Trainer Aidan O'Brien

Right: Champion Trainer Willie Mullins

Main Image: Rite Of Passage and Pat Smullen battle it out with Age Of Aquarius and Johnny Murtagh to win the 2010 Ascot Gold Cup for Trainer Dermot Weld.

PAGE 12

Racing action from Limerick Racecourse. (HR)

PAGE 13

Left: Former Taoiseach Brian Cowen makes a presentation to winning Trainer James Motherway, with winning Jockey Andrew McNamara on right after Bluesea Cracker, owned by Note the Link Syndicate, wins the 2010 running of the Powers Whiskey Irish Grand National. (CN)

Middle: Dirar and Jamie Spencer win The totespot Ebor from Bridge Of Gold (right) for trainer Gordon Elliott at York. (HR)

Right: Presentation for the Champion Hurdle at Cheltenham, won by the JP McManus owned Binocular. Binocular was ridden by Tony McCoy and Trained by Nicky Henderson. (CN)

PAGE 14

A massive turnout for Ladies Day at the 2010 Listowel Festival. (HR)

PAGE 15

Taken at the unveiling of retired top Flat Jockey, Michael Kinane, as Horse Racing Ireland's 2010 Flat Ambassador. (CN)

PAGE 16

Runners break from the stalls for The Dundalk Stadium On Facebook Handicap won by Denny Crane from stall 6. (FE)

PAGE 17

Runners make their way around the bend in the 2010 running of the Irish Grand National at Fairyhouse. (HR)

PAGE 18

Action from The Sean Barrett race won by Keep It Cool at Tipperary Racecourse. (HR)

PAGE 20

Left: Big Zeb and Barry Geraghty clear the final fence on route to winning at Punchestown for Trainer Colm Murphy. (HR)

Middle: Racegoers enjoying the action at the Punchestown Festival.

Right: Sizing Europe and Andrew Lynch clear the last fence in the Irish Independent Arkle Chase at Cheltenham for Trainer Henry de Bromhead. (HR)

PAGE 21

Left: Bluesea Cracker and Andrew McNamara clear the last fence from Oscar Time to win the Powers Whiskey Irish Grand National for trainer James Motherway and Owners Note The Link Syndicate. (HR)

Middle: Midas Touch and Johnny Murtagh win for trainer Aidan O'Brien in the Derrinstown Stud Derby Trail at Leopardstown Racecourse. (HR)

Right: Punchestown Banks. (HR)

PAGE 22

Left: Snow Fairy and Ryan Moore en route to winning the Darley Irish Oaks at the Curragh Racecourse for Trainer Ed Dunlop. (HR)

Middle: Rip Van Winkle and Johnny Murtagh (left) win the Juddmonte International Stakes for Trainer Aidan O'Brien. (HR)

Right: Pathfork & Fran Berry (Left) get the better Of Casamento & Declan McDonogh (inside) to win The Vincent O'Brien National Stakes at the Curragh Racecourse. (HR)

PAGE 23

Left: Schooling out on the Curragh. (CN)

Middle: Three way tie for Champion Apprentice Title with Ben Curtis, Joseph O'Brien and Gary Carroll sharing the title. (CN)

Right: Katie Walsh riding work out on a frosty snowy morning at the Curragh Racecourse (CN)

PAGE 24

Hurricane Fly, ridden by Paul Townend, on right, and Solwhit ridden by Davy Russell, left, jumping the last to win the Bar One Racing Hatton's Grace Hurdle at Fairyhouse.

Horse Racing Ireland, Ballymany, The Curragh, Co Kildare.

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**HORSE RACING
IRELAND**