



HORSE RACING
IRELAND

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04

ANNUAL REPORT 2004



HORSE RACING IRELAND **ANNUAL REPORT 2004**

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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 for the next five years, 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 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.





FESTIVALS



BOARD MEMBERS & CEO OF HRI



BRIAN KAVANAGH

WILLIAM FLOOD

JERRY DESMOND

JOHN KIDD

CAHIR O'SULLIVAN

DERMOT CANTILLON

DENIS BROSNAN

HRI BOARD

Denis Brosnan	Chairman
Pierce Molony	Vice-Chairman Racing Regulatory Body Representative
Eddie Browne	Representative of Persons Employed in the Horse Racing Industry
Dermot Cantillon	Racehorse Breeders Representative
Frank Clarke	Racing Regulatory Body Representative
Jerry Desmond	Racecourses Representative
William Flood	Racing Regulatory Body Representative
Jessica Harrington	Racehorse Trainers Representative
John Kidd	Representative of Persons in the Horse Racing Industry in Northern Ireland
Dan Kirwan	Representative of Persons Employed Directly in the Horse Racing Industry
Seamus Mulvaney	Authorised Bookmakers Representative
Cahir O'Sullivan	Racing Regulatory Body Representative
Roy Craigie	Racing Regulatory Body Representative Retired 18 December 2004 (not pictured)
Peter McCarthy	Racehorse Owners Representative Retired 18 December 2004 (not pictured)

SUBSIDIARY BOARDS & HRI APPOINTEES TO OTHER BOARDS

IRISH THOROUGHBRED MARKETING LIMITED

John Kidd	Chairman
Dermot Cantillon	John Clarke
Joe Foley	Jim Gorman
Jacqueline Norris	Joe Osborne
David O'Loughlin	Michael O'Rourke

NAVAN GOLF CLUB PLC

William Flood	Chairman
Raymond Horan	Brian Kavanagh
John Kidd	Matt O'Dwyer

TOTE IRELAND LIMITED

Dermot Cantillon	Chairman
Alan Byrne	Brian Kavanagh
Eamon McElroy	Paul Tansey
Mitch Vetere	Paddy Waldron
Frank Ward	

CILCOONE LIMITED

Margaret Davin	Michael Lane
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FAIRYHOUSE RACECOURSE

John Kidd

GOWRAN PARK RACECOURSE

Jessica Harrington Peter McCarthy

INTERNATIONAL EQUINE INSTITUTE, LIMERICK UNIVERSITY

Dan Kirwan

IRISH EQUINE FOUNDATION

Brian Kavanagh Peter McCarthy
John Kidd

LIMERICK RACECOURSE

Jerry Desmond Bob Lanigan

RACE

Margaret Davin Dan Kirwan



PIERCE MOLONY

SEAMUS MULVANEY

EDDIE BROWNE

DAN KIRWAN

JESSICA HARRINGTON

FRANK CLARKE

APPOINTMENTS & REMUNERATION COMMITTEE

Assists the Board in matters relating to composition of Boards and Committees and remuneration of senior executives ensuring compliance with Government policy, state sector guidelines and the provisions of the Horse and Greyhound Racing Act 2001.

Denis Brosnan / Chairman
Pierce Molony

AUDIT COMMITTEE

Assists and advises the Board on governance and internal control matters.

Cahir O'Sullivan / Chairman
Eddie Browne
Dan Kirwan

BOOKMAKERS COMMITTEE

Carries out the functions of the Board in matters relating to the control of the operations of authorised Bookmakers and compliance with the Irish Horseracing Industry Act, 1994 and as amended by subsequent acts with regard to Bookmakers and Betting.

Eddie Browne / Chairman
Roy Craigie
Raymond Horan
Brian Kavanagh

FINANCE COMMITTEE

Assists and advises the Board in relation to all financial and accounting matters on the advancement of the objectives as set out in the Strategic Plan.

Denis Brosnan / Chairman
Roy Craigie Jerry Desmond
Brian Kavanagh Pierce Molony
Peter McCarthy

FIXTURES COMMITTEE

The Race Fixtures Committee was established under section 19 of the Irish Horseracing Industry Act, 1994. It recommends, in accordance with the terms of reference decided by the Board, the fixing of the annual list of race fixtures.

Roy Craigie / Chairman
Jerry Desmond
Peter McCarthy
Jessica Harrington
John Moloney
Seamus Mulvaney
Cahir O'Sullivan

FOAL LEVY COMMITTEE

Advises the Board on matters pertinent to the operation of the Thoroughbred Foal Levy Scheme.

Peter McCarthy / Chairman
Dermot Cantillon William Flood
Derek Iceton John Kidd
Edmund Loder Gerard Magee
Bridie O'Neill Tim O'Regan
Cahir O'Sullivan Eimear Mulhern

MEDIA RIGHTS COMMITTEE

Negotiation of media rights matters in accordance with Section 10 of the Horse and Greyhound Racing Act, 2001.

Jerry Desmond / Chairman
Peter McCarthy
Pierce Molony

LEOPARDSTOWN COMMITTEE

Assists and advises the Board on the management and development of Leopardstown Racecourse.

Frank Clarke / Chairman

Dave McGrath / Vice-Chairman

Jimmy Farrelly
Eithne Fitzpatrick
Jessica Harrington
Brian Kavanagh
Liam Madden
Philip Myerscough
Breege O'Donoghue
Seamus Mulvaney
Denis McCarthy -
Honorary Life President

NAVAN COMMITTEE

Assists and advises the Board on the management and development of Navan Racecourse.

William Flood / Chairman
Donal Matthews / Vice-Chairman
Eddie Campbell
Margaret Davin
Gina Galvin
Liam Madden
John McCabe
Noel Meade
Michael McEvoy -
Honorary Life President
Joe O'Sullivan -
Honorary Life President

PROGRAMMES COMMITTEE

Determines in accordance with section 20 of the Irish Horseracing Industry Act, 1994 the race programmes for all race fixtures.

Roy Craigie / Chairman
Dermot Cantillon Jerry Desmond
Jessica Harrington Peter McCarthy
Seamus Mulvaney Cahir O'Sullivan

CHAIRMAN'S REPORT



The most significant events for Horse Racing Ireland and the racing industry in 2004 were the renewal of the Horse & Greyhound racing fund, the launch of the HRI Capital Development programme for Irish Racecourses, the in-depth study of the industry by Indecon and the completion of the Bookmakers Code of Conduct. Developments in all these areas represent significant progress in the tasks we set ourselves in the Strategic Plan 2003–2007.

FUND RENEWAL

At the time of the enactment of the Horse & Greyhound Act which established Horse Racing Ireland the Ministers for Finance and Agriculture stated that it was the Government's duty to permanently secure the future funding of the Horse & Greyhound racing industries. The Fund, largely financed by the levy on off-course betting, was seen as the best mechanism to allow for long term strategic planning in both sports. It under-pinned the development of Horse Racing Ireland's Strategic Plan 2003 – 2007 – with the guarantee of secure long term funding. Renewal of the fund allows the work of the Strategic Plan to continue and it has also enabled us to establish a second Capital Development Programme for Irish Racecourses. This funding system is now being studied by a number of other countries anxious to replicate the success of the Irish industry.

CAPITAL DEVELOPMENT PROGRAMME

In November 2004, the Minister for Arts, Sport and Tourism, Mr John O'Donoghue launched the new racecourse Capital Development Fund which provides for up to €200m capital development in Irish Racecourses over a 5 year period. Horse Racing Ireland will provide €110m in grant aid and the balance of €90m will be provided by the racecourses. This fund is double the size of the first Capital Development Fund and will encourage racecourses to develop high quality facilities. It is expected that up to €80m will be allocated to the premier racecourses with flagship developments at Ireland's two major international venues, the Curragh and Leopardstown. These developments will meet the needs and expectations of the sporting public

who have come to expect first class sporting venues. The first Capital Development Programme played a major role in the significant growth in attendances at Irish meetings over the past five years and these new developments are expected to produce similar growth in the future.

INDECON REPORT

The Indecon study was commissioned to assess the economic value of the Irish horse racing and thoroughbred industry. It was jointly commissioned by Horse Racing Ireland, the Irish Thoroughbred Breeders Association and the Irish European Breeders Fund. It produced a comprehensive independent analysis of the industry's economic contribution and the impact of the Stallion fee tax exemptions. It concluded that horse racing and thoroughbred breeding are significant net contributors to the Irish economy and that the Stallion tax exemption has supported the development of a thriving thoroughbred breeding industry in Ireland. It found that the thoroughbred industry makes a gross contribution to the Irish economy of €330m per annum and pays tax of €37.5m. It confirms that Ireland is now Europe's largest producer of thoroughbreds, accounting for 42% of EU total output and the third largest producer worldwide. The Indecon Report was presented to the Minister for Arts, Sport and Tourism and the Minister for Finance. The report provides facts where we had opinion, analysis where we had speculation, and clarity where we had misunderstanding. Our thoroughbred industry is the envy of the world while horse racing and its participants provide Ireland with our most consistently successful international sport. The Report confirms that our approach is the right one and we can look to the future confident that we can stand over HRI's mission statement "to develop and promote Ireland as a world centre of excellence for Horse Racing and Breeding".

BOOKMAKERS' CODE OF CONDUCT

HRI's Strategic Plan has set a target of 50% growth for on-course betting at Irish Racecourses. The performance of the on-course bookmakers will be fundamental to this and the introduction of a Code of Practice launched in

September 2004 set out the terms of an agreement between HRI and the Irish National Bookmakers' Association to ensure that all aspects of Bookmaking at Irish racecourses would be clearly defined and regulated. It included the computerisation of the Betting Ring with printed tickets showing clearly the stake and type of bet, the odds given and the potential return for the punter. To ensure a more customer-friendly service the Code includes the displaying of terms and trading details of a Bookmaker and the establishment of a clear Code of Conduct and terms of employment for bookmakers' assistants.

IRISH RACING SUCCESS

The growth in prize money through support from HRI and increasing commercial sponsorship has encouraged a significant increase in new owners coming into racing. This in turn has encouraged investment in the bloodstock market and now the better quality horses which were previously exported are being kept at home. This has led to remarkable successes for Irish owners, trainers and jockeys in the top races at home and abroad. There were four Irish winners at Cheltenham in 2004 and four Irish trained winners at Royal Ascot. Moscow Flyer won the Tingle Creek Chase at Sandown for the second consecutive year and at the Kempton Christmas meeting, Kicking King won the King George VI Steeplechase and Harchibald the Christmas Hurdle. At home we started the year with Florida Pearl's graceful exit from the stage having won a fourth Hennessy Cognac Gold Cup. Punchestown's Festival was a resounding success and record crowds were thrilled by the performances of Moscow Flyer, Brave Inca, Beef or Salmon, Rhinestone Cowboy and Hardy Eustace. At the Curragh's Budweiser Irish Derby, Dermot Weld's Grey Swallow proved a popular fifth consecutive home victor beating the Epsom Derby winner North Light by a half a length under the expert guidance of jockey Pat Smullen. There was added cause for celebration in that Grey Swallow is bred and is partly-owned by Dermot's mother, Marguerite. September brought two memorable wins: - the Baileys Irish Champion Stakes at Leopardstown saw Azamour come from last to first to snatch victory in the last few strides and one

week later at the Curragh, Dermot Weld's Vinnie Roe won a fourth consecutive Irish Field St Leger. The year ended well in December when Jim Bolger's Alexander Goldrun won the Group 1 Cathay Pacific Hong Kong Cup at Sha Tin racecourse and in the last days of 2004 the packed enclosures at Leopardstown witnessed Beef or Salmon taking the Lexus Steeplechase from his old rival Best Mate.

ACKNOWLEDGEMENTS

The continuing success story of Irish racing is only made possible through the enlightened support of successive Governments and in particular Minister John O'Donoghue, T.D. and his officials in Arts, Sport and Tourism by the consistently positive approach which they adopt. We are very conscious of our responsibility in nurturing this great industry and are constantly working to maximise the return to the State in terms of employment, economic activity and export trade. I must also pay tribute to Commissioner Charlie McCreevy, who prior to his departure for Brussels oversaw the extension of the Horse and Greyhound Racing Fund. 2004 also saw the departure of Joe Walsh, T.D. from the Agriculture and Food portfolio, serving notice of his eventual retirement from politics. Horse Racing Ireland and the entire racing industry acknowledge the wonderful legacy which both these men have left. I must also thank the representatives of both the Fine Gael and Labour Parties who gave strong support for the renewal of the Fund in Dail Eireann.

Finally, I must thank all my Board colleagues and those who served on the various Boards and Committees of our subsidiaries. I acknowledge the hard work and professionalism of the executive team at HRI, led by Brian Kavanagh, in carrying out the work of the Strategic Plan. I am proud to serve as Chairman of such a dedicated Board and executive and I am convinced that they now have the resources and the motivation to reach their objectives in the coming years.

Denis Brosnan
Chairman



CHIEF EXECUTIVE'S REPORT



I am delighted to see the continuing dynamism in Irish racing with most of the key performance indicators showing satisfactory increases. Our Strategic Plan for the industry has now completed its second year of implementation and significant progress has been made in many areas in 2004.

In 2004 there were a total of 305 fixtures and a record number of races run at 2196. Overall prize money grew to €51.46m with National Hunt prize money seeing the greater increase, growing by 6.7% to €26.9m, while Flat prize money increased by 1.2% to €25.6m.

Sponsorship grew by 7% to €7.6m. This represents a great vote of confidence by Irish business, recognising the high profile which racing has achieved in Irish sporting and social life. Demand in this area remains strong and HRI will continue to facilitate prospective sponsors in finding the race and racecourse which best suits their needs.

On-course betting showed differing trends for bookmakers and the Tote. Overall, on-course betting declined by 1.8% with bookmakers experiencing a decrease of 4.6% to €174.7m while the on course SP shops and the Tote showed increases. The Tote saw continuous improvement throughout the year growing by 7% to €47.4m, with record results at the Galway Festival and the Christmas Festival at Leopardstown. The launch of hand-held Tote betting terminals at Easter in Fairyhouse proved very popular. Overall attendances came extremely close to the 2003 all time record of 1.4m racegoers in what we knew would be a very competitive marketplace, having to compete with both the Olympics and Euro 2004.

The principal racing festivals were again the highlights of the year, continuing to draw new racegoers into the sport. It was particularly satisfying to witness the success of Punchestown's Festival, which grew by almost 10% to over 73,000 racegoers, making it the third biggest festival in Ireland after Galway and Listowel.

The overall health of the industry is shown by

further increases in the number of horses in training by 5.8% to 6,004. New owner registrations grew by almost 18% year on year reaching the Strategic Plan target of 1,000 registrations in a year. The publication of the Indecon Report in 2004 underlined the significant contribution of the racing industry to Irish life, both socially and economically. It sets out for the first time the true economic benefit of the racing industry.

Other highlights of the year were the renewal of the Horse & Greyhound Fund, the launch of the €200m Capital Development Programme for Irish Racecourses and the return of Irish racing to television screens with the launch of the new At The Races Channel. This fulfils a commitment given in our Strategic Plan to find an appropriate satellite channel partner for Irish Racing.

The provision of Capital Grant Aid to racecourses also meets a key objective of the Plan which places racecourses at the centre of all development activity. Racecourse facilities throughout Ireland continue to improve dramatically for racegoers, professionals and horses. Racecourses have also benefited from a new business model which enables them to retain a larger proportion of the income generated at race meetings which in turn gives them the means to plan for the future.

The most important consideration is of course the performance of Irish horses on the track and 2004 once again proved to be a showcase year for Irish racing talent. In the early part of the year we said farewell to Florida Pearl having won his record fourth Hennessy Cognac Gold Cup and witnessed the arrival of a new star of the Turf, with Hardy Eustace's victory in the Smurfit Champion Hurdle at Cheltenham. Our successes abroad are documented elsewhere in this report.

In 2004 Horse Racing Ireland held the second Irish Horse Racing Awards, in association with the Irish Racing Yearbook, to recognise the achievements of our human and equine stars. Votes were cast by the Irish racing media for winners in six categories:

Racehorse of the Year - *Vinnie Roe*
Outstanding Achievement - *Colm Murphy*
Flat Personality - *Catherine Gannon*
National Hunt Personality - *Ruby Walsh*
Point-to-Point - *Liam Burke*
Contribution to the Industry - *Con Collins*

We congratulate them and all those who helped to maintain our position as Ireland's most

consistently successful international sport. One of the most satisfying aspects of modern Irish racing is the emergence of so many new talented young riders and this was best exemplified on the final day of the 2004 flat season when Catherine Gannon created history in becoming the first female to be crowned Champion Apprentice in Ireland.



CHELTENHAM



TOTE

2004 was a successful year for the Tote, with turnover increasing from €44.28 million in 2003 to €47.45 million. This increase applied across the board to all sectors of the business: On-Track, Client Account Betting and Comingling with Foreign Totes.

Notable highlights included the Galway Summer Festival with a massive €7.78 million bet over the 7 days, representing an increase of 3.5% on last year. A number of other significant turnover records were achieved during 2004 including Punchestown on the 28th April which produced a very healthy €1.03 million while Fairyhouse on the 12th April produced a record of €685k. Leopardstown on 27th December produced a figure of €686k while other course records were set at Gowran (€230k) Thyestes Chase Day, Roscommon (€149k) on 17th May, Sligo (€91k) on 4th August and Thurles (€82k) on 19th December.

The Tote continued to maintain its focus on delivering the highest levels of customer service and increasing its distribution reach, including launching a new handheld betting service and continuing the development of a Tote Internet Betting site. Handheld Betting Terminals were launched at the Fairyhouse Easter Festival. These have proved remarkably popular with the betting public, especially those in a seated or dining area, where the public can enjoy a bet without having to leave their seat. The development of

the Tote Internet site was progressed in 2004 and should be ready before the end of 2005.

In 2004 the Tote reduced the unit stake on the Jackpot from €1 to €0.50, in order to make the Jackpot more accessible to the smaller punter. The Tote continued to provide competitive odds in an increasingly competitive betting environment. During 2004, the average Tote Dividend on the Win Pool for a €1 stake was €10.22, representing a 46% premium over bookmaker SPs. The total turnover on the Win Pool as a percentage of the Total Pool was 51.3% as against 50.4% in 2003.

Profit for the year before distributions came in at €1.4 million a decrease of €700k on last year due to a reduced gross margin from the full year effect of having 10% retention on the win pool for races with less than 10 runners. Inflationary cost pressures particularly in the services area posed a major challenge to managing costs and will continue to be a focus of attention in the coming year.

The Tote continued to cement its strong relationship with its Racecourse partners and contributed €629k to them through the Payment Incentive Scheme, which is based on Tote Turnover. This Scheme enables both the Racecourses and Tote to work together to provide the highest levels of service to the betting public.



MARKETING REPORT

The marketing campaign for the year was led by the “let yourself go” TV campaign fronted by Hector O’ hEochagain - aimed at recruiting a new generation of racegoers. It opened with support for the Guineas Festival at the Curragh and continued to support the major meetings throughout the year. National and local radio treatments were created both as a general recruitment tool and to target specific meetings across the country.

HRI sponsored a second season of the successful “Go Racing” programme on TV3. The series, fronted by Brian Gleeson, was allocated a prime time slot and doubled its ratings on the previous year, attracting an audience of just under 1.4m. The “Go Racing” Programme was short-listed for the best sports programme in the Irish Film and Television Awards.

The year also saw the publication of the “Beginners Guide to Racing” designed to educate new recruits into racing and to increase their enjoyment of the sport. Over 50,000 copies were distributed to racegoers.

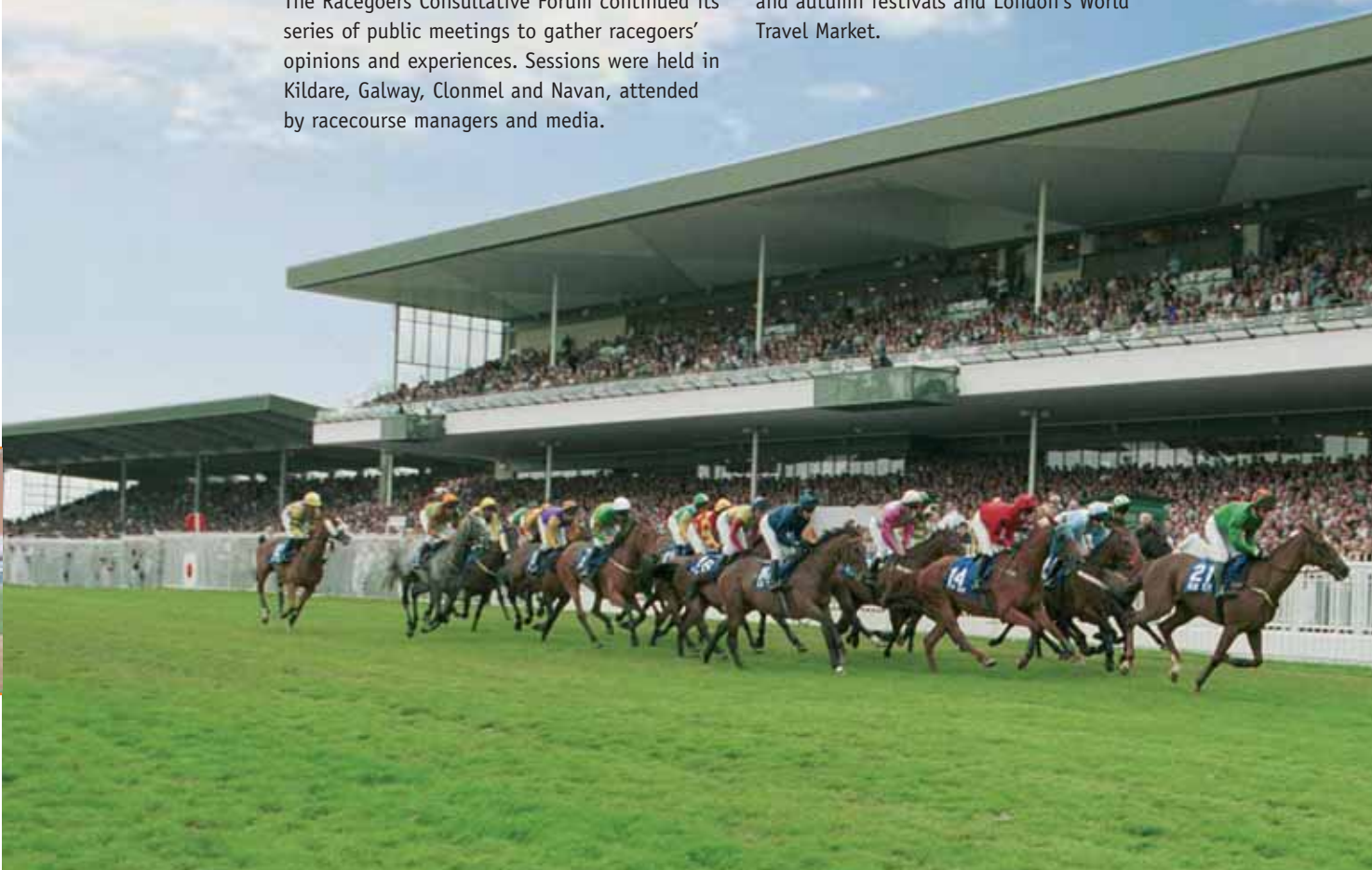
The Racegoers Consultative Forum continued its series of public meetings to gather racegoers’ opinions and experiences. Sessions were held in Kildare, Galway, Clonmel and Navan, attended by racecourse managers and media.

Horse Racing Ireland also reached out to new audiences by hosting a Horse Racing marquee at the National Ploughing Championships in September. Hector O’Eochagain and Brian Gleeson fronted a number of public events based on the Beginners Guide to Racing, education about racecourses and all other aspects of the industry and interviews with top racing personalities on each day.

A dedicated press advertising campaign - “A Race Apart” was launched to publicise the findings of the Indecon Report which sets out the positive contribution of the industry to the social and economic life of Ireland.

Website development, database building, the distribution of a weekly email newsletter, SMS text campaigns and fixture list mailings formed the core of a continuous direct marketing effort.

Racing was also promoted as a mainstream tourism product with widespread distribution of literature through tourist outlets and promotion of racing at Cheltenham’s spring and autumn festivals and London’s World Travel Market.



IRISH THOROUGHBRED MARKETING

In line with their Mission Statement, Irish Thoroughbred Marketing embarked on a truly international campaign throughout 2004. With each of the team having specific responsibility for various markets and activities, plans that had been put in place at the time for the budget of 2004 were carried out. Particular emphasis was put on the supply of Point to Point information to UK buyers relating to upcoming point to points, their locations and their cards. This coupled with our existing Inward Buyer - Private Purchase Scheme - provided a complete package to those interested in sourcing an Irish National Hunt prospects.

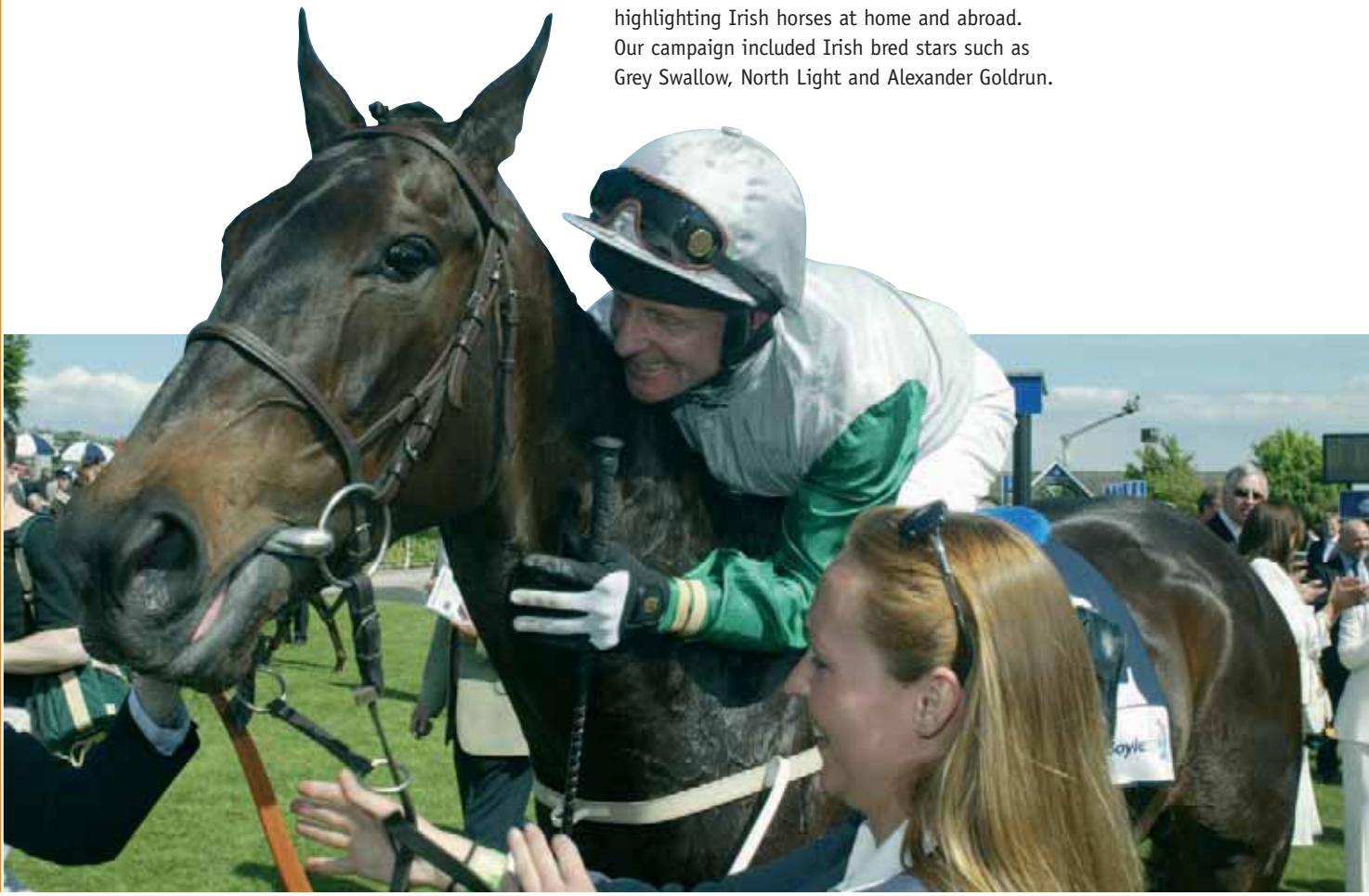
In 2004 our relationship with Government was strengthened with an opportunity to accompany The President of Ireland on an official visit to South America. This support is of enormous assistance in certain markets as it raises the profile of Irish Thoroughbred Marketing, providing us with opportunities ordinarily not available. Towards the end of 2004, we were

invited to play a leading role in the visit of an Taoiseach to Asia in early 2005.

Our aggressive advertising schedule combined with overseas race sponsorship in key markets was the foundation of our yearling sales campaign, while trips to India and Turkey were specifically undertaken to boost the broodmare sales market.

The number of clients who availed of our Inward Buyer Program at public auction was 990 from 22 countries including Israel, Greece, Spain, Singapore, Belgium, Denmark and the UAE. Meanwhile those who availed of this scheme in a private purchase capacity was 78 from seven countries which included Hong Kong, Iran, Russia, USA, Germany, and the UK.

2004 was truly a season for Irish racing enthusiasts to remember. Once again we were spoilt with a continuous serving of top class performances in our major races at home and with our challengers and Irish bred horses abroad. The Irish Thoroughbred Marketing advertising campaign largely focused on highlighting Irish horses at home and abroad. Our campaign included Irish bred stars such as Grey Swallow, North Light and Alexander Goldrun.



Each market's advertising campaign was tailored to highlight the relevant Irish bred successes in that market, for example Alexander Goldrun in Hong Kong and Castledale in the USA.

Irish stallions had a remarkable year, siring Group 1 winners Grey Swallow, Haafhd, Vinnie Roe, Doyen, Azamour, Ouija Board, Soviet Song, Damson and Oratorio. Irish breeders also had a memorable year. Airlie Stud bred Group 1

winners Bachelor Duke and Chelsea Rose, Croom House Stud bred leading 2year old filly Damson, Dermot Cantillon bred Alexander Goldrun and Moyglare Stud bred Refuse To Bend.

The National Hunt scene was equally dominated by Irish breds. The pinnacle of the English National Hunt season is Cheltenham and there were no less than 11 IRE suffixed winners there, including six Grade 1 winners.



AZAMOUR



HRI RACECOURSE DIVISION

LEOPARDSTOWN

2004 ended on a high note with an extremely successful Christmas Festival. An increase of over 2000 people on 2003 brought the attendance at the four day Festival to in excess of 63,000. The attraction of the Henrietta Knight trained Best Mate who ran in the inaugural Lexus Chase swelled the crowd as the horse once again chose to run at Leopardstown.

This very strong Festival brought the year's attendance to in excess of 180,000 people. Just short of €23 million was wagered with the on-course bookmakers and over €6.5 million with the Tote over the twenty two days' racing at the track.

The highlight of the early part of the season was the hugely successful Hennessy Cognac Gold Cup where there was an attendance of over 18,000 people. Hennessy's support for Leopardstown in terms of longevity of sponsorship and practical marketing support is gratefully acknowledged by the racecourse.

The Miller Evening meetings comprising of five Wednesdays and two Saturdays are becoming synonymous with a good summer social event for many Dubliners. Attendances were strong in 2004 with a total attendance of 38,000 people over the seven meetings. These meetings, with

top-class bands and novel customer promotions, attract a new and younger audience to racing. An evening at Leopardstown is a new addition to many young Dubliners' lifestyles.

Once again the highlight of the flat season was the €1million Irish Champion Stakes, the Irish leg of the World Series Racing Championship, run this year for the first time under the new sponsorship of R & A Bailey & Co. The race again attracted a star-studded line up with the John Oxx trained Azamour taking the accolades. The Group 1 Coolmore Fusaichi Pegasus Matron Stakes for fillies also attracted a superb field with the English filly Soviet Song finally overcoming Attraction in a strong finish.

The opening of the extension of the M50 motorway was further delayed in 2004 by objections to the building of the Carrickmines Interchange. The opening of the Green Luas Line to Sandyford in July 2004 created new opportunities in terms of access to the racecourse. A complimentary shuttlebus from the Luas to the racecourse was provided on racedays.

It is envisaged that the opening of the motorway and the Luas line to Sandyford will assist the generation of increased attendances into the future.

NAVAN

A total of 16 meetings took place at Navan during 2004.

The attendance for the year was 48,205 (47,571 in 2003). The betting turnover figures for 2004 were lower than in 2003 with bookmaker betting at €8.731M (€9.981M in 2003) and Tote turnover at €1.286M (€1.297M in 2003).

Sponsorship at Navan continued to grow with over 60% of races sponsored in 2004. Membership also continued to grow.

The Boyne Hurdle raceday in February with three Cheltenham trial type races was very successful. The €50,000 (Grade 2) McCabe Builders Boyne Hurdle was won by 'Rosaker' trained by Noel Meade. 'True Blue Victory' won the Betfair 'Flying Bolt' €50,000 Novice Chase for trainer Ted Walsh and 'Satco Express' won the Bar-One Racing 'Ten Up' Novice Chase for Eamon Sheehy.

For the second year running Navan hosted two listed Flat races. The EBF Salsabil €70,000 Stakes in April was won by AP O'Brien's 'All Too

Beautiful' and the €50,000 Vintage Crop Stakes in May was won by 'Jade Quest' trained by Charles O'Brien.

The winter highlights included the Ballymore Properties Fortria raceday when 'Moscow Flyer' took the feature race for the second year in succession for trainer Jessica Harrington.

The Philips Electronics €50,000 Grade 2 Lismullen Hurdle went to the popular mare Solerina, owned and trained by the Bowe Family and no strangers to the winners enclosure at Navan.

The flagship €85,000 Stanleybet Troytown Grade B Chase proved to be a brilliant win for 'Jack High' and trainer Ted Walsh.

The Golf Course continues to mature with income from Green Fees and Societies being actively promoted together with the sales of new golf memberships.



TIPPERARY

Tipperary Racecourse attracted almost 25,000 people to its 11 meetings in 2004 and between them €4.45 million was wagered.

The highlight of the racing season continues to be the season finale Super Sunday, which is the only single raceday with 5 pattern races. The feature race the John James McManus Memorial Hurdle was won in impressive style by the remarkable Solerina from the Gathabawn yard of James Bowe.

The Tipperary racecourse Supporter's Club continues to grow from strength to strength and over 250 members joined in 2004. The drainage scheme, which was undertaken in 2003, proved to be a great success and has laid a good foundation for future track improvement works.

The schooling bumpers continue to be popular and the 2004 Cheltenham bumper first and third Total Enjoyment and Albert Mooney were both graduates of Tipperary schooling grounds.



FINANCE

2004 was the second year in the five year Strategic Plan for HRI. The financial results for the year were satisfactory although the Capital Development Programme is slower than envisaged due to the increased size of the developments which need significant management planning in bringing them to commencement.

Turnover for the year 2004 was up by 8.5% or €4.5m to €57.6m compared to 2003 of €53.1m.

The turnover increase is primarily due to the Tote increasing by €3.1m or 7.1%. The income from bookmakers betting increased by €1.6m to a figure of €2.47m due to the new pitch

payments system and income from percentage of betting rising to .5% from .3%.

This scheme did not start until March 2004 but HRI committed to refund all bookmakers' percentage betting to racecourses from the beginning of the year and this figure is identified under note 13 at a cost of €1.854m.

The number of fixtures has increased by two in the year to a figure of 305 but with an increase in the races of 30 year on year. Complete statistics for Irish Racing are available in the Horse Racing Ireland Fact Book 2004.

OTHER INCOME

The other income at €81.0m against €79.0m in 2003 reflects an increase of 2.5%. The increase in the Horse & Greyhound Racing Fund was €2.2m or 4.3%. Foal levy contributions were up by €280k due primarily to an

inflationary increase and an increase in foals registered. The other categories of "other income" i.e. interest, ITM and Registry Office shows an increase of less than 1% on 2003 or €38k.

SURPLUS

The group surplus at €8.858m includes an exceptional income figure of €3.182m which as analysed in note 12 to the accounts is due to a surplus on termination of a

property lease in Leopardstown. The remainder of the surplus of €5.668m is the combined profitability of racecourses, Tote, and HRI.

EXPENDITURE

Group expenditure of €78.1m was up from the 2003 figure of €72.6m by €5.5m or 7.6%.

PRIZE MONEY

The total prize-money of €52.48m reflects an increase of €2.109m or 4.2% from the 2003 figure. This increase was due to the two extra fixtures as well as changes in the pattern race structure and inflationary increases to base values.

The prize-money contribution from sponsors has increased year on year by €490k. The contribution from owners was down on 2003 by €957k due mainly to a drop in the entry fee from 1% of race value to .9% in ordinary races for three quarters of the year.

OTHER EXPENDITURE

The increase of €856k on integrity and racecourse service costs was due to extra fixtures as well as additional legal costs and labour cost inflation. Security payments of over €90k were incorporated in integrity which had previously been paid by racecourses. A higher employer contribution to the pension scheme was also required due to the overall performance of the scheme.

Payments made to Racecourses as referred to in note 13 to the accounts were up by €1.995m. The strategy as defined in the Strategic Plan makes the racecourse sector a critical focus through creating new business models having a reward system in line with performance. The specific increases in 2004 are due to levy and pitch scheme payments of €1.854m, track widening and winter racing grants up €480k and a drop in health and safety / Tote and sponsorship incentive schemes of €338k. There is still approximately €2.7m earmarked during the final 3 years of the strategic plan towards health and safety improvements on racecourses. To date €2.664m has been paid out of the current scheme.

An increase in expenditure of €481k to a figure of €1.704m arose under the Capital Development Fund due to the start of the new development in Ballinrobe as well as the completion of the Administration and Weighroom Building in Galway and further payments towards the Naas Weighroom Development.

Grants paid to industry bodies, were up on 2003 by €50k with payments being made to other Industry bodies, particularly the Order of Malta and the Irish Horse Welfare Trust.

Administration costs and establishment costs have increased by over €900k or 23%. However, this increase incorporates a payment to the pension scheme of an exceptional amount of €400k. The inflationary cost increase on the "base" 2003 running costs was €210k. The 2004 costs incorporate the "new owners Marketing and Incentive Scheme" which costs approximately €90k. Additional costs in connection with infrastructural changes in the IT operation with additional communication links and leased lines as well as completion of the full structure for IT operations accounted for approximately €200k.

General marketing and promotional costs were up by €835k due mainly to Big Screen Sponsorship and a new TV ad campaign which together accounted for approximately €700k. The ITM contribution from other sections of the industry at €528k was utilised, together with an additional contribution from HRI of €930k, to fund marketing incentives to ensure the Irish Thoroughbred Horse is branded strongly both at home and abroad. The strategic plan's strong focus on marketing is seen through the continuing investment at a significant level in this area.



HRI IRISH HORSE RACING AWARDS 2004

The awards were voted on by members of the Irish racing media and were presented on Monday, November 29th, 2004 in the Westin Hotel, Dublin 2.

RACEHORSE OF THE YEAR - to honour extraordinary performance by a racehorse.

WINNER: VINNIE ROE (IRE) 1998

OWNER - JIM SHERIDAN.

Trainer Dermot Weld, Jockey Pat Smullen. Won his fourth Irish Field St Leger & second in Melbourne Cup.

FLAT - in acknowledgment of a remarkable feat in flat racing.

WINNER: CATHERINE GANNON.

Age 23, Donaghmede, Co. Dublin.

The first female Champion Apprentice in Ireland.

NATIONAL HUNT - to salute success at the highest level over jumps.

WINNER: RUBY WALSH

Age 25, Kilcullen, Co. Kildare.

Consistent excellence in the top races in Ireland and Britain - major winners included Strong Flow, Azertyuiop and Banasan.

OUTSTANDING ACHIEVEMENT - to mark an exceptional accomplishment in the racing world.

WINNER: COLM MURPHY

Age 30, Gorey, Co. Wexford.

Handler of Brave Inca, unbeaten winner of five hurdle races including three grade 1 wins following seasonal debut in November 2003.

CONTRIBUTION TO THE INDUSTRY - to recognise an individual or an organisation's outstanding contribution to the industry.

WINNER: CON COLLINS

Age 79, based at the Curragh.

Won Group 1 Moyglare Stud Stakes this year, in his fifty-second year as a trainer.

POINT-TO-POINT - to applaud a special triumph in the point-to-point sphere.

WINNER: LIAM BURKE

Age 47, Glengoura, Co. Cork.

Trained 33 winners in the 2003-2004 point-to-point season.



Liam Burke, Colm Murphy, Minister, Mary Gannon, Ruby Walsh, Con Collins & Jim Sheridan



Caroline Norris & Natalie Collins



Conor & Audrey O'Dwyer, Ruby Walsh, David Casey, Aine Byrne & Gillian Doran



Gareth O'Brien, Brian Fleming & Shane Redmond



Marina Hamilton - Awards Sculptor



Geraldine Cooper, Brian Gleeson & Tommy Cooper



Minister John O'Donohue & Mary Gannon



Jim Sheridan & Ruby Walsh



Martin Murphy, Barbara Collins, Brian Kavanagh & Con Collins



Guy Williams & Tony Sweeny

AUDITED REPORTS & GROUP FINANCIAL STATEMENTS

04

MEMBERS AND OTHER INFORMATION

MEMBERS OF THE BOARD

Mr Denis Brosnan	Chairman
Mr Pierce Molony	Vice Chairman
Mr Eddie Browne	
Mr Dermot Cantillon	
Mr Frank Clarke	
Mr Roy Craigie	Retired 18/12/04
Mr Jerry Desmond	
Mr William Flood	
Mrs Jessica Harrington	
Mr John Kidd	
Mr Dan Kirwan	
Mr Peter McCarthy	Retired 18/12/04
Mr John Moloney	Appointed 18/2/05
Mr Seamus Mulvaney	
Mr Cahir O'Sullivan	
Mr John Power	Appointed 18/2/05

REGISTERED OFFICE

Thoroughbred County House
Kill
Co Kildare

SECRETARY

Mr Raymond Horan

AUDITORS

Comptroller and Auditor General
Dublin Castle
Dublin 2

SOLICITORS

Arthur Cox & Co
Arthur Cox Building
Earlsfort Terrace
Dublin 2

BANKERS

Bank of Ireland
AIB Bank
Ulster Bank
Bank of Scotland
Anglo Irish Bank

STATEMENT ON THE SYSTEM OF INTERNAL FINANCIAL CONTROL FOR HORSE RACING IRELAND FOR THE YEAR ENDED 31ST DECEMBER 2004

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 the CEO's monthly report to the Board.

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

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 monthly financial reports and key performance activity with performance measured against forecasts.
- Clearly defined Capital Investment controlled procedures.
- Compliance of 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 2004, three Audit Committee meetings were held and fourteen separate reports presented.

I confirm that in respect of the year ended 31st December 2004, the Audit Committee on behalf of the Board conducted a review of the effectiveness of the System of Internal Financial Controls and reported the outcome to the Board.

**Denis Brosnan,
Chairman**

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 2004, 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**

**Pierce Molony,
Vice Chairman**

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

I have audited the financial statements on pages 26 to 46 under Section 13 of the Horse and Greyhound Racing Act, 2001.

RESPECTIVE RESPONSIBILITIES OF THE MEMBERS OF HORSE RACING IRELAND AND THE COMPTROLLER AND AUDITOR GENERAL

The accounting responsibilities of the Members of Horse Racing Ireland are set out on Page 24. It is my responsibility, based on my audit, to form an independent opinion on the financial statements presented to me and to report on them.

I review whether the statement on page 23 reflects Horse Racing Ireland's compliance with applicable guidance on corporate governance and report any material instance where it does not do so, or if the statement is misleading or inconsistent with other information of which I am aware from my audit of the financial statements.

BASIS OF AUDIT OPINION

In the exercise of my function as Comptroller and Auditor General, I conducted my audit of the financial statements in accordance with auditing standards issued by the Auditing Practices Board and by reference to the special considerations which attach to State bodies in relation to their management and operation.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made in the preparation of the financial statements, and of whether the accounting policies are appropriate to Horse Racing Ireland's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In my opinion, proper books of account have been kept by Horse Racing Ireland and the financial statements, which are in agreement with them, give a true and fair view of the state of the affairs of Horse Racing Ireland and the Group at 31 December 2004 and of the Group's income and expenditure and cash flow for the year then ended.

John Purcell
Comptroller and Auditor General
24 June 2005

STATEMENT OF ACCOUNTING POLICIES

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

BASIS OF ACCOUNTING

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

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%

FINANCIAL ASSETS

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

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 prize money 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 the same venue at a subsequent time as directed by the Chief Executive of Horse Racing Ireland.

PENSIONS

Contributions to defined benefit pension schemes are based on the advice of independent qualified actuaries and are charged to the income and expenditure account on a systematic basis over the period of service of employees. Payments to defined contribution pension schemes are charged to the income and expenditure account in the period to which they relate. Additional payments arising from actuarial reviews are charged in full to the income and expenditure account.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

On establishment of the Irish Horseracing Authority (now Horse Racing Ireland), a pension reserve was transferred from The Racing Board, which had been made in order to make provision for formalisation of aspects of its pension arrangements. This was transferred to Horse Racing Ireland on its establishment.

LEASED ASSETS

Payments made under operating leases are charged to the income and expenditure account.

GRANTS AND RACECOURSE IMPROVEMENT SCHEMES

(i) Grants paid

Capital development grants paid to racecourses under the new 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 correct group position.

(ii) Grants received

Government revenue grants are credited to revenue on a cash receipts basis.

Government 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 Schemes

Racecourse improvement grants, primarily to meet health and safety requirements, are charged to the income and expenditure account in the period to which they relate.

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

GROUP INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004

	Notes	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
TURNOVER			
Tote Ireland turnover		47,445	44,278
Income from Bookmakers' Betting		2,470	886
Racecourse income		7,717	7,912
TOTAL TURNOVER		57,632	53,076
Winnings paid on bets		(38,251)	(35,368)
Operating costs		(16,888)	(15,068)
DIRECT COSTS	4	(55,139)	(50,436)
OTHER INCOME			
Allocation from the Horse & Greyhound Racing Fund	5	53,531	51,349
Prize money contributions from Owners and Sponsors	7	21,546	22,013
Foal Levy	6	1,618	1,338
Registry Office Income		2,469	2,424
Industry contributions to Irish Thoroughbred Marketing		289	459
Interest income (net)	11	1,579	1,416
NET INCOME		83,525	81,639
EXPENDITURE			
Contributions to prize money	7	30,933	28,357
Prize money contributions from Owners and Sponsors	7	21,546	22,013
Integrity and Racecourse services	8	7,126	6,270
Racecourse Schemes	13	4,759	2,764
Capital Development Fund grants		1,704	1,223
Tote Capital Grant Amortisation	15	126	82
Capital Development Fund interest and expenses	11	455	571
Grants paid to Industry Bodies	9	1,194	1,144
Foal Levy distribution	6	1,168	1,338
Horse Racing Ireland administration costs	11	4,933	3,997
Irish Thoroughbred Marketing expenditure		1,458	1,525
General marketing and promotions		2,731	1,896
Rationalisation costs	10	-	1,418
		78,133	72,598
Exceptional Income	12	3,182	-
Taxation	29	6	(8)
SURPLUS FOR THE PERIOD	11	8,580	9,033
Minority Interests	26	65	-
Transfers to reserves	24	(4,243)	(7,779)
		4,402	1,254
SURPLUS AT BEGINNING OF PERIOD		8,738	7,484
SURPLUS AT END OF PERIOD		13,140	8,738

The statement of Accounting Policies and Notes 1 to 31 form part of these financial statements. All gains and losses are accounted for in the Group Income & Expenditure Account

Denis Brosnan,
Chairman

Pierce Molony,
Vice Chairman

GROUP BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	31/12/04 €'000	31/12/03 €'000
FIXED ASSETS			
Tangible assets	14	54,720	52,989
Intangible assets	15	472	492
Financial assets	16	5,213	4,840
		60,405	58,321
CURRENT ASSETS			
Debtors	17	5,534	5,691
Cash at bank	18	62,076	56,383
		67,610	62,074
CREDITORS			
Amounts falling due within one year	19	30,377	27,589
		30,377	27,589
NET CURRENT ASSETS			
		37,233	34,485
TOTAL ASSETS LESS CURRENT LIABILITIES			
		97,638	92,806
CREDITORS			
Amounts falling due after more than one year	20	13,948	17,358
NET ASSETS			
		83,690	75,448
Deferred Capital Grant	22	1,402	1,719
FINANCED BY			
Establishment reserve	23	17,109	17,109
Income and expenditure account		13,140	8,738
Other reserves	24	50,782	46,539
		82,433	74,105
Minority interest	26	1,257	1,343
		83,690	75,448

The statement of Accounting Policies and Notes 1 to 31 form part of these financial statements. All gains and losses are accounted for in the Group Income & Expenditure Account

Denis Brosnan,
Chairman

Pierce Molony,
Vice Chairman

HORSE RACING IRELAND BALANCE SHEET AS AT 31 DECEMBER 2004

	Notes	31/12/04 €'000	31/12/03 €'000
FIXED ASSETS			
Tangible assets	14	24,947	24,578
Financial assets	16	20,622	18,295
		45,569	42,873
CURRENT ASSETS			
Debtors	17	3,409	3,123
Cash at bank	18	54,587	51,042
		57,996	54,165
CREDITORS			
Amounts falling due within one year	19	38,050	38,377
		38,050	38,377
NET CURRENT ASSETS		19,946	15,788
TOTAL ASSETS LESS CURRENT LIABILITIES		65,515	58,661
CREDITORS			
Amounts falling due after more than one year	20	12,234	14,710
NET ASSETS		53,281	43,951
FINANCED BY			
Establishment reserve	23	9,592	9,592
Income and expenditure account		11,433	6,346
Other reserves	24	32,256	28,013
		53,281	43,951

The statement of Accounting Policies and Notes 1 to 31 form part of these financial statements.
All gains and losses are accounted for in the Group Income & Expenditure Account

Denis Brosnan,
Chairman

Pierce Molony,
Vice Chairman

GROUP CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	31/12/04 €'000	31/12/03 €'000
Net Cash Inflow from Operations	27(i)	11,961	10,331
Return on Investments and Servicing of Finance			
Interest Received		1,851	1,844
Interest Paid		(689)	(999)
Net Cash Inflow from Returns on Investments and Servicing of Finance		1,162	845
Capital Expenditure and Financial Investment			
Receipts from sale of tangible fixed assets		30	50
Payments to acquire tangible fixed assets		(4,501)	(861)
Additions to intangible assets		(106)	(1,467)
Loans to racecourses		(373)	170
Preference Shares and minority interests		(87)	108
Net Cash Outflow from Capital Expenditure And Financial Investment		(5,037)	(2,000)
Net Cash Inflow before Financing	27(ii)	8,086	9,176
Financing			
Bank loan repayment		(2,393)	(5,888)
Net Cash Outflow from Financing		(2,393)	(5,888)
Increase in Cash	27 (iii)	5,693	3,288

The statement of Accounting Policies and Notes 1 to 31 form part of these financial statements. All gains and losses are accounted for in the Group Income & Expenditure Account

Denis Brosnan,
Chairman

Pierce Molony,
Vice Chairman

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

1. ESTABLISHMENT OF HORSE RACING IRELAND

Horse Racing Ireland was established under the Horse and Greyhound Racing Act 2001, and came into existence on the 18 December 2001. Under Section 22 of the Act, the assets and liabilities of the Irish Horseracing Authority were transferred to Horse Racing Ireland on that date.

Under Section 8 (2) of the Act, the functions of the Registry Office were transferred to Horse Racing Ireland on 1 May 2002, being the date set by the Minister. On that day, funds held by the Racing Regulatory Body in individual client accounts, including all supporting assets and liabilities, were transferred to Horse Racing Ireland.

2. EMPLOYEE NUMBERS

The number of persons employed by the group at 31 December 2004 is as set out below :

	Year Ended 31/12/04 Number	Year Ended 31/12/03 Number
Permanent staff	138	137
Racegoing staff - part time	568	535
	706	672

3. EMPLOYEE REMUNERATION

The aggregate payroll cost of the employees detailed at Note 2 was as follows :

	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
Wages and salaries	7,692	7,041
Employer's social welfare costs	673	587
Employer's pension costs	789	605
	9,154	8,233

4. DIRECT COSTS

	Winnings paid on bets		Operating Costs		Total	Total
	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
Betting collection costs	-	-	419	342	419	342
Tote Ireland	38,251	35,368	7,718	6,778	45,969	42,146
HRI Racecourses Group	-	-	8,751	7,948	8,751	7,948
	38,251	35,368	16,888	15,068	55,139	50,436

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

5. ALLOCATION FROM HORSE AND GREYHOUND RACING FUND

Horse Racing Ireland was established on 18 December 2001, under the Horse & Greyhound Racing Act 2001. A fund was established by the government 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 & Greyhound Regulation 2004.

6. 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 Arts, Sports and Tourism, 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.

The expenditure of €1.168m disclosed in the Income and Expenditure account excludes €240,000 allocated to ITM but eliminated on consolidating Horse Racing Irelands accounts.

As at 31st December 2004, Horse Racing Ireland had a balance of €706,195 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 in Creditors.

7. CONTRIBUTIONS TO PRIZEMONEY

Group	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
(a) From Sponsors	7,627	7,137
(b) From Owners	13,919	14,876
(c) From Horse Racing Ireland	30,933	28,357
	52,479	50,370

8. INTEGRITY & RACECOURSE SERVICES

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

Horse Racing Ireland meets directly Racecourse Services costs for patrol cameras and starting stalls, both of which are functions that transferred to HRI from the Turf Club under the Horse and Greyhound Racing Act 2001.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

9. GRANTS TO INDUSTRY BODIES

Grants paid to industry bodies are split as follows:

	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
Irish Equine Centre	588	588
RACE	300	301
Other Industry Bodies (including Blue Cross, Order of Malta, etc.)	306	255
	1,194	1,144

10. RATIONALISATION COSTS

These costs represent the associated move costs incurred in the previous period in relation to the relocation of Horse Racing Ireland to Kill, Co. Kildare. Horse Racing Ireland and Tote Ireland operate from Kill, Co. Kildare since June 2003.

11. SURPLUS FOR THE PERIOD

Surplus for the period has been arrived at after charging:

	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
Depreciation	2,745	2,534
Amortisation of intangible assets	126	1,305
Auditors' remuneration	60	60
Interest payable on loans from banks	272	426
Interest payable on Capital Development Fund loan and expenses	455	573
Horse Racing Ireland Board Members' fees	132	132
and after crediting:		
Interest receivable on deposits with banks	1,637	1,470
Interest receivable on loans to racecourses	214	374
Profit on disposal of fixed assets	4	20

The remuneration package of the Chief Executive of Horse Racing Ireland for the year ended 31st December 2004 is as follows:

	€'000	€'000
Basic Salary	143	137
Pension Contributions and other Taxable Benefits	41	44
Performance Related Remuneration	34	23
	218	204
Employers' PRSI on the above	19	17

Horse Racing Ireland Administration costs comprise the following:

	€'000	€'000
Running costs of departments- Pay and Non- Pay	3,839	3,365
Additional Pension Contributions and other related costs	400	0
Building Running Costs	694	632
	4,933	3,997

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

12. EXCEPTIONAL INCOME

A 20-year lease of the Visitor's Centre in the Pavillion Building in Leopardstown was surrendered on 20th February 2004. The surplus on termination accruing was €3,182,076. This surplus will be used for the redevelopment of Leopardstown Racecourse.

13. RACECOURSE SCHEMES

	Year Ended 31/12/04 €'000	Year Ended 31/12/03 €'000
Health and Safety Grants	1,386	1,497
Winter Racing	130	0
Track Widening Grants	534	185
Sponsorship Incentive Scheme	332	531
Levy and Pitch Fee Payments to Racecourses	1,854	0
Tote Percentage Betting Payments	523	551
	4,759	2,764

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED**

14. TANGIBLE ASSETS

GROUP

	Land and Buildings €'000	Plant, Equipment & Vehicles €'000	31/12/04 Total €'000
Cost			
At 1 January 2004	51,916	16,281	68,197
Additions	1,757	2,744	4,501
Disposals	-	(1,187)	(1,187)
At 31 December 2004	53,673	17,838	71,511
Aggregate depreciation			
At 1 January 2004	5,683	9,525	15,208
Charge for period	1,007	1,738	2,745
Disposals	-	(1,162)	(1,162)
At 31 December 2004	6,690	10,101	16,791
Net book value			
At 31 December 2004	46,983	7,737	54,720
At 31 December 2003	46,233	6,756	52,989

HORSE RACING IRELAND

	Land and Buildings €'000	Plant, Equipment & Vehicles €'000	31/12/04 Total €'000
Cost			
At 1 January 2004	24,611	734	25,345
Additions	85	647	732
Disposals	-	(172)	(172)
At 31 December 2004	24,696	1,209	25,905
Aggregate depreciation			
At 1 January 2004	446	321	767
Charge for period	32	321	353
Disposals	-	(162)	(162)
At 31 December 2004	478	480	958
Net book value			
At 31 December 2004	24,218	729	24,947
At 31 December 2003	24,165	413	24,578

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

15. INTANGIBLE ASSETS

GROUP	31/12/04 €'000	31/12/03 €'000
(a) Capital development grants paid		
Paid to 31 December 2003	45,610	44,143
Payments during the period	106	1,467
Paid to 31 December 2004	45,716	45,610
Amortisation of grants paid		
Balance at 31 December 2003	45,118	43,813
Charge for the period	126	1,305
Balance at 31 December 2004	45,244	45,118
Net book value	472	492

(a) The Irish Horseracing Authority (now 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 50% funding with the balance being funded by the racecourses. This scheme has now been completed and the Irish Horseracing Authority's (now Horse Racing Ireland's) contribution has been funded by way of a 15 year loan.

The balance remaining (i.e. €472,000 2004; €492,000 2003) 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. These grants are amortised over a five year period.

(b) The Board of Horse Racing Ireland established a new capital development scheme in 2003. Under the new programme Horse Racing Ireland provides up to a maximum of 55% funding with the balance being funded by the racecourses.

(c) In previous years, Horse Racing Ireland's capital grants were recorded as Intangible Assets and released to the Income and Expenditure account over varying periods (with effect from 2002 the grants have been written off over 1 year). For 2004, these grants are charged directly to the Income and Expenditure account.

16. FINANCIAL ASSETS

GROUP	31/12/04 €'000	31/12/03 €'000
Loans to racecourses	5,213	4,840
HORSE RACING IRELAND		
Loans to subsidiaries	15,357	13,403
Investment in subsidiaries	52	52
Loans to racecourses	5,213	4,840
	20,622	18,295

Details of the principal subsidiaries of Horse Racing Ireland and their activities are set out in note 31.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED**

17. DEBTORS

Amounts falling due within one year:

GROUP

	31/12/04	31/12/03
	€'000	€'000
Trade debtors	4,151	4,099
Prepayments and accrued income	1,383	1,592
	5,534	5,691

HORSE RACING IRELAND

Trade debtors	1,980	2,370
Prepayments and accrued income	1,429	753
	3,409	3,123

18. CASH AT BANK

Amounts falling due within one year:

GROUP

	31/12/04	31/12/03
	€'000	€'000
Horse Racing Ireland	54,587	51,042
HRI Racecourses	3,088	888
Tote Ireland	4,067	4,148
Irish Thoroughbred Marketing	334	305
	62,076	56,383

HORSE RACING IRELAND

	54,587	51,042
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The cash balance in Horse Racing Ireland relates primarily to the funds on deposit arising from the sale of land at Leopardstown to Dun Laoghaire-Rathdown County Council for development of the Motorway as well as stakes won but not drawn down by clients of the Registry Office at 31 December 2004.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED**

19. CREDITORS

Amounts falling due within one year:

GROUP

	31/12/04 €'000	31/12/03 €'000
Accruals	5,361	5,198
Deferred payment on asset acquisition	486	795
Bank loan (Note 21)	3,413	2,396
Trade creditors	2,654	2,953
Prize money due to racing clients	17,888	15,498
Guaranteed value races prize fund	265	375
Taxation creditors	310	374
	30,377	27,589

HORSE RACING IRELAND

Accruals	3,141	2,560
Amounts owed to group companies	13,879	18,155
Bank loan (Note 21)	2,476	1,143
Trade creditors	153	410
Prize money due to racing clients	17,888	15,498
Guaranteed value races prize fund	265	375
Taxation creditors	248	236
	38,050	38,377

The movement in the Guaranteed Value Races Fund for the relevant period was as follows:

	€'000	€'000
Balance Transferred on 1st January 2004	375	747
Surpluses on Guaranteed Value Races in the period	485	361
Released to Income & Expenditure Account in the period	(595)	(733)
Balance at 31st December 2004	265	375

ANALYSIS OF TAXATION CREDITORS

GROUP

	€'000	€'000
PAYE	196	171
PRSI	90	85
Other taxes	24	118
	310	374

HORSE RACING IRELAND

PAYE	163	112
PRSI	61	46
Other taxes	24	78
	248	236

20. CREDITORS

Amounts falling due after more than one year:

GROUP

	31/12/04 €'000	31/12/03 €'000
Bank loan (Note 21)	13,948	17,358

HORSE RACING IRELAND

Bank loan (Note 21)	12,234	14,710
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

21. BANK LOANS

	31/12/04 €'000	31/12/03 €'000
GROUP		
Repayable within 1 year	3,413	2,396
Repayable within 2 to 5 years	12,950	13,344
Repayable after 5 years	998	4,014
	17,361	19,754
HORSE RACING IRELAND		
Repayable within 1 year	2,476	1,143
Repayable within 2 to 5 years	11,236	10,697
Repayable after 5 years	998	4,013
	14,710	15,853

There is a negative covenant for €2.7 million (2003: €3.7m) in favour of our bankers pledged against the assets of The Leopardstown Club Limited of a similar value.

22. DEFERRED CAPITAL GRANT

	31/12/04 €'000	31/12/03 €'000
GROUP		
Balance at 31 December 2003	1,719	2,037
Amortised during the period	(317)	(318)
Balance at 31 December 2004	1,402	1,719

The government allocated by way of grant €3.2 million in 1999 towards the acquisition of a new Tote System. This amount is being transferred to the Income and Expenditure account over a 10 year period in line with the matching depreciation.

23. 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 the transfer of net assets of the Irish Horseracing Authority to Horse Racing Ireland on 18 December 2001.

24. MOVEMENT ON OTHER RESERVES

	Reserve for Future Development €'000	Revaluation Reserve €'000	Pension Obligations €'000	Total Other Reserves €'000
GROUP				
Opening balance at 1 January 2004	38,613	6,984	942	46,539
Transfer from Income and Expenditure	4,243	-	-	4,243
Transfer to Income and Expenditure	-	-	-	-
Closing balance at 31 December 2004	42,856	6,984	942	50,782

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

24. MOVEMENT ON OTHER RESERVES (CONTINUED)

	Reserve for Future Development €'000	Revaluation Reserve €'000	Pension Obligations €'000	Total Other Reserves €'000
HORSE RACING IRELAND				
Opening balance at 1 January 2004	20,087	6,984	942	28,013
Transfer from Income and Expenditure	4,243	-	-	4,243
Transfer to Income and Expenditure	-	-	-	-
Closing balance at 31 December 2004	24,330	6,984	942	32,256

The transfer to the Reserve for Future Development in the Group relates to income allocated for future significant development under the capital development programme 2003-2008 and the redevelopment of Leopardstown Racecourse.

25. PENSION COMMITMENTS

i) Defined Benefit Scheme (Racing Board Scheme)

- On 1 December 1994, the Irish Horseracing Authority took over the operation of the Racing Board's Defined Benefit Pension Scheme for permanent staff. This scheme continues to operate under HRI since 18th December 2001.
- A full actuarial valuation was carried out on 1 April 2004. This valuation was updated for the purposes of FRS 17 by a qualified independent Actuary at 31 December 2004. The actuarial valuation carried out on 1 April 2004 is available to members of this scheme.
- This is now a closed scheme and there were 12 active participants and 54 inactive participants at 31 December 2004.
- Contributions made for the period ended 31 December 2004 were €125,000. Future contributions will be made in accordance with advice from Horse Racing Ireland's actuaries.

The main financial assumptions used to calculate the retirement liabilities under FRS 17 as at 31st December 2004 were as follows:

Valuation Method	Projected Unit	
	2004	2003
Discount Rate	5.00%	5.50%
Inflation Rate	2.00%	2.25%
Salary increases	3.50%	4.00%
Pension increases	2.25%	2.25%

The market value of assets in the pension scheme and the expected rate of return and the scheme liabilities as at 31st December 2004 were:

	Expected Return 2004	Expected Return 2003	Market Value at 31/12/04	Market Value at 31/12/03
Equities	7.50%	7.75%	7,045	7,396
Bonds	4.00%	4.75%	3,872	3,093
Property/ Other	6.25%	5.75%	808	712
Cash	1.75%	3.00%	290	85
			12,015	11,286
Present value of pension scheme liabilities			14,442	11,830
Net deficit in pension scheme			2,427	544
Net pension liability			2,427	544

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

Analysis of the amount which would be charged to operating profit is as follows:

	31/12/04 €'000	31/12/03 €'000
Current Service Cost	71	70
Past Service Cost	-	-

Analysis of the amount which would be credited to other finance income is as follows:

	€'000	€'000
Interest on scheme liabilities	642	608
Expected return on scheme assets	(750)	(698)

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

	€'000	€'000
Actual return less expected return on scheme assets	190	603
Experience gains and losses	(226)	(395)
Changes in assumptions	(2,009)	-
Actuarial (loss)/gain which would be recognised in the STRGL	(2,045)	208

Analysis of the movement in deficit during the year is as follows:

	€'000	€'000
Deficit at the beginning of the year	(544)	(870)
Current service cost	(71)	(70)
Contributions	125	98
Past service costs	-	-
Other finance income	108	90
Actuarial (loss)/gain	(2,045)	208
Deficit at end of year	(2,427)	(544)

ii) Defined Benefit Scheme (The Turf Club of Ireland Pension Scheme)

- a) On 1st 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.
- 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) There are 27 employees of Horse Racing Ireland in this scheme which is now a closed scheme.
- d) The most recent actuarial valuation on the scheme was dated 1 May 2004.
- e) Contributions made for the period ended 31st December 2004 for the 27 employees included in this scheme were €173,430.
- f) This scheme also covers the employees of Integrity Services who are directly funded by HRI under the Irish Horseracing Authority Act 1994, Section 42. Employees of the Turf Club and the Curragh Racecourse are also included in the liabilities of the scheme but not in the net pension liability defined underneath.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

The main financial assumptions used to calculate the retirement liabilities under FRS 17 for the full scheme were as follows:

Valuation Method	Projected Unit	
	2004	2003
Discount Rate	5.00%	5.50%
Inflation Rate	2.00%	2.00%
Salary increases	3.50%	3.50%
Pension increases	2.50%	2.50%

The mid market value of assets in the scheme and the expected rate of return were:

	Expected Return 2004	Market Value at 31/12/04 €'000	Expected Return 2003	Market Value at 31/12/03 €'000
Equities	7.50%	8,024	7.50%	6,767
Bonds	4.00%	1,982	4.50%	1,524
Property/ Other	6.25%	707	6.50%	630
Cash	-	-	3.00%	565
		10,713		9,486
Present value of pension scheme liabilities		17,274		12,749
Net pension liability total scheme		6,561		3,263
Net deficit in pension scheme in relation to HRI direct employees & HRI directly funded Integrity Services Employees		5,458		2,355
Net Pension Liability for HRI		5,458		2,355

iii) Defined Contribution Scheme/PRSA

- Horse Racing Ireland operates a Defined Contribution Scheme for all employees not in the Defined Benefit Scheme, i.e. 73 employees.
- The pension costs for the period ended 31 December 2004 was €195,547. There were no prepaid costs at the end of the period.
- During 2003, Horse Racing Ireland appointed Eagle Star as the preferred supplier for PRSAs for employees not within the other schemes. To date, there has been little interest in this facility.

26. MINORITY INTEREST

	31/12/04 €'000	31/12/03 €'000
Opening balance	1,343	1,235
Movement in the year	(86)	108
Closing balance	1,257	1,343

Navan Golf Club Plc has a nominal share capital of 1,000 Preference Shares at 6 cent each. There were 508 shares issued and fully paid at the 31st December 2004. The balance of €1,257,000 represents the share premium on these issued shares of €1,387,144 and (€130,740) minority interest in Tipperary Race Company Plc.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED**

**27. (i) RECONCILIATION OF SURPLUS FOR THE YEAR TO
NET CASH INFLOW/OUTFLOW FROM OPERATIONS**

	31/12/04 €'000	31/12/03 €'000
Surplus for the year	8,645	9,033
Interest Receivable	(1,851)	(1,844)
Interest Payable	689	999
Depreciation charges	2,745	2,534
Profit on sale of tangible assets	(4)	(20)
Amortisation of Capital Development Fund grants	126	1,305
Decrease/(Increase) in Debtors	157	(2,957)
Increase in Creditors	1,771	1,599
Amortisation of deferred capital grants	(317)	(318)
NET CASH INFLOW FROM OPERATIONS	11,961	10,331

27. (ii) RECONCILIATION OF MOVEMENT IN NET FUNDS

	31/12/04 €'000	31/12/03 €'000
Increase in Cash in the Period	5,693	3,288
Repayment of Bank loans	2,393	5,888
Change in Net Funds	8,086	9,176
Net Funds at 1st January 2004	36,629	27,453
Net Funds at 31st December 2004	44,715	36,629

27. (iii) ANALYSIS OF CHANGES IN NET FUNDS

	At 31/12/03 €'000	Cash Flows €'000	At 31/12/04 €'000
Cash at Bank	56,383	5,693	62,076
Debt due within 1 year	(2,396)	(1,017)	(3,413)
Debt due after 1 year	(17,358)	3,410	(13,948)
	36,629	8,086	44,715

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

28. CAPITAL AND OTHER COMMITMENTS

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

	31/12/04	31/12/03
	€'000	€'000
Committed	4,583	4,335
Contracted	-	-

(a) Included within the above figure of €4.583m is the amount of €2.5m (2003: €2.5m) which represents a commitment made by Horse Racing Ireland to Punchestown Racecourse under the restructuring plan for the Racecourse agreed between HRI and the Kildare Hunt Club, owners of Punchestown Racecourse in 2002.

On 18th December 2003, a Management Services Agreement was entered into between HRI, Kildare Hunt Club and the relevant Punchestown companies whereby Punchestown Holding Limited, which is jointly owned by HRI and Kildare Hunt Club, was appointed to provide management services in relation to the operation of Punchestown Racecourse and Event Centre. The Agreement was an interim measure pending finalisation of a joint venture agreement. Various taxation issues which had arisen in relation to Punchestown had not been resolved by the Kildare Hunt Club during the term of the Agreement and consequently, HRI decided not to further extend the term of the Agreement.

On the expiry of the term of the Agreement on 15th December 2004, the management of the Racecourse and Event Centre reverted to the relevant Punchestown companies on that date. Negotiations are ongoing between the parties.

Punchestown Holdings Limited did not trade during 2004.

(b) HRI has a commitment in respect of the leasing of premises in the next year amounting to €280k. This comprises rent payable on a leasehold interest on premises at Thoroughbred County House. The term of this lease is for 3 years ending during 2006.

29. TAXATION

The activities of Horse Racing Ireland, Irish Thoroughbred Marketing Limited and Tote Ireland Limited are exempt from corporation tax. The taxable credit arose in The Tipperary Race Company Limited.

30. CONTINGENT LIABILITIES

A number of legal cases are pending involving Horse Racing Ireland and its subsidiaries. These are being fully defended by Horse Racing Ireland. The financial effect, if any, arising from the cases cannot reasonably be ascertained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004 CONTINUED

31. PRINCIPAL SUBSIDIARIES

Direct Subsidiaries	% Held	
Tote Ireland Limited	100	Operation of Totalisator at racemeetings and operation of a telebetting 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 racemeetings and ancillary activities
Navan Races Limited	99	Holding of racemeetings and ancillary activities
Cork Racecourse Limited	100	Letting of land
The Tipperary Race Company PLC	78	Holding of racemeetings
Navan Golf Club PLC	100	Operation of a golf course

All the subsidiary companies are incorporated in the Republic of Ireland with their registered offices at Thoroughbred County House, Kill, Co. Kildare.

The lease on Tipperary racecourse expired on 7th October 2004, at which time the operation of the company reverted to HRI Racecourses Limited.

PHOTOGRAPHY DETAILS

All racing photographs used in the HRI annual report 2004 are taken by Healy Racing Photography (HR), Peter Mooney (PM) or Caroline Norris (CN).

COVER (LEFT TO RIGHT)

Michael Kinane pulling up after winning the Baileys Irish Champion Stakes on Azamour. (HR)

Conor O'Dwyer celebrating with Hardy Eustace's owner Lar Byrne. (CN)

Crowned Irish Champion Apprentice Catherine Gannon and Champion Flat jockey Jamie Spencer on the last day of the Flat season. (HR)

The legendary Florida Pearl winning his 4th Hennessy Cognac Gold Cup for Willie Mullins in the hands of jockey Richard Johnson. (CN)

Pat Smullen punches the air with delight after the Dermot Weld trained Grey Swallow gets the better of North Light (Kieren Fallon) to win the 2004 Budweiser Irish Derby at the Curragh. (HR)

PAGE 5 (LEFT TO RIGHT)

A smiling Ruby Walsh pictured after winning the Guinness Kerry National on the Michael O'Brien trained Banasan. (CN)

Trainer Paul Nolan and jockey John Cullen are congratulated by connections of Cloone River after their charge had landed a massive gamble in the Guinness Galway Hurdle. (CN)

David Casey waves to the crowd in jubilation after the Dermot Weld trained Ansar wins the Hewlett-Packard Galway Plate. (PM)

Rhinestone Cowboy, with Mr. J.P. Magnier, on board is led in to the winners' enclosure by his mum and dad by his mother Sue and his Father John after easily taking the Ballymore Properties Champion Stayers' Hurdle at the Punchestown Festival. (CN)

The huge crowds flock to the parade ring at the Curragh on Budweiser Irish Derby Day. (PM)

PAGE 9 (LEFT TO RIGHT)

Trainer Con Collins and jockey Pat Shanahan pictured together after they combined to land the Moyglare Stud Stakes at the Curragh with Chelsea Rose. (HR)

Johnny Murtagh salutes the crowd after Soviet Song gets the better of Attraction to win the Coolmore Fusaichi Pegasus Matron Stakes at Leopardstown. (HR)

Pat Smullen Jockey and owner Jim Sheridan acknowledges the applause from the crowd after partnering the remarkable Vinnie Roe, trained by Dermot Weld, to a record breaking fourth consecutive success in the Irish Field St Leger at the Curragh. (CN)

Trainer Aidan O'Brien discusses tactics with jockey Jamie Spencer in the parade ring at the Curragh. (CN)

PAGE 11 (LEFT TO RIGHT)

Trainer Tom Cooper is held aloft by enthusiastic supporters after saddling Total Enjoyment to land the Champion Bumper at the Cheltenham Festival. (HR)

Jim Culloty acknowledges the huge crowds as Irish bred Best Mate is led in after completing a hat-trick of wins in the Cheltenham Gold Cup thus becoming the first horse since the legendary Arkle in the mid-1960's to achieve such a feat. (PM)

A tremendous finish to the opening race of the 2004 Cheltenham Festival as Brave Inca and Barry Cash just touch off War Of Attrition and Conor O'Dwyer in the Letheby & Christopher Supreme Novice Hurdle. (HR)

David Casey is led in on Willie Mullins' Rule Supreme after the pair pulled off a shock win in the Royal And Sunalliance Novice Chase at Cheltenham. (CN)

Conor O'Dwyer is being congratulated by his wife Audrey as Hardy Eustace, trained by Dessie Hughes, is led into the winners' enclosure after landing the Smurfit Champion Hurdle at odds of 33/1. (HR)

PAGE 12 (LEFT TO RIGHT)

Barry Cash and trainer Colm Murphy hold the trophy aloft after combining to win the Letheby & Christopher Supreme Novice Hurdle at Cheltenham. (CN)

Trainer Charles Byrnes is held aloft by members of the RDS Syndicate after their charge, Dromlease Express, landed a big gamble when winning the 2004 Pierser Hurdle at Leopardstown. (CN)

Trainer Noel Meade gives Frank Berry a hug to celebrate Harchibald's thrilling victory in the Christmas Hurdle at Kempton. The pair were watching the race on the big screen at Leopardstown. (CN)

Ferdy Murphy's Granit D'Estruval, with Brian Harding up, is led around before his victory in the Powers Gold Label Irish Grand National at Fairyhouse on Easter Monday. (HR)

PAGE 13

The enclosures at Galway are packed to capacity as the field thunders past the stand in the Hewlett-Packard Galway Plate. (PM)

PAGE 14

Kevin Darley is all smiles after riding Attraction to an historic win in the Boylesports Irish 1000 Guineas. Mark Johnston's top class filly became the only filly to complete the English/Irish 1000 Guineas double in defeating Alexander Goldrun. (CN)

PAGE 15 (LEFT TO RIGHT)

Jockey Michael Kinane, owner H.H. Aga Khan and trainer John Oxx with their respective trophies after Azamour had landed the 2004 Baileys Irish Champion Stakes at Leopardstown. Also pictured on the winners podium is John O'Donoghue, Minister for Arts, Sport and Tourism. (HR)

Azamour and Micheal Kenane passing the post at the Baileys Irish Champion Stakes. (HR)

A brilliantly judged ride by Michael Kinane as Azamour gets up to defeat Norse Dancer and Powerscourt in a thrilling race while the head on picture shows Grey Swallow (fourth), Rakti (fifth), Imperial Dancer (sixth), the disappointing favourite Doyen (seventh) and early pacemaker Millstreet (eighth & last). (HR)

Azamour finishes strongly to defeat Diamond Green and Antonius Pius in the St James's Palace Stakes at Royal Ascot in June 2004 as he gains handsome compensation for his narrow defeat in the Boylesports Irish 2000 Guineas at the Curragh. (CN)

PAGE 17 (LEFT TO RIGHT)

Champion Apprentice Jockey Catherine Gannon became the first female ever to win the title in 2004 as she beat Rory Cleary by four winners, having finished runner up to Pat Cosgrave in 2003. (HR)

The James Bowe trained Solerina, seen here with Michael Bowe (above) and ridden by her regular jockey Gary Hutchinson (below). A diminutive but remarkable mare who has won 18 races in total (3 on the flat) over the past couple of seasons amassing €491,482 in win prizemoney alone. (HR)

PAGE 19 (LEFT TO RIGHT)

The vociferous Patrick Brady celebrates another winner for the stable in typical flamboyant style after Baron De Feypo had won at Leopardstown on St Stephen's Day. (PM)

A packed winners enclosure welcomes back the Michael Hourigan trained Beef Or Salmon after his scintillating win with Paul Carberry on board in the Lexus Steeplechase at Leopardstown defeating Best Mate by seven lengths. (PM)

Jim Dreaper's smart chaser, Jim, jumps the last under Barry Geraghty on his way to defeating Boneyarrow and Ruby Walsh in the Anglo Irish Bank Nas Ni Riogh Novice Steeplechase at Naas. (PM)

A fine action study of Willie Mullins' Hedgehunter, with David Casey in the saddle, as he strides to victory in the Thyestes Chase at Gowran Park. (HR)

It is early morning on the Curragh and a team of horses are being exercised on one of the many all weather gallops dotted all over the training grounds. (PM)

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