

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

1. Turnover and Segmental Information

The turnover, operating profit and net assets of the Group relate to the provision of betting and gaming activities, substantially all of which are conducted in the Republic of Ireland and the UK.

Turnover by Delivery Channel

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Retail	688,651	551,136
Telephone	236,546	177,418
Online	239,968	185,070
	1,165,165	913,624

Turnover by Region

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Ireland & other	829,541	702,240
United Kingdom	335,624	211,384
	1,165,165	913,624

Gross Win by Delivery Channel

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Retail	88,701	67,907
Telephone	19,664	13,179
Online	25,745	13,524
	134,110	94,610

Gross win is measured as being amounts staked (excluding betting tax and levies) less the amount returned to customers as winnings.

Gross Profit by Delivery Channel

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Retail	81,196	65,676
Telephone	18,381	11,096
Online	23,628	11,423
	123,205	88,195

Gross profit is measured as gross win less discount on bets and gross win taxes.

Operating Profit by Delivery Channel

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Retail	17,752	17,402
Telephone	4,552	861
Online	8,830	1,369
	31,134	19,632

Net assets by delivery channel, and operating profit and net assets by geographic segment are not disclosed as, in the opinion of the directors, this disclosure would be seriously prejudicial to the interests of the Group.

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Year ended 31 December 2004

2. Cost of Sales

Cost of Sales comprises:	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Cost of winning bets paid	1,031,055	819,014
Other cost of sales	10,905	6,415
	1,041,960	825,429

Other cost of sales comprises discounts on bets and taxes paid in relation to gross win.

3. Interest Payable and Similar Charges

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Finance lease interest	54	105

4. Statutory and Other Information

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Directors' emoluments		
– fees	414	326
– other emoluments including pension costs	1,548	855
Depreciation	8,624	6,405
Auditors' remuneration for audit services	77	46
(Gain)/loss on disposal of tangible fixed assets	(31)	34
Amortisation of goodwill	121	121
Operating lease rentals, principally premises	7,119	5,460

As permitted by section 3(2) of the Companies (Amendment) Act, 1986 no separate profit and loss account is presented in respect of the Company. The Company recorded a profit for the year of €20.0 million (2003: €17.2 million).

Amounts paid to the auditors in respect of non-audit services, comprising tax fees were €204,000 (2003: €169,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

5. Directors' Emoluments

Included in directors' emoluments are the following emoluments in respect of directors who were in office during the year:

	Fees	Salary	Pension	Benefits	Annual	Total	Emoluments
	€'000	€'000	Costs	€'000	Bonus	2004	2003
			€'000		€'000	€'000	€'000
Executive							
John O'Reilly	-	375	113	39	356	883	466
Ross Ivers	-	233	47	25	193	498	373
Breon Corcoran (1)	-	62	9	4	92	167	-
Non-Executive							
Fintan Drury	110	-	-	-	-	110	70
Stewart Kenny	40	-	-	-	-	40	81
Nigel Northridge	40	-	-	-	-	40	18
David Power	50	-	-	-	-	50	33
Stephen Thomas	50	-	-	-	-	50	40
Patrick Kennedy (2)	38	-	-	-	-	38	0
Edward McDaid (3)	24	-	-	-	-	24	33
Ian Armitage (3)	25	-	-	-	-	25	28
John Corcoran (4)	37	-	-	-	-	37	39
	414	670	169	68	641	1,962	1,181

1. Breon Corcoran was appointed to the Board on 31 August 2004.
2. Patrick Kennedy was appointed to the Board on 23 March 2004.
3. Edward McDaid and Ian Armitage retired from the Board on 22 June 2004.
4. John Corcoran retired from the Board on 1 December 2004.

Benefits include provision of a company car, life and medical insurance.

There were no loans outstanding to any director at any time during the year.

Other related party transactions between the Group and the directors, which are on normal commercial terms are set out in Note 21 on page 59.

6. Staff Numbers and Costs

	Year Ended	Year Ended
	31 December 2004	31 December 2003
	€'000	€'000
The average number of persons employed by the Group (including executive directors), all of whom were involved in the provision of betting services, during the year was:	1,076	913

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Year ended 31 December 2004

6. Staff Numbers and Costs (continued)

	Year Ended 31 December 2004	Year Ended 31 December 2003
	€'000	€'000
Aggregate payroll costs were as follows:		
Wages and salaries	33,631	26,806
Long-term incentive plan costs	754	–
Social welfare costs	2,726	2,743
Other pension costs and life assurance	1,011	687
	38,122	30,236

7. Tax on Profit on Ordinary Activities

	Year Ended 31 December 2004	Year Ended 31 December 2003
	€'000	€'000
The charge based on profit on ordinary activities comprises:		
Corporation tax, principally at 12.5% (2003 – 12.5%)	4,705	2,993
Under provision in previous year	58	66
Total current tax charge	4,763	3,059
Deferred tax (note 14)	(101)	(200)
	4,662	2,859

The difference between the total current taxation charge shown above and the amount calculated by applying the standard rate of corporation tax to the profit before tax is as follows:

Profit on ordinary activities before tax	32,140	20,410
Tax on Group profit on ordinary activities at the standard Irish corporation tax rate of 12.5% (2003 – 12.5%)	4,018	2,551
Interest income taxable at higher rates	133	111
Expenses deductible for tax purposes	(22)	(25)
Depreciation in excess of capital allowances	576	356
Under provision in prior year	58	66
Total current tax charge	4,763	3,059

No corporation tax is payable in the UK due to the availability of tax losses. A deferred tax asset of €2.3m relating to these losses forward has not been recognised in accordance with the Group's accounting policy for deferred tax. No significant changes are expected to tax rates in the future.

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Year ended 31 December 2004

8. Dividends

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Ordinary shares:		
– interim paid of €0.0620 per share (2003: €0.043)	3,105	2,053
– final proposed of €0.1252 per share (2003: €0.0859)	6,235	4,107
	9,340	6,160

9. Earnings per Share

	Year Ended 31 December 2004 €'000	Year Ended 31 December 2003 €'000
Profit for the financial year	27,478	17,551
Weighted average number of shares in issue	48,536	47,479
Dilutive effect of share options outstanding	2,054	2,638
Diluted weighted average number of shares	50,590	50,117
Basic earnings per share	€0.5661	€0.3697
Diluted earnings per share	€0.5431	€0.3502

10. Intangible Fixed Assets – Goodwill

	Group €'000	Company €'000
Cost		
At 1 January 2004	2,108	2,421
Additions	976	–
At 31 December 2004	3,084	2,421
Amortisation		
At 1 January 2004	1,204	1,204
Amortisation for year	121	121
At 31 December 2004	1,325	1,325
Net book value		
At 31 December 2003	904	1,217
At 31 December 2004	1,759	1,096

Intangible assets in the Company arose from the amalgamation of three bookmaking businesses to form Paddy Power plc.

Additions to goodwill during the year arose on the acquisition of two bookmaking businesses in London on 1 December 2004. Total consideration, all paid in cash, amounted to €1,017,000. Separable assets and liabilities, principally fixtures and fittings to which no adjustments were required on acquisition, amounted to €22,000. Acquisition costs amounted to €19,000, resulting in goodwill of €976,000. The results and cashflows of the acquired business are not material to the results and cashflows of the Group.

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Year ended 31 December 2004

11. Tangible Fixed Assets

Group	Freehold & Leasehold Property & Improvements €'000	Fixtures, Fittings & Equipment €'000	Computer Equipment €'000	Equipment Screens €'000	Motor Vehicles €'000	Total €'000
Cost						
At 1 January 2004	29,054	25,734	10,434	6,386	757	72,365
Additions	7,833	12,855	4,557	2,208	289	27,742
Disposals	(254)	(4,227)	–	–	(195)	(4,676)
At 31 December 2004	36,633	34,362	14,991	8,594	851	95,431
Accumulated Depreciation						
At 1 January 2004	6,053	12,445	7,978	4,059	259	30,794
Charge for year	1,670	4,113	1,808	771	262	8,624
Disposals	(254)	(4,227)	–	–	(157)	(4,638)
At 31 December 2004	7,469	12,331	9,786	4,830	364	34,780
Net Book Value						
At 31 December 2003	23,001	13,289	2,456	2,327	498	41,571
At 31 December 2004	29,164	22,031	5,205	3,764	487	60,651

Company	Freehold & Leasehold Property & Improvements €'000	Fixtures, Fittings & Equipment €'000	Computer Equipment €'000	Equipment Screens €'000	Motor Vehicles €'000	Total €'000
Cost						
At 1 January 2004	23,982	22,456	2,612	5,988	606	55,644
Additions	3,956	7,385	2,812	1,227	245	15,625
Disposals	(254)	(4,226)	–	–	(173)	(4,653)
At 31 December 2004	27,684	25,615	5,424	7,215	678	66,616
Accumulated Depreciation						
At 1 January 2004	5,701	11,936	1,447	4,025	213	23,322
Charge for year	1,253	3,144	585	682	196	5,860
Disposals	(254)	(4,226)	–	–	(154)	(4,634)
At 31 December 2004	6,700	10,854	2,032	4,707	255	24,548
Net Book Value						
At 31 December 2003	18,281	10,520	1,165	1,963	393	32,322
At 31 December 2004	20,984	14,761	3,392	2,508	423	42,068

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

12. Debtors

	Group	Group	Company	Company
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	€'000	€'000	€'000	€'000
Sundry debtors and prepayments	2,290	2,188	1,491	1,634
Amounts owed by Group companies	–	–	26,543	11,733
	2,290	2,188	28,034	13,367

All of the above debtors fall due within one year.

13. Creditors (Amounts Falling Due Within One Year)

	Group	Group	Company	Company
	31 December 2004	31 December 2003	31 December 2004	31 December 2003
	€'000	€'000	€'000	€'000
Trade creditors	4,570	3,670	4,570	3,670
Accruals	16,174	12,895	9,610	10,052
Customer balances	6,462	4,866	–	–
Corporation tax	2,809	1,845	451	1,650
PAYE and Social Welfare	1,100	773	992	707
Betting duty	1,356	1,168	1,069	794
Value added tax	538	843	365	761
Dividends payable	6,232	4,104	6,234	4,104
Finance leases	–	421	–	350
Amounts owed to Group companies	–	–	19,576	66
	39,241	30,585	42,867	22,154

14. Provisions for Liabilities and Charges – Deferred Tax

	Group	Company
	31 December 2004	31 December 2004
	€'000	€'000
At 31 December 2003	977	1,032
Credit for the year (note 7)	(101)	(35)
At 31 December 2004	876	997

Deferred tax at 31 December 2004 relates to accelerated capital allowances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2004

15. Share Capital

	31 December 2004	31 December 2003
	€'000	€'000
Authorised		
70,000,000 ordinary shares of €0.10 each	7,000	7,000
Allotted, called up and fully paid		
50,045,581 (2003: 47,807,120) ordinary shares of €0.10 each	5,005	4,781

During the year, 2,238,461 ordinary shares were issued as a result of the exercise of share options giving rise to total share premium, net of costs of €2,705,000 (2003: €670,000).

The capital redemption reserve fund of €662,000 (2003: €662,000) relates to the nominal value of shares in the Company acquired by the Company and subsequently cancelled. The capital conversion reserve fund of €259,590 (2003: €259,590) arose on the redenomination of the ordinary share capital of the Company at the time of conversion from IEP to euro.

The Company has the following employee share schemes:

(a) The Paddy Power plc May 2000 Executive Share Option Scheme (the "Executive Share Option Scheme")

Under the May 2000 Executive Share Option Scheme options over a total of 3,543,000 shares were granted at an exercise price of €1.16 per share. Since May 2000 options over 2,862,000 shares have been exercised and options over a further 90,000 shares have lapsed. Options over 591,000 shares are outstanding at 31 December 2004. Movements in the share options under this scheme during the year were as follows:

Earliest Exercise period	Options at 31 December 2003	Exercised 2004	Options at 31 December 2004	Market Price At Exercise Date
1 May 2003	2,160,000	1,860,000	300,000	€9.80
1 May 2004	141,000	99,000	42,000	€9.30 - €10.10
1 May 2005	249,000	–	249,000	

On 21 November 2000 the shareholders approved the termination of this Scheme, and thus no further options may be granted pursuant to this scheme.

(b) The Paddy Power plc 2000 Restricted Share Scheme (the "Restricted Scheme")

The Restricted Scheme was adopted by shareholders on 21 November 2000. Employees eligible to participate in the Restricted Scheme may not be participants in any other Company share option scheme (save for the Sharesave Scheme described below). In addition, to be eligible, a participant must have been an employee at 7 December 2000, must have at least three years continuous service, and must have been listed in the allocation schedule attached to the Rules of the Restricted Scheme. The awards of shares granted under the Restricted Scheme were in the amounts of €3,175, €1,905 or €1,270 per eligible employee.

The shares cannot be sold within five years of the date of the award being granted. During this period of five years the shares are held by the Power Leisure Employee Benefit Trust for the benefit of the relevant employees.

At 31 December 2004, 272,903 shares (2003: 262,045) owned by employees are held on their behalf by Power Leisure Employee Benefit Trust.

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Year ended 31 December 2004

15. Share Capital (continued)

(c) The Paddy Power plc November 2000 Share Option (the "Share Option Scheme")

The Share Option Scheme was adopted by shareholders on 21 November 2000 and modified by the shareholders on 22 June 2004. The Share Option Scheme is open to executive directors and employees. Options may be granted within a period of 10 years from 7 December 2000 at the higher of nominal and current market value. Options may not be exercised earlier than three years from the date of grant and may only be exercised if the Group meets certain targets and any further condition on exercise which the Board determines to be appropriate. These targets require real growth (Consumer Price Index plus 5 percent compounded annually) in earnings per share of the Group over a period of not less than three years following the grant of an option. Since November 2000, 964,631 options have been granted under the scheme, 85,290 have been exercised and options over 69,825 shares have lapsed. Options over 809,516 shares are exercisable at 31 December 2004. Movements in the share options under this scheme during the year were as follows:

Earliest Exercise Date	Options at 31 December 2003	Granted in 2004	Lapsed in 2004	Exercised in 2004	Options At 31 December 2004	Exercise Price	Market Price at Exercise Date
December 2003	50,000			50,000	–	2.40	8.45
January 2004	5,290			5,290	–	2.40	8.15
August 2004	382,466			30,000	352,466	3.59	8.45
July 2005	156,000		18,000		138,000	5.25	
May 2006	85,000				85,000	5.00	
February 2007		114,691	9,325		105,366	8.15	
March 2007		8,000			8,000	8.90	
June 2007		107,000			107,000	9.43	
September 2007		13,684			13,684	9.80	

(d) The Paddy Power plc Sharesave Scheme (the "Sharesave Scheme")

The Sharesave Scheme was adopted by shareholders on 21 November 2000 and was subsequently approved by the Revenue Commissioners.

All employees (including executive directors) who have not less than 12 months continuous service with the Group or any subsidiary nominated to join the Sharesave Scheme may be invited to apply for options to acquire shares. Options will normally be granted to all eligible employees in the 42 day period after the announcement of the interim or final results of the Company. The purchase price for each ordinary share in respect of which an option is granted shall not be less than 90 percent of the closing price of the shares on the Irish Stock Exchange on the dealing day last preceding the date of grant of the option or its nominal value.

Earliest Exercise Date	Options at 31 December 2003	Lapsed in 2004	Exercised in 2004	Options at 31 December 2004	Exercise Price
March 2004	199,502	5,331	194,171	–	€2.16
July 2005	55,475	7,597	–	47,878	€4.95

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15. Share Capital (continued)

General

The number of shares for which options may be granted under the Sharesave Scheme in any period of ten successive calendar years shall not, when added to the number of shares which have been or remain to be issued pursuant to options in the Sharesave Scheme or granted during the same period under any other employee share scheme of the Company, exceed five percent of the issued share capital of the Company.

All exercise periods shown end after three years from the earliest exercise dates shown above.

(e) Long-Term Incentive Plan

On 22 June 2004 the 2004 Long-Term Incentive Plan ("LTIP") for senior executives was adopted by the Shareholders, under which the directors can make conditional awards of a number of Company shares to each eligible executive. The awards are subject to the rules of the scheme. In accordance with the rules, the award will vest if the growth target (EPS growth at least equal to the compound growth in CPI plus 12% per annum) is achieved over the minimum vesting period. To the extent that the award does not vest in full in respect of the minimum vesting period, the award will continue in effect in accordance with the rules and will vest if the growth target is met over the four-year period measured from the commencement of the minimum vesting period and to the extent that the award does not vest in full in respect of such four-year period, the award will continue in effect in accordance with the rules and will vest if the growth target is met over the five-year period measured from the commencement of the minimum vesting period, provided, however, that to the extent the award has not vested on or before the latest vest date specified above, the award will automatically lapse in its entirety immediately following such date.

Until the vesting of the award in accordance with the rules of the scheme, the awardholder has no rights over or in respect of the shares subject to the award and on vesting, the awardholder's rights are limited to those shares in respect of which the growth target has been achieved in accordance with the rules of the scheme. The awards are not transferable.

During the year awards of 240,000 shares were granted to senior management (including executive directors). The share price at the date of the grant was €9.43. The total cost of this award is estimated at €2,263,200 and is expensed in the Group profit and loss account over the minimum vesting period of the award (being the expected term of the award) i.e. 3 years. Thus the operating profit for the year ended 31 December 2004 is stated after the LTIP profit and loss account charge for 2004 of €754,400.

The Paddy Power plc Employee Benefit Trust ("the Trust") was established to manage the long-term incentive plan. The Trust purchased 240,000 Paddy Power plc shares on 28 June 2004 at a cost of €2.3 million. The results of the Trust are included in the Paddy Power plc Company financial statements. The shares held by the Trust at 31 December 2004 are shown as a deduction from shareholders' funds in the consolidated and Company balance sheet in accordance with the Group's accounting policy for the long-term incentive plan.

(f) Paddy Power 2004 Second Tier Option Scheme

On 22 June 2004 the shareholders approved the establishment of the Paddy Power 2004 Second Tier Option scheme, which allows the Company to grant options to employees, which will become exercisable after a five year performance period, upon the achievement by the Company of exceptional performance levels. To be exercisable, the Company's earnings per share must grow during the five year performance period by at least the percentage increase in the Consumer Price Index plus 10% per annum compounded and the Company's earnings per share growth must be in the top quarter in performance terms of a specified peer group.

No options have been granted to date under this scheme to any Group employees.

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16. Share Premium

	2004	2003
	€'000	€'000
At 1 January 2004	3,975	3,305
Premium less costs of share issue (Note 15)	2,705	670
At 31 December 2004	6,680	3,975

17. Cash Flows

(a) Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	Year ended	Year ended
	31 December 2004	31 December 2003
	€'000	€'000
Operating profit	31,134	19,632
Charge for long-term incentive plan	754	–
Depreciation	8,624	6,405
Amortisation of goodwill	121	121
Increase in debtors and prepayments	(129)	(597)
Increase in creditors	4,548	6,549
(Gain)/loss on disposal of tangible fixed assets	(31)	34
Net cash inflow from operating activities	45,021	32,144

(b) Analysis of Changes in Cash During the Year

	Year ended	Year ended
	31 December 2004	31 December 2003
	€'000	€'000
Balance at 1 January 2004	39,173	36,373
Net cash inflow	8,033	2,800
Balance at 31 December 2004	47,206	39,173

(c) Analysis of Net Funds

	31 December 2003	Cashflows	31 December 2004
	€'000	€'000	€'000
Cash at bank and in hand	39,173	8,033	47,206
Finance leases	(421)	421	–
Total	38,752	8,454	47,206

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18. Financial Fixed Assets – Company

In the opinion of the directors, the value to the Company of the unlisted investments in subsidiary companies is not less than the carrying amount of €103,000 (2003: €103,000). The Company had the following subsidiaries, all of which are wholly equity owned, at 31 December 2004:

Company	Country of Incorporation	Activity	Registered Office
Power Leisure Bookmaker Limited	UK	Bookmaker	5th Floor Crowne House 56-58 Southwark St London SE1 1UN
Leisurebet Limited	Ireland	Non-trading	Airton House
Zephyr Limited	Ireland	Property holding	Airton Road
KOR Enterprises Limited	Ireland	Property holding	Tallaght Dublin 24
Rexbury Limited	Ireland	Property holding	Ireland
QC Holdings Limited	Ireland	Property holding	
Pridepark Developments Limited	Ireland	Property holding	
Paddy Power Call-Centre Services Limited	Isle of Man	Call-centre administration	64a Athol Street Douglas, Isle of Man
Paddy Power Entertainment Limited	Isle of Man	Non-trading	IMI 1JE
Paddy Power Isle of Man Limited	Isle of Man	Bookmaker	28 Victoria Street Douglas, Isle of Man IMI 2LE
Paddy Power BCI limited ⁽¹⁾	Alderney	Non-trading	York House Victoria Street
Paddy Power Alderney Limited ⁽¹⁾	Alderney	Interactive Gaming	Alderney GY9 3TA
Paddy Power (Malta) Limited	Malta	Non-trading	Alpine House San Gwan Malta

¹ These companies were incorporated during the year.

In addition to the above subsidiaries, as outlined in Note 15, the Group utilises two employee trusts. Power Leisure Employee Benefit Trust, with a registered address at Airton House, Airton Road, Tallaght, Dublin 24, holds the shares of the Restricted Share Scheme. Paddy Power plc Employee Benefit Trust, with a registered address at PO Box 76, Wests Centre, St Helier, Jersey, JE4 8PQ, holds the shares of the Long-Term Incentive Plan Scheme.

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19. Pension Arrangements

The Group operates defined contribution schemes for certain employees and executive directors. The assets of the schemes are held separately from those of the Group in independently administered funds.

Pension costs for the year were €888,000 (2003: €609,000) and the amount due to the schemes at 31 December 2004 amounted to €72,000 (2003: €118,000).

20. Commitments and Contingencies

(a) Guarantees

The Company has revolving credit and guarantee facilities of €6.98 million and €0.8 million respectively with AIB plc.

These facilities are unsecured.

(b) Capital Commitments

The Group has entered into commitments for capital expenditure not provided for in the financial statements amounting to €1.5 million (2003: €4.1 million).

(c) Operating Lease Commitments

The Group has annual commitments of €7.8 million (2003: €5.7 million) in respect of operating leases on properties where the lease terms expire as follows:

	31 December 2004	31 December 2003
	€'000	€'000
Within 1 year	595	422
Between 2 and 5 years	1,219	1,302
After 5 years	5,975	4,040
	7,789	5,764

(d) Derivatives

The Group has no derivative financial instruments at 31 December 2004. The Group's policy in respect of treasury and foreign exchange exposures is set out in the Financial Review.

21. Transactions with Directors

In addition to the directors' emoluments disclosed in Note 5, in the year ended 31 December 2004 directors were paid the amounts set out below.

Stewart Kenny received €60,000 (2003: €35,000) in respect of consulting fees. The Group paid Cappagrove Limited €nil (2003: €40,000) in respect of consulting fees provided to the Group by Fintan Drury, who has a beneficial interest in Cappagrove Limited.

The Group engaged in hedging transactions with David Power in his capacity as an on-course bookmaker. In aggregate, bets totalling €15,900 (2003 – €18,841) were paid by the Group to Richard Power On-Course Bookmakers and that firm placed bets winning €20,289 (2003 – winning €36,808) with the Group.

The Group paid rent of €21,000 (2003 – €25,124) and €38,727 (2003 – €19,205) during the year for retail properties occupied by the Group under long-term leases and owned by Stewart Kenny and David Power respectively. From 1 October 2004 Stewart Kenny no longer holds an interest in any property leased by the Group.

All of the above transactions were conducted on an arm's length basis at normal commercial terms.