

Wednesday, 12th May 2004

CHAIRMAN'S STATEMENT ANNUAL GENERAL MEETING

The Group reported an excellent operational performance in 2003, achieving a record year of sales and profitability. Profit before tax was €28.46m which is a 38% increase on our 2002 result. I would like to take this opportunity to congratulate all concerned on a tremendous performance.

This overall result shows that the Group's corporate strategy for increased growth and enhanced earnings through further geographical diversification is continuing to have a strong positive impact. In particular, the substantial profit growth of over 50% achieved in our UK operations indicates our objective of increasing our market penetration in the UK is showing a very favourable outcome, which we expect to continue.

Market conditions are strong for each of our businesses and a high level of deposits on hand in the two core housing businesses Ireland and England, provide good earnings visibility. The first half of 2004 will show a good performance with a strong full year result also anticipated.

Dividend

The Group has in recent years indicated its intention to progressively increase the dividend to a level that would be in line with our peer group. Reflecting this, the Board is proposing to pay a final dividend of 6 cent gross per share. This will result in a total dividend of 11 cent per share. The dividend cover based on that dividend is 6.6 times and we expect to continue our policy of progressively increasing the payout ratio.

Ireland

The Irish operations increased profits by 34% in 2003. A total of 969 private housing units were completed in 2003 compared to 879 housing units completed in 2002. Our housing operation has roughly doubled its output in the past 5 years and increased its spread of operations.

The first quarter of 2004 has seen the Irish housing division experience an excellent level of sales in all its key regional housing development sites. We expect to increase the volume of output again this year, based on the strong market demand being experienced. Being strongly sold forward we can anticipate to exceed the range of over 1,000 private units in 2004 – a comfortable level of output per annum for our operations going forward. The division will continue to be sales driven to ensure that our products maintain their high quality reputation and are delivered at good value to match consumer demand.

The housing land bank is in good shape with a geographical spread providing much comfort to the Group. It is a low average cost land bank, aimed primarily at our core target market of first time buyers and is adequate for current trading levels.

2003 saw our contracting division deliver a good result with contracts secured for local authority housing as well as commercial enterprises. The contracting division has recently secured some significant contracts and a good result is expected again in 2004.

A solid performance was recorded by the Group's commercial division, Hillview Securities in 2003. Sales of some 132,500sq ft of industrial units were completed. It has successfully entered the west London market where business is buoyant. Hillview will record a good result in 2004.

UK

Last year, I stated at our AGM our corporate objective of enlarging our UK business to become similar in scale to our very successful Irish house building operation. We wanted to do this as quickly as possible to take best advantage of the many growth opportunities we had identified in the North West of England.

I am delighted today to inform you that our objective is progressing rapidly. 2003 saw our UK operations increase unit output by an excellent 74% while profits increased by 57%. The division completed some 447 houses as compared to 257 in 2002. We anticipate well over 500 completions in 2004. We are planning for more growth in 2005.

We have 18 sites in the UK now, compared with 13 in 2003. Operations now span Greater Manchester, Lancashire, West Yorkshire, Staffordshire, Derbyshire, Cheshire and Liverpool/Merseyside.

The UK operations now target its products to a market of some eight million people. Market conditions are very favourable. The Group's strategy will continue to be aimed at providing housing at the entry level of the market where demand is greatest and supply constrained.

The recent UK Government commissioned Barker housing report also supports our ambitions. It recommends that an increased level of output in the affordable end of the market is needed to solve the UK housing issue. This is our target growth market.

The positioning of our UK operations as a key profit centre is of particular satisfaction to the Board. It represents the delivery of good progress in our corporate objective, which is to firmly establish ourselves in the UK and achieve a balance of profitability between the UK and Irish markets.

The Group is focused on achieving further significant growth in the UK in the coming year. We have a strategically located land bank to meet our immediate and medium term needs. We intend to increase this significantly going forward to achieve further volume growth. We plan to attain this through a progressive land bank policy and through exploring acquisition opportunities. We anticipate a very good performance from our UK activities for the full year.

Spain

In 2003, 65 freehold luxury apartments at the Los Flamingos sites in Spain were completed. Our strategy in Spain is to progressively enlarge operations organically by increasing the developmental activities of our freehold operations through strategic land acquisitions.

The Group recently purchased two new freehold development sites, which now favourably positions the division with footholds in three key locations in the Costa del Sol region.

These new sites, one is in the Mijas area with potential for over 100 units and the other at Sotogrande which is a 250 acre site, offer both short and medium term opportunities for the division. They augment the existing site near Marbella.

Whilst, growth progress in Spain may be somewhat slower compared to UK, we are very satisfied that a solid platform for future growth opportunities is now in place.

Conclusion

The Group's corporate strategy is well on target. Our growth strategies are already providing strong returns as indicated by our financial performance.

Our objective continues to be to enhance shareholder value and to achieve that through a geographic and financially diversified operating base. Our markets continue to be buoyant.

As I said in my introduction, the Group anticipates a further strong performance for the full year of 2004 and looks to the future with confidence.

Roy Ferris, outgoing Chairman, McInerney Holdings plc.

ENDS

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About McInerney Holdings plc

McInerney Holdings plc is one of Ireland's leading development companies, with divisions specialising in various aspects of the construction market. McInerney Holdings plc comprises four divisions operating in Ireland, Spain and the United Kingdom. Established in 1909, the Group is Ireland's largest national homebuilder, and undertakes extensive commercial and leisure projects both in Ireland and abroad. The company is listed on the Dublin and London Stock Exchanges (ISE: MCI.I/LSE: MCI).