

Thursday, 24th February 2005

**PRELIMINARY ANNOUNCEMENT**  
**Financial Results for the Year ended 31 December 2004**

The McInerney Group recorded a significant performance in the year to 31 December 2004. Strong sales and profitability were achieved.

- Pre tax profits increase by 43%
- Earnings per share increase by 46%
- Dividend increase by 65%

**Financial Highlights**

The Directors are pleased to report an increase in basic earnings per share of 46% to 106.43 cent, as compared to 72.83 cent in 2003. Pre-tax profits increased by 43% to €40.74m compared to the 2003 result of €28.46m.

Profit after tax for the year was €35.00m compared with €23.81m in 2003.

The Directors are pleased with the result for the Group. Market and trading conditions remained robust across the Group's three core regions of Ireland, the UK and Spain. In particular, our business benefited from continued buoyancy in the first time buyer market, in Ireland and the UK. This was matched closely by our product portfolio.

**Dividend**

The Board is proposing to pay a final dividend of 11 cent gross per share. Combined with the interim dividend of 7 cent gross, this provides a total of 18 cent per share for the year. Subject to confirmation at the Annual General Meeting, this final dividend will be paid to shareholders on Monday, 16<sup>th</sup> May 2005. The Board's objective to incorporate a more progressive dividend policy is being achieved. The dividend cover is now c. 5.9 times basic earnings per share.

**Operational Highlights**

There were a total of 1,614 private home completions across all operations in 2004. This compared to 1,481 in 2003 and represents an increase of 9%.

**Ireland:** Fundamental market conditions for the Irish house building operation were excellent. Strong volume delivery yielded 1,101 private home completions in 2004, compared to 969 in 2003. Market indicators and demographics for our target market of first time buyers continued to be favourable. The division is well positioned through product match and geographic spread to take best advantage of continuing good demand going forward.

Currently, there are circa 4,800 plots under our control in the Irish land bank, of which 57% have planning permission and the remainder are residentially zoned. The Group is satisfied that the current land bank will support its growth plans.

The Group's commercial division, Hillview Securities, completed 50,000 sq ft of industrial units in 2004. The division also sold its interest in the Eyre Square Shopping centre in Galway. These funds were reinvested in new development opportunities. A new project commenced in NewtownMountKennedy, Co Wicklow in late 2004.

**UK:** The Group's UK housing business performed strongly. There were 500 private home completions in 2004, compared with 447 in 2003. The year saw significant strategic initiatives to enable future growth. The purchase of Alexander Developments Ltd in the North-East of England in the first half of the year has realised the Group's ambition to expand its spread right across the north of England. Its integration into the core UK business is now complete.

In addition, progressive land bank enlargement has taken place. Over 30 sites are now active, representing some 1,900 plots controlled. A further 400 sites are under option. These substantial site purchases will feed through to unit completions in the second half of 2005. The division is well placed to see progressive growth going forward.

The commercial division completed 39,000 sq ft of sales at its Park Royal project. It purchased two new sites at Croydon and Chesham as well as entering a joint venture in Watford.

**Spain:** Some 13 private units were completed at the Los Flamingos development in 2004 compared with 65 in 2003. The unit short fall for 2004 will be made up in 2005. A significant land sale provided good profit recognition during the year. The business, supported by a well placed land bank, is primed to see significant uplift in 2005 and beyond.

#### **Board Renewal**

The Directors welcome the recent appointment of Donal Roche as Non Executive Director to the Board. Mr Roche, a former Managing Partner of Matheson Ormsby Prentice Solicitors, will bring great business acumen to the Board's deliberations. He will, as is normal, submit to election by the shareholders at the Annual General Meeting on the 12<sup>th</sup> May 2005.

#### **Outlook**

The Group performed strongly in 2004, delivering good volumes and operating margins, as well as progressing its strategic objectives. All subsidiaries are well placed to provide continued revenue growth going forward. In particular, it is expected substantial unit increases will be forthcoming from the UK and Spain in 2005. Construction timelines will see profit recognition weighted to the second half of 2005.

Fundamental market conditions across all regions are favourable. The Group has closely aligned its product mix to exploit market demands. Our growth strategy continues to show solid progress. We look forward with confidence.

Ned Sullivan  
Chairman

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2004

|   | <b>2004</b><br><b>€'000</b> |   | <b>2003</b><br><b>€'000</b> |   |
|---|-----------------------------|---|-----------------------------|---|
| <b>TURNOVER INCLUDING GROUP SHARE OF JOINT VENTURES</b> |                             |   |                             |   |
| Continuing Operations                                   | 381,387                     |   | 352,502                     |   |
| Acquisitions  | 7,420                       |   | -                           |   |
|   | <u>388,807</u>              |   | <u>352,502</u>              |   |
| Less: Share of Joint Ventures Turnover                  | <u>(15,448)</u>             |   | <u>(9,173)</u>              |   |
| <b>GROUP TURNOVER</b>                                   | <b>373,359</b>              |   | <b>343,329</b>              |   |
| <b>COST OF SALES</b>                                    | <b>(301,521)</b>            |   | <b>(284,408)</b>            |   |
| <b>GROSS PROFIT</b>                                     | <b>71,838</b>               |   | <b>58,921</b>               |   |
| Administrative Expenses                                 | (29,001)                    |   | (26,341)                    |   |
| <b>GROUP OPERATING PROFIT</b>                           |                             |   |                             |   |
| Continuing Operations                                   | 40,985                      |   | 32,580                      |   |
| Acquisitions  | 1,852                       |   | -                           |   |
|   | <u>42,837</u>               |   | <u>32,580</u>               |   |
| <b>Share of Operating Profits in Joint Ventures</b>     |                             |   |                             |   |
| Continuing Operations                                   | 6,943                       |   | 2,935                       |   |
| <b>TOTAL OPERATING PROFITS INCLUDING JOINT VENTURES</b> | <b>49,780</b>               |   | <b>35,515</b>               |   |
| Interest Payable and Similar Charges                    | (9,038)                     |   | (7,058)                     |   |
| <b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>    | <b>40,742</b>               |   | <b>28,457</b>               |   |
| Taxation Charge arising on Ordinary Activities          | (5,739)                     |   | (4,643)                     |   |
| <b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>     | <b>35,003</b>               |   | <b>23,814</b>               |   |
| Dividends   | (5,945)                     |   | (3,610)                     |   |
| <b>PROFIT RETAINED FOR THE YEAR</b>                     | <b>29,058</b>               |   | <b>20,204</b>               |   |
| <b>BASIC EARNINGS PER SHARE</b>                         | 106.43                      | c | 72.83                       | c |
| <b>FULLY DILUTED EARNINGS PER SHARE</b>                 | 101.47                      | c | 70.40                       | c |

The Auditors have confirmed that they will be issuing an unqualified opinion on the accounts from which the financial information set out on pages 3 to 6 for the year ended 31 December 2004 has been extracted. The financial information for the year ended 31 December 2003 has been extracted from the audited accounts on which the Auditors issued an unqualified opinion and which have been delivered to the Registrar of Companies.

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED BALANCE SHEET**  
As at 31 December 2004

|   | <b>2004</b><br><b>€'000</b> | <b>2003</b><br><b>€'000</b> |
|---|-----------------------------|-----------------------------|
| <b>FIXED ASSETS</b>   |                             |                             |
| Intangible Assets   | 22,089                      | 13,237                      |
| Tangible Assets   | 14,147                      | 14,050                      |
| Financial Assets  |                             |                             |
| Joint Ventures:   |                             |                             |
| Share of Gross Assets   | 22,341                      | 11,540                      |
| Share of Gross Liabilities                                      | (15,487)                    | (8,612)                     |
|   | 6,854                       | 2,928                       |
| <b>TOTAL FIXED ASSETS</b>                                       | 43,090                      | 30,215                      |
| <b>CURRENT ASSETS</b>   |                             |                             |
| Stocks  | 268,131                     | 228,431                     |
| Debtors   | 40,827                      | 31,136                      |
| Cash at Bank and in Hand  | 26,670                      | 26,435                      |
|   | 335,628                     | 286,002                     |
| <b>CREDITORS (Amounts falling due within one year)</b>          |                             |                             |
| Bank Loans and Overdrafts                                       | 58,433                      | 38,837                      |
| Trade and Other Creditors                                       | 138,833                     | 123,756                     |
|   | 197,266                     | 162,593                     |
| <b>NET CURRENT ASSETS</b>                                       | 138,362                     | 123,409                     |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                    | 181,452                     | 153,624                     |
| <b>CREDITORS (Amounts falling due after more than one year)</b> |                             |                             |
| Bank Loans  | 57,043                      | 60,238                      |
| Other Creditors   | 2,222                       | 253                         |
|   | 59,265                      | 60,491                      |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                   |                             |                             |
| Deferred Taxation   | 1,011                       | 1,341                       |
|   | 121,176                     | 91,792                      |
| <b>FINANCED BY :</b>  |                             |                             |
| <b>CAPITAL AND RESERVES</b>                                     |                             |                             |
| Called up Share Capital   | 4,140                       | 4,101                       |
| Capital Conversion Reserve Fund                                 | 62                          | 62                          |
| Share Premium Account   | 17,113                      | 16,648                      |
| Revaluation Reserve   | 2,159                       | 2,159                       |
| Profit and Loss Account   | 97,702                      | 68,822                      |
| <b>TOTAL SHAREHOLDERS' FUNDS - ALL EQUITY</b>                   | 121,176                     | 91,792                      |

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**For the year ended 31 December 2004**

|  | <b>2004</b><br><b>€'000</b> | <b>2003</b><br><b>€'000</b> |
|--|-----------------------------|-----------------------------|
| Net Cash Inflow from operating activities              | 13,442                      | 2,709                       |
| <b>DIVIDENDS RECEIVED FROM JOINT VENTURES</b>          | <u>1,900</u>                | <u>130</u>                  |
| <b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b> |                             |                             |
| Interest Received                                      | 325                         | 53                          |
| Interest Paid  | (7,746)                     | (6,284)                     |
| Interest element of Finance Lease payments             | (42)                        | (34)                        |
|  | <u>(7,463)</u>              | <u>(6,265)</u>              |
| <b>TAXATION</b>  | <u>(4,536)</u>              | <u>(5,020)</u>              |
| <b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>    |                             |                             |
| Purchase of Tangible assets                            | (1,773)                     | (2,523)                     |
| Sale of Tangible Assets                                | 410                         | 244                         |
|  | <u>(1,363)</u>              | <u>(2,279)</u>              |
| <b>ACQUISITION OF SUBSIDIARY UNDERTAKING</b>           |                             |                             |
| Consideration and Cost of Acquisition                  | (10,745)                    | -                           |
| Net Overdraft taken over                               | (207)                       | -                           |
|  | <u>(10,952)</u>             | <u>-</u>                    |
| <b>EQUITY DIVIDENDS PAID</b>                           | <u>(4,273)</u>              | <u>(3,678)</u>              |
| Net Cash Outflow before Financing                      | <u>(13,245)</u>             | <u>(14,403)</u>             |
| <b>FINANCING</b>                                       |                             |                             |
| Share Capital Subscribed                               | 504                         | 313                         |
| Repayment of Loans                                     | (26,769)                    | (58,049)                    |
| Proceeds from Borrowings                               | 41,162                      | 76,488                      |
| Capital Element of Finance Lease Rentals               | (360)                       | (287)                       |
|  | <u>14,537</u>               | <u>18,465</u>               |
| <b>Increase in cash in year</b>                        | <u>1,292</u>                | <u>4,062</u>                |

**MC INERNEY HOLDINGS PLC**  
**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**  
**For the year ended 31 December 2004**

|   | <b>2004</b><br><b>€'000</b> | <b>2003</b><br><b>€'000</b> |
|---|-----------------------------|-----------------------------|
| <b>Increase in cash in year</b>                       | 1,292                       | 4,062                       |
| Cash inflow from increase in debt and lease financing | (14,029)                    | (18,152)                    |
| Changes in net debt resulting from cashflows          | <u>(12,737)</u>             | <u>(14,090)</u>             |
| Loans acquired with subsidiary undertaking            | (3,066)                     | -                           |
| New finance leases                                    | (670)                       | (298)                       |
| Movement in net debt for the year                     | <u>(16,473)</u>             | <u>(14,388)</u>             |
| Net debt as at 1 January 2004                         | <u>(73,057)</u>             | <u>(58,669)</u>             |
| Net debt as at 31 December 2004                       | <u>(89,530)</u>             | <u>(73,057)</u>             |

**MC INERNEY HOLDINGS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 31 December 2004

**SEGMENTAL INFORMATION**

| <b>Segmental Analysis of Turnover and Profit</b>             |                        | <b>2004</b>    | <b>2003</b>    |
|--|------------------------|----------------|----------------|
|  |                        | <b>€'000</b>   | <b>€'000</b>   |
| <b>Group Turnover</b>  |                        |                |                |
| Ireland:   | Private Housing        | 223,975        | 183,164        |
|  | Developed Sites & Land | 4,889          | 17,230         |
|  | Contracts              | 23,898         | 31,068         |
|  | Commercial             | 5,694          | 14,217         |
|  | Commercial Land        | 7,916          | -              |
| Spain:   | Leisure                | 10,030         | 31,684         |
|  | Land                   | 2,840          | -              |
| United Kingdom:  | Private Housing        | 85,257         | 59,328         |
|  | Contracts              | 16,958         | 15,811         |
|  | Commercial             | 7,350          | -              |
| Total Group Turnover including Group Share of Joint Ventures |                        | <u>388,807</u> | <u>352,502</u> |
| <b>Profit before Interest &amp; Taxation</b>                 |                        |                |                |
| Ireland:   | Private Housing        | 30,675         | 22,275         |
|  | Developed Sites & Land | 921            | 3,552          |
|  | Contracts              | 3,406          | 2,154          |
|  | Commercial             | 3,253          | 1,816          |
|  | Commercial Land        | 1,081          | -              |
| Spain:   | Leisure                | 1,209          | 2,342          |
|  | Land                   | 1,218          | -              |
| United Kingdom:  | Private Housing        | 12,927         | 7,671          |
|  | Contracts              | 125            | 26             |
|  | Commercial             | 377            | -              |
| Segment Profits  |                        | <u>55,192</u>  | <u>39,836</u>  |
| Common Costs   |                        | (4,401)        | (3,541)        |
| Goodwill   |                        | (1,011)        | (780)          |
| Net Interest Payable   |                        | <u>(9,038)</u> | <u>(7,058)</u> |
| <b>Profit Before Taxation</b>                                |                        | <u>40,742</u>  | <u>28,457</u>  |

| <b>Segmental Analysis of Net Assets</b> |  | <b>2004</b>     | <b>2003</b>     |
|---|--|-----------------|-----------------|
|   |  | <b>€'000</b>    | <b>€'000</b>    |
| <b>Business Sectors</b>                 |  |                 |                 |
| Irish Housing                           |  | 71,045          | 71,942          |
| Leisure                                 |  | 33,970          | 24,854          |
| Commercial                              |  | 26,374          | 33,250          |
| UK Housing                              |  | <u>83,423</u>   | <u>37,373</u>   |
| Net Operating Assets                    |  | 214,812         | 167,419         |
| Unallocated Liabilities                 |  | <u>(4,830)</u>  | <u>(2,987)</u>  |
| Net Borrowings                          |  | <u>209,982</u>  | <u>164,432</u>  |
|   |  | <u>(88,806)</u> | <u>(72,640)</u> |
| Total Net Assets                        |  | <u>121,176</u>  | <u>91,792</u>   |

**Comparative Figures**

Comparative figures have been reclassified on a basis consistent with the current year.