

Wednesday, 10th May 2005

CHAIRMAN'S STATEMENT ANNUAL GENERAL MEETING

It is a pleasure to report that the Group again recorded a strong operational performance in 2005. Pre tax profits were €50.06m, an increase of 26% on the 2004 full year result. Earnings per share also rose by 16% to 124.01 cent. Subject to confirmation at this meeting, the total dividend will have increased by 33% to 24 cent per share.

In 2005 each operating division delivered an increase in output and profits. In particular, our product mix targeted at market segments offering greatest demand resulted in very favourable performances in our housing businesses in Ireland and the UK.

Our focus on achieving strong growth in the UK was successful. We significantly geared up this business operationally during 2005. It resulted in an increase in sales output of 32% - and this was within a market that was deemed to be generally slower than the previous year.

Our housing activities now span across the North of England. Our recent acquisition of Augusta Developments in February 2006 has further added to our geographic expansion in the UK. It gives us access to a new territory and a new market segment. It provides the Group with an operational foothold in the South Midlands to grow our business, as well as access to the UK's significant social housing market. In addition, a West Midlands Division has been established based in Wolverhampton. It will also add to output in 2007. Our operations cover the North West, the North East, Yorkshire, and now also the West Midlands and the South Midlands regions.

Dividend

The Board's objective to incorporate a more progressive dividend policy is largely achieved. A final dividend of 15 cent gross per share is proposed which will result in a total dividend of 24 cent per share. This equates to a dividend cover of five times, which will be sustained in line with earnings growth.

Operations

Our operational performance in 2005 resulted in our three housing businesses completing a total of 1,831 private homes. This is an increase of 13% on the 2004 performance, when 1,614 units were completed. Our commercial operations recorded a strong increase in sales output with 15,339 square metres completed as compared with 8,289 square metres in 2004.

Ireland: Fundamentals impacting on our Irish housing business continued to be positive in 2005. The Group's Irish house building business increased its profits by 28% in 2005. It delivered a record 1,138 private home completions. Market demand remains robust. For the full year of 2006, we expect to deliver a level of units comparable to last year. We are currently operating across 33 sites around the country. Our landbank of 4,700 plots is regionally well spread.

We continue to expand into new regions where housing demand is good. We recently acquired new housing sites in Macroom where development has commenced; Athlone where a planning application has been lodged and Athy where a planning application will shortly be made.

Strong market demand for Irish housing shows no sign of diminishing. It is expected that this demand will continue, boosted by employment, demographics and inward migration. We remain well positioned to capitalise on these trends.

Our commercial division, Hillview Developments sold over 14,000 square metres of industrial units in Ireland as compared to 4,666 square metres in 2004. Demand for its product also remains good and two new sites have been secured in North West Dublin.

The Irish contracting business performed strongly in 2005. It has secured a significant amount of business growth. The order book of over €130m compares to €42m last year. The bulk of this order book - some 60% - are housing related contracts. We anticipate a favourable uplift in revenue from this business in 2006.

UK: At last year's AGM, I stated that we had built a platform for growth in the UK and had strong ambitions for further growth. 2005 saw good progress on all fronts and this has continued into 2006. We increased our unit sales to 658 in 2005 up from 500 in 2004. Profits grew by 35% to €17m.

We also achieved our ambition of strategic organic growth. We are now operating on six housing sites in Yorkshire. We have secured our first site in the West Midlands. We have augmented our landbank from 1,950 plots in 2004 to 2,350 plots at year end.

Our UK housing business will continue to target its products to the more affordable end of the market. We are experiencing increased demand across all our UK regions since last autumn and would expect to see a substantial increase in unit completions in 2006. Our UK business will operate from 41 housing sites during 2006.

The UK management team continues to be augmented at regional, financial and technical levels to sustain growth. This broadened base will enable the Group to generate significant revenue and profit growth going forward. This business offers considerable growth potential for the future.

Hillview Developments, the commercial division continued to expand its operations in the UK in 2005. Last year, it completed 1,122 square metres of industrial units. It currently operates across three sites in Croydon, Chesham and Watford. These sites will give us good growth in output in 2006.

Spain: Our operations based in Marbella, Spain delivered 35 units in 2005 as compared to 13 units in 2004. It contributed €5m in profits in 2005 - an increase from €2.3m in 2004. We are continuing to gear up our freehold activities in the region and recently purchased a new site with planning consent at El Cortesin, near Estepona, within a quality golfing estate.

Our two additional sites at Sotogrande and Mijas remain at various stages of the planning process, primarily due to revisions in the Spanish planning legislation.

We have a good level of sales on hand and confidently expect another good year of earnings in Spain in 2006.

Conclusion

In essence, we are reporting strong demand across all our businesses. Market conditions remain favourable and each business is well placed to provide continued revenue growth going forward.

We anticipate the Group performing solidly in 2006, delivering significant growth in unit numbers, revenues and earnings.

Ned Sullivan, 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).