

Thursday, 23<sup>rd</sup> February 2006

## **McINERNEY HOLDINGS PLC PRELIMINARY ANNOUNCEMENT**

### **Financial Results for the Year ended 31 December 2005**

The McInerney Group achieved solid growth in the year to end December 2005.

Key highlights include:

- Pre tax profits increased by 26%
- Earnings per share increased by 16%
- Dividend increased by 33%
- UK unit output increased by 32%

#### **Financial Highlights**

The year under review has shown further solid progress. The Directors are pleased to report an increase in basic earnings per share of 16% to 124.01 cent, as compared to 106.50 cent in 2004. Pre-tax profits increased by 26% to €50.06m compared to the 2004 result of €39.59m. Profit after tax for the year was €41.10m compared with €35.03m for the full year in 2004, an increase of 17%.

#### **Dividend**

The Board proposes to pay a final dividend of 15 cent gross per share. Subject to confirmation at the Annual General Meeting on 10<sup>th</sup> May 2006, this final dividend will be paid to shareholders on 12<sup>th</sup> May 2006. Combined with the interim dividend of 9 cent gross, this provides a total of 24 cent per share for the year. The dividend cover is now circa 5 times relative to basic earnings per share.

#### **Operational Highlights**

Favourable performances were reported across the Group's three core regions of Ireland, the UK and Spain. The Group completed a total of 1,831 private homes in 2005. This compares to 1,614 in 2004 and is an increase of 13%. In particular, the UK's operations recorded a 32% volume increase in a market that was generally slow in 2005. This leaves us operationally well positioned for 2006. In Ireland, the owner-occupier market continued to demonstrate strong product demand. Volume in our commercial business was 15,339 sq m an increase of 85% on the 8,289 sq m achieved in 2004.

The Directors are particularly pleased with the significant momentum that has been achieved in the scale of the Group's operations in terms of geographic spread and output since our ambitious expansion plans began a number of years ago. From a start up in 1999, the Group has established a strong regional presence across the North of England.

**Ireland:** The Irish house building operation delivered strong volumes. There were 1,138 private home completions in 2005, compared to 1,101 in 2004. Market indications, demographics and predicted inward migration all suggest that the current buoyancy of the housing market is set to continue. The Group is comfortable that the level of output from this business will be sustained going forward. To support this level of output, the Group currently has 4,700 plots in its Irish land bank, of which 50% have planning permission and the balance are residentially zoned. In addition, the Group holds land with potential for circa 1,600 longer term plots.

The Group's commercial division, Hillview Securities, recorded an excellent year in 2005 completing 14,217 sq m of industrial units in Ireland as compared to 4,666 sq m in 2004.

In addition, the Irish contracting business demonstrated strong uplift in 2005. The order book on hand is €129 million compared to €23 million a year ago providing an order book extending into 2007. Some 66% of this is housing related.

**UK:** Significant progress was accomplished in the Group's UK growth plan in 2005. Housing output increased by 32% with 658 private home completions in 2005, compared with 500 in 2004.

In addition, strategic regional expansions were undertaken. The Yorkshire base, established in 2005, will contribute to 2006 earnings with output planned of some 90 units. A West Midlands Director was appointed at the start of 2006, as part of the Group's strategy for further growth in 2007.

In tandem, progressive land bank enlargement has taken place with 2,350 plots now controlled and a further 450 plots close to finalisation.

The Group now has a strong presence across the North of England and a growth strategy is being put in place to develop a presence in the Midlands. The acquisition of Augusta Developments, a niche player based in Milton Keynes, opens up the opportunity for further expansion and product diversification. The division is well placed to achieve further growth going forward.

The commercial operations also delivered a solid performance with the completion of 1,122 sq m of industrial/business units in its UK operations compared to 3,623 sq m in 2004. Based on reservations on hand, output levels should rise significantly in 2006.

**Spain:** The Spanish business delivered 35 units in 2005 compared to 13 units in 2004. A new site with planning consent at El Cortesin golf urbanisation near Estepona, was recently secured. It has planning consent for up to 45 private units. The Spanish business has a significant and valuable land bank to provide strong growth potential in the medium term.

### **Outlook**

The fundamentals and dynamics affecting both the Irish and UK housing markets offer good potential for the Group. Each subsidiary is strategically positioned geographically, with an appropriate product portfolio to provide continued revenue growth going forward.

We expect our focused strategy to continue to deliver growth in 2006.

Ned Sullivan  
Chairman

**ENDS**

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**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 31 December 2005**

	<b>Year ended 31/12/2005 €'000</b>	<b>Year ended 31/12/2004 €'000 (Restated)</b>
<b>Continuing Operations</b>		
Revenue	489,098	373,359
Cost of Sales	<u>(394,478)</u>	<u>(302,272)</u>
Gross Profit	94,620	71,087
Administrative Expenses	(33,458)	(28,437)
Share of Results from Joint Ventures	(21)	5,754
	<u>61,141</u>	<u>48,404</u>
Profit from Operations	61,141	48,404
Investment Income	421	437
Finance Costs	(11,502)	(9,253)
	<u>50,060</u>	<u>39,588</u>
Profit before Tax	50,060	39,588
Tax	<u>(8,963)</u>	<u>(4,560)</u>
Profit for the Year from Continuing Operations	41,097	35,028
Dividends	<u>(6,629)</u>	<u>(4,273)</u>
Retained Profit for the Year	<u>34,468</u>	<u>30,755</u>
Profit attributable to Equity Holders of the Parent	<u>41,097</u>	<u>35,028</u>
<b>Earnings Per Share</b>		
From Continuing Operations:		
Basic	124.01	106.50
Diluted	118.66	101.55

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2005**

	<b>31/12/2005</b> <b>€'000</b>	<b>31/12/2004</b> <b>€'000</b> <b>(Restated)</b>
<b>Non-Current Assets</b>		
Goodwill	22,390	21,744
Property, Plant & Equipment	6,188	6,241
Investment Property	183	5,509
Interests in Joint Ventures	4,660	6,854
Deferred Tax Assets	318	1,170
Assets Classified as held for Sale	2,750	-
	<u>36,489</u>	<u>41,518</u>
<b>Current Assets</b>		
Inventories	333,241	266,058
Trade & Other Receivables	52,044	44,118
Cash & Cash Equivalents	62,056	26,670
	<u>447,341</u>	<u>336,846</u>
<b>Total Assets</b>	<u>483,830</u>	<u>378,364</u>
<b>Current Liabilities</b>		
Trade & Other Payables	131,633	127,872
Retirement Benefit Obligation	422	421
Tax Liabilities	15,795	9,116
Obligations under Finance Leases	395	316
Bank Loans & Overdrafts	106,058	58,433
	<u>254,303</u>	<u>196,158</u>
<b>Net Current Assets</b>	<u>193,038</u>	<u>140,688</u>
<b>Non-Current Liabilities</b>		
Bank Loans	66,990	57,043
Retirement Benefit Obligation	1,358	1,676
Deferred Tax Liabilities	2,303	2,284
Other Payables	3,649	1,814
Obligations under Finance Leases	412	408
	<u>74,712</u>	<u>63,225</u>
<b>Total Liabilities</b>	<u>329,015</u>	<u>259,383</u>
<b>Net Assets</b>	<u>154,815</u>	<u>118,981</u>
<b>EQUITY</b>		
Share Capital	4,145	4,140
Capital Conversion Reserve Fund	62	62
Share Premium Account	17,180	17,113
Equity Reserve	674	298
Hedging & Translation Reserves	(1,524)	(2,269)
Retained Earnings	134,278	99,637
	<u>154,815</u>	<u>118,981</u>
<b>Total Equity and Liabilities</b>	<u>483,830</u>	<u>378,364</u>

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2005

	Year ended 31/12/2005 €'000	Year ended 31/12/2004 €'000 (Restated)
Profit from Operations	61,141	48,404
Adjustments for:		
Depreciation of Property, Plant & Equipment	1,952	2,411
Share of Results from Joint Ventures	21	(5,754)
Provision for Fair Value of Share Based Payments	376	298
Profit on disposal of Tangible Assets	(48)	(205)
Pension Service Costs	281	468
Operating Cash Flows before movements in Working Capital	<u>63,723</u>	<u>45,622</u>
Increase in Inventories	(63,267)	(30,320)
Increase in Receivables	(3,233)	(9,843)
Increase in Payables	9,752	16,400
Cash Generated by Operations	<u>6,975</u>	<u>21,859</u>
Taxation Paid	(7,625)	(4,536)
Interest Paid	(10,747)	(7,643)
NET CASH FROM OPERATING ACTIVITIES	<u>(11,397)</u>	<u>9,680</u>
INVESTING ACTIVITIES		
Interest Received	134	325
Dividends Received from Joint Ventures	2,000	1,900
Loans advanced to Joint Ventures	(9,270)	(9,202)
Loans repaid from Joint Ventures	5,267	1,078
Proceeds on disposal of Property, Plant & Equipment	195	410
Purchases of Property, Plant & Equipment	(1,735)	(1,773)
Employer Contributions to Pension Scheme	(421)	(438)
Acquisition of Subsidiary	-	(10,952)
NET CASH USED IN INVESTING ACTIVITIES	<u>(3,830)</u>	<u>(18,652)</u>
FINANCING ACTIVITIES		
Dividends Paid	(6,629)	(4,273)
Share Capital Subscribed	72	504
Repayments of Borrowings	(80,183)	(26,884)
Repayments of Obligations under Finance Leases	(460)	(360)
New Bank Loans Raised	135,894	41,047
Increase / (Decrease) in Bank Overdrafts	258	(1,057)
NET CASH FROM FINANCING ACTIVITIES	<u>48,952</u>	<u>8,977</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,725	5
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	26,670	26,435
Effect of Foreign Exchange Rate Changes	1,661	230
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank Balances and Cash	<u><u>62,056</u></u>	<u><u>26,670</u></u>

**MC INERNEY HOLDINGS PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**For the year ended 31 December 2005**

**Business and geographical segments**

The Group operates in three countries, Ireland, the UK and Spain. The principal activities of the Group are Private Housing, Contracting, Commercial and Leisure. The Leisure activities are divided into Club Management and Freehold sales. Land sales are also a part of each business segment. These divisions are the basis on which the Group reports its primary segment information.

REVENUE	31/12/2005			31/12/2004		
	External Sales €'000	Inter-Segment Sales €'000	Total Revenue €'000	External Sales €'000	Inter-Segment Sales €'000	Total Revenue €'000
<i>Ireland:</i>						
Private Housing	244,575	-	244,575	223,975	-	223,975
Developed Sites & Land	1,951	-	1,951	4,889	-	4,889
Construction Contracts	47,293	16,615	63,908	23,898	-	23,898
Commercial	21,134	-	21,134	5,694	-	5,694
Commercial Land	2,667	-	2,667	7,916	-	7,916
	<u>317,620</u>	<u>16,615</u>	<u>334,235</u>	<u>266,372</u>	<u>-</u>	<u>266,372</u>
<i>UK:</i>						
Private Housing	123,087	-	123,087	85,257	-	85,257
Developed Sites & Land	13,543	-	13,543	-	-	-
Construction Contracts	17,596	952	18,548	16,958	-	16,958
Commercial	2,026	-	2,026	7,350	-	7,350
	<u>156,252</u>	<u>952</u>	<u>157,204</u>	<u>109,565</u>	<u>-</u>	<u>109,565</u>
<i>Spain:</i>						
Club Management	3,461	-	3,461	3,618	-	3,618
Leisure Freehold	12,446	-	12,446	6,412	-	6,412
Developed Sites & Land	751	-	751	2,840	-	2,840
	<u>16,658</u>	<u>-</u>	<u>16,658</u>	<u>12,870</u>	<u>-</u>	<u>12,870</u>
Eliminations	<u>(1,432)</u>	<u>(17,567)</u>	<u>(18,999)</u>	<u>(15,448)</u>	<u>-</u>	<u>(15,448)</u>
Total Revenue	<u>489,098</u>	<u>-</u>	<u>489,098</u>	<u>373,359</u>	<u>-</u>	<u>373,359</u>

Inter-segment sales are tendered for on an arm's length basis to ensure cost efficiencies. The contract sum is agreed at cost plus a commercial margin.

**SEGMENT RESULTS**

	<u>31/12/2005</u>			<u>31/12/2004</u>		
	Group Subsidiaries €'000	Joint Ventures €'000	Total Segment €'000	Group Subsidiaries €'000	Joint Ventures €'000	Total Segment €'000
<i>Ireland:</i>						
Private Housing	37,686	(21)	37,665	25,785	3,701	29,486
Developed Sites & Land	749	-	749	921	-	921
Construction Contracts	1,564	-	1,564	3,406	-	3,406
Commercial	4,572	-	4,572	1,200	2,053	3,253
Commercial Land	275	-	275	1,081	-	1,081
	<u>44,846</u>	<u>(21)</u>	<u>44,825</u>	<u>32,393</u>	<u>5,754</u>	<u>38,147</u>
<i>UK:</i>						
Private Housing	12,447	-	12,447	12,176	-	12,176
Developed Sites & Land	4,135	-	4,135	-	-	-
Construction Contracts	361	-	361	125	-	125
Commercial	153	-	153	377	-	377
	<u>17,096</u>	<u>-</u>	<u>17,096</u>	<u>12,678</u>	<u>-</u>	<u>12,678</u>
<i>Spain:</i>						
Club Management	1,295	-	1,295	823	-	823
Leisure Freehold	3,500	-	3,500	267	-	267
Developed Sites & Land	260	-	260	1,218	-	1,218
	<u>5,055</u>	<u>-</u>	<u>5,055</u>	<u>2,308</u>	<u>-</u>	<u>2,308</u>
<b>Total Segment Results</b>	<b><u>66,997</u></b>	<b><u>(21)</u></b>	<b><u>66,976</u></b>	<b><u>47,379</u></b>	<b><u>5,754</u></b>	<b><u>53,133</u></b>
<b>A summary of the above results by activity is as follows:</b>						
Private Housing	50,133	(21)	50,112	37,961	3,701	41,662
Developed Sites & Land	5,419	-	5,419	3,220	-	3,220
Construction Contracts	1,925	-	1,925	3,531	-	3,531
Commercial	4,725	-	4,725	1,577	2,053	3,630
Club Management	1,295	-	1,295	823	-	823
Leisure Freehold	3,500	-	3,500	267	-	267
<b>Total Segment Results</b>	<b><u>66,997</u></b>	<b><u>(21)</u></b>	<b><u>66,976</u></b>	<b><u>47,379</u></b>	<b><u>5,754</u></b>	<b><u>53,133</u></b>
Common Costs			<u>(5,835)</u>			<u>(4,729)</u>
Profit from Operations			61,141			48,404
Investment Income			421			437
Finance Costs			<u>(11,502)</u>			<u>(9,253)</u>
Profit Before Tax			50,060			39,588
Tax			<u>(8,963)</u>			<u>(4,560)</u>
Profit After Tax			<u><u>41,097</u></u>			<u><u>35,028</u></u>

## BALANCE SHEET

	<u>31/12/2005</u>			<u>31/12/2004</u>		
	Assets €'000	Liabilities €'000	Nett Assets €'000	Assets €'000	Liabilities €'000	Nett Assets €'000
<i>Ireland:</i>						
Private Housing	173,004	(89,689)	83,315	148,153	(79,222)	68,931
Commercial	9,397	(857)	8,540	18,038	(1,165)	16,873
	<u>182,401</u>	<u>(90,546)</u>	<u>91,855</u>	<u>166,191</u>	<u>(80,387)</u>	<u>85,804</u>
<i>UK:</i>						
Private Housing	161,287	(32,071)	129,216	110,279	(26,348)	83,931
Commercial	24,899	(523)	24,376	10,245	(744)	9,501
	<u>186,186</u>	<u>(32,594)</u>	<u>153,592</u>	<u>120,524</u>	<u>(27,092)</u>	<u>93,432</u>
<i>Spain:</i>						
Club Management	8,741	(4,022)	4,719	19,581	(4,453)	15,128
Leisure Freehold	43,045	(19,112)	23,933	43,675	(27,230)	16,445
	<u>51,786</u>	<u>(23,134)</u>	<u>28,652</u>	<u>63,256</u>	<u>(31,683)</u>	<u>31,573</u>
Total Operating Assets / (Liabilities)	420,373	(146,274)	274,099	349,971	(139,162)	210,809
Total Cash / (Bank Borrowings)	62,056	(173,048)	(110,992)	26,670	(115,476)	(88,806)
Unallocated Assets / (Liabilities)	1,401	(9,693)	(8,292)	1,723	(4,745)	(3,022)
	<u>483,830</u>	<u>(329,015)</u>	<u>154,815</u>	<u>378,364</u>	<u>(259,383)</u>	<u>118,981</u>

These preliminary results do not constitute statutory accounts. The Auditors have reviewed the financial information set out on pages 3 to 8 for the year ended 31 December 2005 as part of their year end audit process and have agreed the information as presented. The 2005 financial results have been prepared in accordance with the Group's accounting policies under International Financial Reporting Standards (IFRS). The comparative figures for 2004 have been restated to reflect the Group's adoption of IFRS.