

CHAIRMAN'S STATEMENT ANNUAL GENERAL MEETING

The Group again recorded a strong operating and financial performance in 2006. At the operating level total unit completions, both public and private, were 2,372, an increase of 18% on the 2005 result. Private house completions in our UK business almost equalled the Irish completions figure.

Pre-tax profits were almost €58m, an increase of 16% on the 2005 full year result. Basic Earnings per share rose to 145.85 cent, an increase of 18%.

Subject to confirmation at this meeting the total dividend will have increased by 17% to 28 cent per share.

A key ingredient to our success, and in our ability to deliver continued growth into the future, is the Group's deliberate focus on an appropriate product mix for individual market circumstances.

Ireland

In 2006 our average house price in Ireland, including VAT was €285,000. Indeed 70% of our product in Ireland was at a price less than €300,000 with 80% priced less than €350,000. Our strategy has always been to provide affordable homes of good quality at affordable locations. Our product is aimed primarily at first time buyers and owner occupiers.

Combined with the demographic factors in Ireland, this will support good demand into the future for our product at our various locations throughout the country.

While there is cautiousness on the part of purchasers at present, demand for our product is steady.

England

In the UK our average house price in 2006 was STG£140,000. Some 70% of our homes were priced below STG €150,000 with over 80% below STG£200,000.

To date this year, net reservations from our housing sites in England have been running at a level roughly 35% higher than the same period last year.

Our target will be to achieve a significant increase in volume output in the UK in 2007. The planned strong augmentation of our land bank should position us for further growth in 2008.

The acquisition of Bowey Homes in August 2006, and the recent acquisition of Lancing Homes in February 2007 significantly increased our operational capability in the UK. The Directors intend to continue to pursue a strategy of expansion in England both organically and by further acquisitions.

The operational footprint we now occupy in England contains a population of over 20 million people. The Directors believe that the strategy of focussing our primary growth energies on the English market will continue to yield substantial results in the coming years.

Other Businesses

In relation to our two smaller operations, Hillview and Alanda, I would like to comment as follows. Hillview Developments continues to experience good demand and is trading steadily at its sites in the Dublin and London regions. While the market in Spain is generally slow this year, the Directors expect a positive result from our Spanish business this year.

Capital Raising

The Group achieved significant growth in the period from 1999 to 2006 without recourse to shareholders. Shareholders will be aware that the Directors considered it appropriate to raise additional capital earlier this year. The Rights Issue was well received with a 95% take up, including the McInerney management team.

The proceeds of the Rights Issue are intended for further accelerated development of our UK business. Part of the proceeds has already been used to purchase Lancing Homes, and invested in land bank expansion in the UK.

The Rights Issue leaves us in a strong position to continue to pursue an aggressive growth strategy in England in coming years in line with our stated objectives.

Dividend

Our strategy of achieving a dividend cover of roughly 5 times was achieved last year. Accordingly, the Directors propose a final dividend of 18 cent gross per share to result in a total dividend of 28 cent per share. This equates to a dividend cover of 5 times. Subject to approval at this Annual General Meeting the dividend will be paid to shareholders this coming Friday 11th May.

Shareholders should note that the dividend will be paid on the share capital in existence prior to the Rights Issue.

Conclusion

Demand for our product in Ireland is steady. Strong sales are being achieved in the UK and significant growth is anticipated. We anticipate the Group performing solidly in 2007 delivering further growth in unit output, revenues and earnings.

As is routine practice, the text of this script you have just heard is also being released to the Stock Exchange today.

Ned Sullivan
Chairman

ENDS

FOR INFORMATION:

Avril Collins
Weber Shandwick

Tel: (01) 676 01 68
086 3964368