

Thursday, 6<sup>th</sup> March 2008

**MCINERNEY HOLDINGS PLC**  
(‘McInerney’ or the ‘Group’)  
**Preliminary Announcement of Financial Results**  
**For Year Ended 31 December 2007**

**Highlights:**

- Pre tax profit €58 million.
- Strong performance in the UK with Sterling EBIT advancing by 20%.
- Delivering total of 2,414 private and contract residential units in more challenging market conditions (2006: 2,372)
- Rights Issue proceeds invested to secure further growth in UK

The Directors report pre tax profits of €58.093 million for the year ended 31 December 2007 (2006: €57.998 million). Basic earnings per share were 23.9 cent (2006: 28.04\*cent) in 2007. Profit after tax for the year was €47.910 million (2006: €48.621 million).

**Operational Highlights**

The Group delivered a solid result in 2007, despite more challenging conditions in the Irish market in the second half of the year. Significant profits were realised from the disposal of a number of non-core land holdings.

The Group’s continued focus on expanding its UK division made excellent progress with increased units and economies of scale achieved. The Group undertook the acquisition of Lancing Homes in the UK North East in early 2007. This operation is now fully integrated and contributed immediately to earnings.

Our Irish housing division achieved a good result within a market experiencing cautious consumer sentiment and tightening of mortgage accessibility.

**Dividend**

The Board recommends a final dividend for the year ended 31 December 2007 of 3 cent gross per share, payable to shareholders on the register at the close of business on 14 March 2008. Subject to confirmation at the AGM on 15 May 2008, this final dividend will be paid to shareholders on 16 May 2008. This brings the total dividend for the year to 6 cent (2006: 5.6\* cent).

**UK:** We continue to make strong progress in the UK house building division. An EBIT of €26.4 million (£18.5 million) (2006: €21.1 million; £14.3 million) was achieved on a turnover of €317.3 million. Private housing profit increased 56% on an output growth of 43%. Our output of 1,400 units in 2007 (2006: 980), positions the Group as one of the leading regional house builders in the North and Midlands of England. Average unit prices of €190,000 (£140,000) were stable reflecting our strategy of focussing on affordable product.

Our land bank, and thus pipeline for growth is strong. We have control over 4,300 plots as at 31 December 2007, of which circa 3,900 have detailed or outline planning, enabling us to again target an increase in output in 2008.

On the commercial front, Hillview Developments, delivered a solid performance with the completion of 4,440 metres of industrial units (2006: 7,476 sq. metres).

**Ireland:** The Irish house building operation recorded a turnover of €281.8 million and EBIT of €53.6 million (2006: €51.6 million). Our interim statement indicated that unit completions were anticipated to be short of our target of 850 and 594 were completed in 2007 [2006: 1,025]. Market conditions in the final quarter of the year were difficult, with consumer confidence low and personal credit restrictions being felt for the first time in recent years. Our average unit price remained robust at €297,000.

Our Irish land bank comprised circa 4,500 plots as at 31 December 2007 of which over 2,100 had planning permission.

Our land bank strategy is focussed on return on capital employed through the purchase of land for development and the disposal of tracts surplus to requirements. We again profitably disposed of non core land in 2007.

The Group's commercial division, Hillview Developments completed 8,758 sq. metres in Ireland in 2006 compared to 5,632 sq. metres in 2006.

The Irish contracting business had a turnover of €93 million achieved on 391 housing unit completions. The order book on hand is €100 million (2006: €156 million).

**Spain:** The Spanish market experienced deteriorating market conditions in 2007. We completed 29 units in 2007 (2006: 53). Our landbank in Spain is strong but demand is slow.

### **Outlook**

In the UK the undersupply of new homes and the recent Government initiatives to remove constraints, underscore the potential for substantial housing output increases. We are well positioned through our regional spread and product mix to significantly benefit from this.

In Ireland, underlying demand is being demonstrated by high visitor levels. However, consumer confidence is currently a restraining factor. The response by the housing industry in cutting output, combined with strong underlying demand is likely to preserve the positive fundamentals of the Irish housing market in our view.

This year our markets will be dominated by sentiment, as well as the credit and interest rate environment. Our business is adjusting to negative external factors. The logical approach is to be cautious in this environment. However, we anticipate that in due course the underlying positive fundamentals of our business will take precedence. Current supply constraints will fundamentally favour our business in the medium term and demand across all our markets is positive for the future. Our business model will serve us well in this process as market conditions improve.

### **Ned Sullivan Chairman**

\* Comparative EPS and Dividend figures have been adjusted to allow for the 5 for 1 share split of May 2007.

**ENDS**

### **FOR INFORMATION:**

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### **Preliminary Financial Results for the Year Ended 31 December 2006**

**MCINERNEY HOLDINGS PLC  
CONSOLIDATED INCOME STATEMENT  
For the year ended 31 December 2007**

<b>Year ended 31/12/2007</b>	<b>Year ended 31/12/2006</b>
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	€'000	€'000
<b>Continuing Operations</b>		
Revenue	632,789	630,064
Cost of Sales	(501,460)	(507,484)
Gross Profit	<u>131,329</u>	<u>122,580</u>
Administrative Expenses	(56,375)	(49,303)
Share of Results from Joint Ventures	1,112	1,064
Profit from Operations	<u>76,066</u>	<u>74,341</u>
Investment Income	1,450	570
Finance Costs	(19,423)	(16,913)
Profit before Tax	<u>58,093</u>	<u>57,998</u>
Tax	(10,183)	(9,377)
Profit attributable to Equity Holders of the Parent	<u>47,910</u>	<u>48,621</u>

#### **Earnings Per Share**

From Continuing Operations:

Basic	23.94	28.04
Diluted	23.33	27.03

### **MCINERNEY HOLDINGS PLC CONSOLIDATED BALANCE SHEET As at 31 December 2007**

	31/12/2007 €'000	31/12/2006 €'000
<b>Non-Current Assets</b>		
Goodwill	51,811	49,485
Property, Fixtures & Equipment	12,584	7,544
Interests in Joint Ventures	7,015	3,877
Deferred Tax Assets	1,015	1,696
	<u>72,425</u>	<u>62,602</u>
<b>Current Assets</b>		
Inventories	520,320	442,093
Trade & Other Receivables	121,506	68,230
Cash & Cash Equivalents	80,459	84,382
Assets Classified as held for Sale	504	1,507
	<u>722,789</u>	<u>596,212</u>
<b>Total Assets</b>	795,214	658,814
<b>Current Liabilities</b>		
Trade & Other Payables	160,266	142,178

Retirement Benefit Obligation	420	345
Tax Liabilities	9,646	19,225
Provisions	3,665	2,500
Obligations under Finance Leases	365	398
Bank Loans & Overdrafts	59,343	42,106
	<hr/>	<hr/>
	233,705	206,752
<b>Net Current Assets</b>	489,084	389,460
<b>Non-Current Liabilities</b>		
Bank Loans	241,266	238,230
Retirement Benefit Obligation	614	1,039
Deferred Tax Liabilities	4,685	2,296
Provisions	3,551	4,007
Other Payables	460	4,531
Obligations under Finance Leases	607	477
	<hr/>	<hr/>
	251,183	250,580
<b>Total Liabilities</b>	484,888	457,332
<b>Net Assets</b>	310,326	201,482
	<hr/>	<hr/>
<b>EQUITY</b>		
Share Capital	5,036	4,173
Capital Conversion Reserve Fund	62	62
Share Premium Account	101,039	17,484
Other Reserves	(880)	2,328
Hedging & Translation Reserves	(6,437)	2,504
Retained Earnings	211,506	174,931
	<hr/>	<hr/>
	310,326	201,482
	<hr/>	<hr/>
<b>Total Equity and Liabilities</b>	795,214	658,814

**MCINERNEY HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 December 2007

	<b>Year ended 31/12/2007 €'000</b>	<b>Year ended 31/12/2006 €'000</b>
Profit from Operations	76,066	74,341
Adjustments for:		
Depreciation	2,556	2,340
Share of Results from Joint Ventures	(1,112)	(1,064)
Provision for Fair Value of Share Based Payments	525	591
(Profit) / Loss on disposal of Tangible Assets	(580)	10
Pension Service Costs	502	420

Increase in Provisions	709	1,006
Operating Cash Flows before movements in Working Capital	78,666	77,644
Increase in Inventories	(57,504)	(66,948)
Increase in Receivables	(57,534)	(7,595)
(Decrease) / Increase in Payables	(9,677)	5,423
Cash Generated by Operations	(46,049)	8,524
Taxation Paid	(8,451)	(12,148)
Interest Paid	(19,019)	(16,056)
<b>Net Cash from Operating Activities</b>	<b>(73,519)</b>	<b>(19,680)</b>
<b>INVESTING ACTIVITIES</b>		
Interest Received	982	187
Dividends Received from Joint Ventures	-	1,976
Loans advanced to Joint Ventures	(798)	(5,030)
Loans repaid from Joint Ventures	4,865	351
Proceeds on disposal of Property, Fixtures & Equipment	1,371	250
Purchases of Property, Fixtures & Equipment	(8,404)	(3,157)
Employer Contributions to Pension Scheme	(420)	(346)
Acquisition of Subsidiary	(28,188)	(38,133)
<b>Net Cash used in Investing Activities</b>	<b>(30,592)</b>	<b>(43,902)</b>
<b>FINANCING ACTIVITIES</b>		
Dividends Paid	(12,064)	(8,343)
Share Capital Subscribed	84,418	332
Repayments of Borrowings	(107,717)	(106,929)
Repayments of Obligations under Finance Leases	(484)	(630)
New Bank Loans Raised	139,113	198,789
(Decrease) / Increase in Bank Overdrafts	(2,125)	1,047
<b>Net Cash from Financing Activities</b>	<b>101,141</b>	<b>84,266</b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,970)	20,684
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	84,382	62,056
Effect of Foreign Exchange Rate Changes	(953)	1,642
CASH AND CASH EQUIVALENTS AT END OF YEAR		
Bank Balances and Cash	80,459	84,382

**MCINERNEY HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS**  
**For the year ended 31 December 2007**

**Business and geographical segments**

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

REVENUE	31/12/2007			31/12/2006		
	External	Inter-Segment	Total	External	Inter-Segment	Total
	Sales €'000	Sales €'000	Revenue €'000	Sales €'000	Sales €'000	Revenue €'000
<i>Ireland:</i>						
Private Housing Developed Sites & Land	154,350	-	154,350	257,621	-	257,621
Construction Contracts	34,643	-	34,643	3,189	-	3,189
Commercial Commercial Land	92,778	4,116	96,894	93,288	22,046	115,334
	13,952	-	13,952	11,365	-	11,365
	3,160	-	3,160	2,860	-	2,860
	<hr/> 298,883	<hr/> 4,116	<hr/> 302,999	<hr/> 368,323	<hr/> 22,046	<hr/> 390,369
<i>UK:</i>						
Private Housing Developed Sites & Land	285,351	-	285,351	198,244	-	198,244
Construction Contracts	13,990	-	13,990	8,788	-	8,788
Commercial	17,949	-	17,949	17,128	-	17,128
	9,769	-	9,769	15,457	-	15,457
	<hr/> 327,059	<hr/> -	<hr/> 327,059	<hr/> 239,617	<hr/> -	<hr/> 239,617
<i>Spain:</i>						
Club Management	2,796	-	2,796	3,309	-	3,309
Leisure Freehold Developed Sites & Land	14,055	-	14,055	26,762	-	26,762
	-	-	-	-	-	-
	<hr/> 16,851	<hr/> -	<hr/> 16,851	<hr/> 30,071	<hr/> -	<hr/> 30,071
Eliminations	(10,004)	(4,116)	(14,120)	(7,947)	(22,046)	(29,993)
Total Revenue	<hr/> 632,789	<hr/> -	<hr/> 632,789	<hr/> 630,064	<hr/> -	<hr/> 630,064

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.

**MCINERNEY HOLDINGS PLC**  
**NOTES TO THE ACCOUNTS (CONT'D)**  
**For the year ended 31 December 2007**

**SEGMENT RESULTS**

**31/12/2007**

**31/12/2006**

	Group	Joint	Total	Group	Joint	Total
	Subsidiaries	Ventures	Segment	Subsidiaries	Ventures	Segment
	€'000	€'000	€'000	€'000	€'000	€'000
<i>Ireland:</i>						
Private Housing	34,040	(787)	33,253	49,347	82	49,429
Developed Sites & Land	20,282	-	20,282	1,338	-	1,338
Construction Contracts	65	-	65	816	-	816
Commercial	1,510	595	2,105	2,531	674	3,205
Commercial Land	498	832	1,330	812	-	812
	<hr/>			<hr/>		
	56,395	640	57,035	54,844	756	55,600
<i>UK:</i>						
Private Housing	23,680	-	23,680	15,237	(4)	15,233
Developed Sites & Land	1,550	-	1,550	5,290	-	5,290
Construction Contracts	1,134	-	1,134	577	-	577
Commercial	172	472	644	1,152	312	1,464
	<hr/>			<hr/>		
	26,536	472	27,008	22,256	308	22,564
<i>Spain:</i>						
Club Management	486	-	486	936	-	936
Leisure Freehold	125	-	125	3,248	-	3,248
Developed Sites & Land	-	-	-	-	-	-
	<hr/>			<hr/>		
	611	-	611	4,184	-	4,184
	<hr/>			<hr/>		
<b>Total Segment Results</b>	<b>83,542</b>	<b>1,112</b>	<b>84,654</b>	<b>81,284</b>	<b>1,064</b>	<b>82,348</b>

**A summary of the above results by activity is as follows:**

Private Housing	57,720	(787)	56,933	64,584	78	64,662
Developed Sites & Land	22,330	832	23,162	7,440	-	7,440
Construction Contracts	1,199	-	1,199	1,393	-	1,393
Commercial	1,682	1,067	2,749	3,683	986	4,669
Club Management	486	-	486	936	-	936
Leisure Freehold	125	-	125	3,248	-	3,248
	<hr/>			<hr/>		
<b>Total Segment Results</b>	<b>83,542</b>	<b>1,112</b>	<b>84,654</b>	<b>81,284</b>	<b>1,064</b>	<b>82,348</b>
Common Costs			(8,588)			(8,007)
Profit from Operations			76,066			74,341
Investment Income			1,450			570
Finance Costs			(19,423)			(16,913)
			<hr/>			<hr/>
Profit Before Tax			58,093			57,998
Tax			(10,183)			(9,377)
			<hr/>			<hr/>
Profit After Tax			47,910			48,621

BALANCE SHEET	31 December 2006			31 December 2005		
	Assets €'000	Liabilities €'000	Net Assets €'000	Assets €'000	Liabilities €'000	Net Assets €'000
Ireland :						
Private Housing	212,607	(100,094)	112,513	173,004	(89,689)	83,315
Commercial	10,748	(1,560)	9,188	9,397	(857)	8,540
	<u>223,355</u>	<u>(101,654)</u>	<u>121,701</u>	<u>182,401</u>	<u>(90,546)</u>	<u>91,855</u>
UK :						
Private Housing	257,711	(47,353)	210,358	161,287	(32,071)	129,216
Commercial	24,818	(1,045)	23,773	24,899	(523)	24,376
	<u>282,529</u>	<u>(48,398)</u>	<u>234,131</u>	<u>186,186</u>	<u>(32,594)</u>	<u>153,592</u>
Spain :						
Club Management	9,695	(4,391)	5,304	8,741	(4,022)	4,719
Leisure Freehold	56,373	(15,861)	40,512	43,045	(19,112)	23,933
	<u>66,068</u>	<u>(20,252)</u>	<u>45,816</u>	<u>51,786</u>	<u>(23,134)</u>	<u>28,652</u>
Total Operating Assets/(Liabilities)	571,952	(170,304)	401,648	420,373	(146,274)	274,099
Total Cash/(Bank Borrowings)	84,382	(280,336)	(195,954)	62,056	(173,048)	(110,992)
Unallocated Assets/(Liabilities)	2,480	(6,692)	(4,212)	1,401	(9,693)	(8,292)
	<u>658,814</u>	<u>(457,332)</u>	<u>201,482</u>	<u>483,830</u>	<u>(329,015)</u>	<u>154,815</u>

#### NOTES TO THE FINANCIAL INFORMATION

The financial information contained in this preliminary announcement is not the statutory accounts of the company, a copy of which is required to be annexed to the company's annual return to the Companies Registration Office in Ireland. A copy of the statutory accounts required to be annexed to the company's annual return in respect of the year ended 31 December 2006 has in fact been so annexed. A copy of the statutory accounts in respect of the year ended 31 December 2007 will be annexed to the company's annual return for that year. The Auditors of the company have made a report, without any qualification on their audit of the statutory accounts of the company in respect of the year ended 31 December 2006. The Auditors have read the financial information set out on pages 3 to 7 for the year ended 31 December 2007. The Directors are in the course of preparing the annual report in respect of the year ended 31 December 2007.

#### Approval of Preliminary Announcement

The Directors have approved the preliminary announcement on 5 March 2008. This preliminary announcement has been agreed with the Auditors.