REPORT

ACCOUNTS

Kingscroft Developments Ltd Showhomes: Townparks Manor, Kells and Turnberry Square, Baldoyle

The Company's 69th Annual General Meeting will be held on
Friday 6th October 2006 at The Conrad Dublin, Dublin 2, at 10:30am

Results in Brief

	Expressed in €'000 (except per share data)		£'000 Sterling Equivalent (except per share data)	
	2006	2005 As restated	**2006**	2005 As restated
Turnover (excluding share of joint venture)	**204,544**	206,520	**139,908**	141,156
Profit before taxation	**47,062**	57,477	**32,190**	39,286
Profit after taxation	**35,959**	44,408	**24,596**	30,353
Earnings per share	**113.78c**	130.31c	**77.83p**	89.07p
Dividends per share	**34.00c**	31.00c	**23.26p**	21.19p
Assets per share	**759c**	708c	**526p**	479p
Gearing	**Nil**	Nil	**Nil**	Nil

For the purpose of the above the following translation rates have been used for Profit and Loss items:

2005 €100c : Stg 68.35p

2006 €100c : Stg 68.40p

The rates used for conversion of Balance Sheet items are the rates at 30 April 2005 and 30 April 2006:

2005 €100c : Stg 67.59p

2006 €100c : Stg 69.29p

The year ended 30th April 2006 was another profitable year for the Group. Continuing pressure on our trading margins was a notable feature of the year.

The Group reports a profit for the year of €47.1 million before taxation against €57.5 million in the previous year. Shareholders' funds of €225.2 million represent €7.59 per share and include net cash balances of over €67.7 million. Earnings for the year were 113.78 cents per share and the Board is recommending a dividend of 24 cents per share to be considered for approval at the Annual General Meeting in October.

HOUSEBUILDING

The Group's housebuilding division completed 718 sales (UK 423; Ireland 295) at an average price of €256,000 and contributed €43.3 million to our results.

United Kingdom: Trading steadily improved as the year progressed. The new year is off to a good start with a fair sales momentum being maintained into the summer. We are targeting higher volumes this year, however, we anticipate margin pressure continuing particularly as older more profitable schemes are completed. During the year we added 143 plots to our approved land bank and now own or control land with the benefit of planning permission for 1,321 plots.

Ireland: In Ireland overall business conditions have remained good. Construction delays have held back completions in the current year and will likely together with hold ups on land purchase arrangements hold back completions this year. During the year good progress was made in augmenting our approved land bank and we now own or control land with the benefit of planning permission for 1,172 plots. In addition we control zoned land for a further 290 plots.

Czech Republic: In Prague the Group now owns or controls land for the provision of in the region of 300 units at a current net investment of €6.5m. As previously reported a planning permit was issued for 95 plots for our site at Slivenec. Unfortunately delays have occurred in achieving a building permit and whilst we continue to progress the matter, no start will now be made on this scheme until next year.

The housebuilding division is aiming to achieve a modestly higher number of unit sales this year.

PLANT HIRE

The plant hire division reported operating profits of €1.8 million on a turnover of €20.7 million. During the year further measures were taken to boost productivity and a positive improvement should be felt this year. As I write trading conditions for M&J are steady.

Rental income arising from the letting of surplus space at Group property was €316,000.

SHARE BUY BACKS

Further to the authority granted at the Extraordinary General meeting on 21st June 2005 the company has during the period under review purchased 4,406,038 ordinary shares at a cost of €40,516,774. Since the year end the company has purchased in July a further 702,221 ordinary shares at a cost of €6,359,767. This latest purchase completes the share repurchase program under the resolution granted and all these shares have been cancelled. There are now 28,969,523 shares in issue.

DIRECTORS, MANAGEMENT AND STAFF

There was no change to the Board of Directors during the course of the year. As always the progress of the Group is a result of the combined efforts of all the employees. I, on behalf of the shareholders, thank my colleagues on the Board together with all the directors, management and staff for their hard work and efforts during the year.

THE FUTURE

During the past year European interest rates, commodity prices and inflation have all increased. Interest rates are widely predicted to rise further in the next few months. Asset prices and in particular house prices have risen strongly in the last decade benefiting from the prevailing easy credit conditions. In such an environment our business attracts increased participation and competition and the risk/reward ratio for new investments is adversely affected. In the circumstances the Group will tread carefully. Trading in the new year is progressing steadily, however, further margin erosion is likely to impact profits again this year. Overall

the Group remains financially strong and well placed to take advantage of opportunities as they arise.

ANNUAL GENERAL MEETING

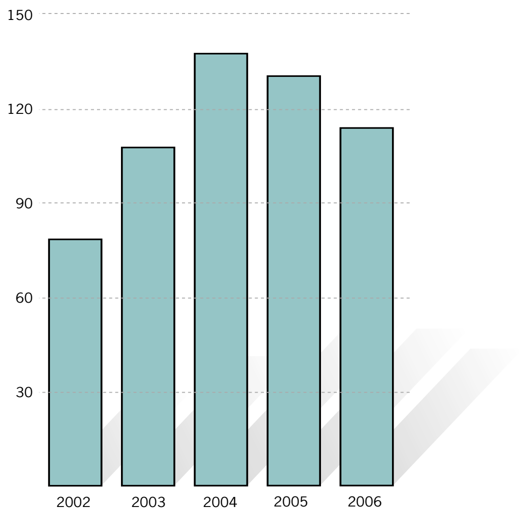
I look forward to seeing you all at our Annual General Meeting on 6th October and wish to bring to your attention all other special business in the notice of that meeting.

Charles H. Gallagher, Executive Chairman

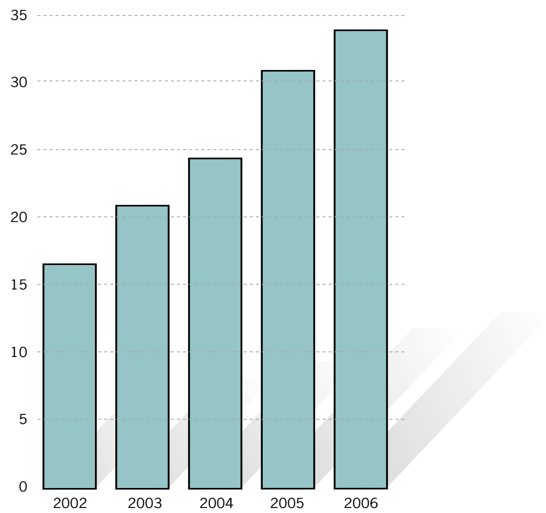
Five Year Financial Summary

	2006 €'000	2005 €'000 As restated	2004 €'000	2003 €'000	2002 €'000
Turnover - continuing (including share of joint venture)	**204,544**	206,854	201,521	174,806	146,685
Less: share of joint venture	**–**	(334)	(1,858)	(2,831)	–
Group turnover	**204,544**	206,520	199,663	171,975	146,685
Group operating profit	**45,421**	55,550	58,237	45,326	35,207
Share of joint venture profit	**–**	122	1,023	1,850	–
Net interest receivable	**1,800**	1,916	945	1,287	1,042
Other finance charges	**(159)**	(111)	–	–	–
Profit on ordinary activities before taxation	**47,062**	57,477	60,205	48,463	36,249
Taxation	**(11,103)**	(13,069)	(13,359)	(11,787)	(9,531)
Profit for the financial year	**35,959**	44,408	46,846	36,676	26,718
Earnings per share	**113.78c**	130.31c	137.47c	107.62c	78.40c
Dividends paid per share	**34.00c**	31.00c	24.50c	21.00c	16.66c
Shareholders' funds	**225,200**	241,396	199,592	159,714	142,873

Earnings Per Share
(Euro Cents)
Basic and Diluted



Dividends Paid Per Share
(Euro Cents)



Group Information

ABBEY PLC
Reg. No. 9245 Republic of Ireland

AUDITORS
Ernst & Young, Chartered Accountants

SECRETARY & REGISTERED OFFICE
David J. Dawson CA, 25/28 North Wall Quay, Dublin 1

BANKERS
Allied Irish Banks plc
Barclays Bank plc

REGISTRAR AND TRANSFER OFFICE
Computershare Investor Services (Ireland) Limited
P.O. Box 954, Heron House, Corrig Road,
Sandyford Industrial Estate, Dublin 18

SOLICITORS
A&L Goodbody

STOCKBROKERS
Davy Stockbroker
Arden Partners

Financial Diary

PRELIMINARY STATEMENT
13th July 2006

ANNUAL REPORT
4th September 2006

ANNUAL GENERAL MEETING
6th October 2006

DIVIDEND PAYMENT
31st October 2006

INTERIM STATEMENT
January 2007

Kingscroft Developments Limited

A

B

A 'Townparks Manor', Kells, Co Meath, a distinctive development of luxury homes.

B An attractive selection of houses at 'Turnberry Square', Baldoyle, Dublin.

Abbey Developments Limited

C D
E F
G

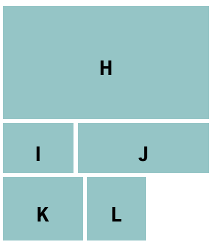
C 'Winnold's Green', Downham Market, Norfolk, an attractive development of 3, 4 & 5 bedroom houses.

D 'Archers' Place', Whitfield, Kent 1, 2, 3 & 4 bedroom homes.

E 'Forli Place', Peterborough, Cambridgeshire, a prestigious development of 2 bedroom apartments.

F View of our showhome at 'Thistledown', Walmer, Kent.

G 'The Latchets', 3 bedroom houses situated in Kettering, Northamptonshire.



H Sales & Marketing Suite.

I/J Depot at Milton Keynes, Buckinghamshire.

K 9 Tonne Dumper.

L Twin Drum Roller.

Board of Directors

CHARLES H. GALLAGHER (46) M.A., MSc.

A Director of Abbey plc since 1986, Mr Charles Gallagher was appointed Executive Chairman in May 1993. He is a past president of the H.B.F. (UK House Builders Federation). Mr. Gallagher is also a director of a number of other companies including Gallagher Holdings Limited, Matthew Homes Limited and Charles Wilson Engineers Limited.

BRIAN R. HAWKINS (61) (BRITISH) BSc (Eng)

Mr. Hawkins joined the Abbey Group in 1990 and is Managing Director of Abbey Developments Limited. He was co-opted to the Abbey plc Board in June 1997. He holds no other directorships other than those within Abbey plc and its subsidiaries.

ROBERT N. KENNEDY (53) (BRITISH) BSc (Econ)

Mr. Kennedy joined the Abbey Group in 1996 and is Managing Director of M&J Engineers Limited. He was co-opted to the Abbey plc Board in December 1997. He holds no other directorships other than those within Abbey plc and its subsidiaries.

RICHARD J. SHORTT (58)

Mr. Shortt joined the Abbey Group in 1994 and is Managing Director of Kingscroft Developments Limited. He was co-opted to the Abbey plc Board in May 2002. He holds no other directorships other than those within Abbey plc and its subsidiaries.

DAVID A. GALLAGHER • Δ (45) B.A., MSc. (NON-EXECUTIVE)

Mr. Gallagher was appointed to the Abbey plc Board in May 1993. Mr. Gallagher is a director of a number of other companies including Gallagher Holdings Limited, Matthew Homes Limited and Charles Wilson Engineers.

J. ROGER HUMBER • Δ (63) (BRITISH) BSc (Econ), Hon D. Tech (NON-EXECUTIVE)

Mr. Humber was appointed to the Abbey plc Board in December 1999. He was previously Chief Executive of the H.B.F. (UK House Builders Federation) from 1979 to 1999. Mr. Humber is a director of a number of other companies including Magnum Fine Wines plc and P.E. Jones (Contractors) Limited and its subsidiaries.

JOHN F. HOGAN • Δ (66) B.Comm, F.C.A. (NON-EXECUTIVE)

Mr. Hogan was appointed a non-executive director of the Group in December 2001. He is a former Managing Partner of Ernst & Young in Ireland and was a member of its global board. He is currently a non-executive director of C & C Group plc, Butterfield L J Umbrella Funds plc, Sachsen LB Europe plc and other private companies.

(•) Member of Audit Committee
(Δ) Member of Remuneration Committee

The directors submit herewith their report and audited financial statements for the year ended 30 April 2006 which are set out on pages 22 to 43.

PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENTS OF THE BUSINESS

The Group principal activities are building and property development, plant hire and property rental.

The profit after taxation amounted to €35,959,000. Dividends of 34.00 cents per share, absorbing €11,098,000 of profit have been paid during the year, leaving retained profit of €24,861,000 which has been transferred to reserves. After the share repurchase of €40,517,000 and other movements as detailed in the "Reconciliation of Movements in Shareholders' Funds" on page 25, the net assets of the Group have reduced from €241,396,000 to €225,200,000.

The directors are recommending a dividend of 24.00 cents per share to be considered for approval at the Annual General Meeting in October 2006.

A list of principal undertakings and the nature of their business is contained in note 9 of the financial statements. Geographic and divisional analyses of turnover are given in note 1 to the financial statements.

KEY PERFORMANCE INDICATORS

Measurement of the Group's performance is consistently applied and control is exercised by Group and divisional management. The Group has a budgeting system in place whereby actual performance is measured against budget, both financial and non-financial, on a monthly reporting timetable at both Group and subsidiary level.

BUSINESS REVIEW

Our housebuilding operations completed 718 sales (UK 423; Ireland 295) with turnover of €183.5 million generating an operating profit of €43.3 million. The comparative figures for the previous year were 719 sales (UK 371; Ireland 348) with turnover of €186.4 million generating an operating profit of €52.9 million.

UK trading was broadly in line with expectations as market conditions improved in the later months of the financial year. In Ireland overall business conditions have remained good. As expected in the period under review rising costs, in particular land costs, eroded margins. In Prague the Group now owns or controls land for the provision of 300 units at a current net investment €6.5 million.

Our plant hire business, M&J reported operating profits of €1,838,000 (2005: €2,043,000) on turnover of €20.7 million (2005: €20.2 million).

Rental income arising primarily from the letting of surplus space at Group property was €316,000 (2005: €235,000).

Further to the authority granted at the Extraordinary General Meeting on 21 June 2005 the Company has during the period purchased 4,406,038 shares at a cost of €40,517,000. These shares have been cancelled. There are now 29,671,744 ordinary 32 cent ordinary shares in issue.

At the year end shareholders' funds stood at €225.2 million, whilst net cash balances stood at €67.7 million.

FUTURE DEVELOPMENTS

Abbey plc's reduced margins in the year to 30 April 2006 are expected to contract further in the new financial year.

With regard to our new opportunity in Prague, we had previously reported the issue of a planning permit for 95 units at Slivenec. Unfortunately delays have occurred in achieving a building permit and the start on this first site in Prague will now not be made until next year.

Productivity enhancements made during the 2006 year should help M&J to a modestly better performance in the new financial year.

PRINCIPAL RISKS AND UNCERTAINTIES

Irish Company law requires the Group to give a description of the principle risks and uncertainties which it faces. Abbey plc's business, in which it is engaged, is constantly evolving and the list below of the principal risks for the Group are constantly changing:

- The Group is engaged in speculative development, which is by its nature highly risky. Occasional substantial losses are a cyclical feature of its business.
- The Group operates in a very competitive market and therefore it is essential that the Group continues to compete successfully.
- Any reduction in economic growth in the countries in which the Group operates may adversely affect the Group's revenue and margins.
- The Group's performance will be affected by fuel and raw material prices and the cyclical changes of the producers of these raw materials.
- The Group is subject to substantial laws, regulations and standards such as environmental, health and safety and building regulations, which could result in additional costs related to compliance with these laws and regulations.
- At present the Group operates in three currencies and adverse changes in foreign exchange rates relative to the euro could adversely affect the Group's financial performance.
- Any adverse economic interest rate changes will impact on the Group.

SUBSTANTIAL SHAREHOLDERS

Having received the required notifications, the following held more than 3% of the issued ordinary shares at 12 July 2006:

	Number of shares	% of issued share capital
Gallagher Holdings Limited	10,166,544	34.26%
FMR Corp. and its direct and indirect subsidiaries, being non-beneficial holders	3,407,000	11.48%
Bank of Ireland Nominees Limited	3,170,875	10.69%
Irish Life Investment Managers	1,517,817	5.12%

DIRECTORS

Mr. J. Roger Humber retires in accordance with Article 98 and will be offering himself for re-election.

DIRECTORS' AND SECRETARY'S INTERESTS

The interests of the directors and secretary and their families in the share capital of the Company and the Group at 30 April 2006, were as follows:

	Number of Shares 2006	2005
Charles H. Gallagher	**25,500**	25,500
Richard J. Shortt	**9,500**	9,500
David A. Gallagher	**3,000**	3,000
John F. Hogan	**3,000**	3,000

None of the directors hold shares in a non-beneficial capacity and no changes occurred in the above holdings between 30 April 2006 and 12 July 2006. There have not been any contracts or arrangements with the Company or any subsidiary during the year in which a director of the Company was materially interested and which have been significant in relation to the Group's business.

BOOKS AND RECORDS

The directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act 1990, are kept by the Company. To achieve this, the directors have appointed appropriate accounting personnel in order to ensure that those requirements have been complied with.

The books and accounting records of the Company are maintained at Abbey House, 2 Southgate Road, Potters Bar, Hertfordshire, EN6 5DU, England. Returns are made to the registered office in accordance with Section 202(6) of the Companies Act 1990.

CORPORATE SOCIAL RESPONSIBILITY

We are fully committed to operating ethically and responsibly in relation to employees, customers, neighbours and all other stakeholders.

Employees
The Board together with the directors, thanks the management and staff for their hard work and efforts during the year.

The average number of employees during the year is set out in note 4 to the financial statements.

Health and Safety
The Group pays particular adherence to health and safety matters. The Group has implemented appropriate safety guidelines in its Irish subsidiaries as required by the Safety, Health and Welfare Work Act, 1989.

Environment
The Group pays particular adherence to applicable environmental legislation and request that our employees and subcontractors are aware of their responsibilities in this regard. The Group supports various charities and local events.

IMPORTANT EVENTS SINCE THE YEAR END
The Board and directors are not aware of any important events since the year end, other than those transactions in the normal course of business.

SPECIAL BUSINESS
Your attention is drawn to the notice of meeting which sets out matters of ordinary and special business to be considered at the Annual General Meeting.

CAPITAL GAINS TAX
The quoted price of the ordinary share on 6 April 1974 as calculated for capital gains tax in Ireland was €78.7c (IR62p).

AUDITORS
The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Board, 12 July 2006
C.H. GALLAGHER, Chairman
B.R. HAWKINS, Director

The remuneration of the executive directors is determined by the Remuneration Committee which comprises all of the non-executive directors. The written terms of reference have been approved by the Board and are aimed to ensure that remuneration packages are competitive and that they will attract, retain and motivate executive directors of the quality required. The non-executive directors' remuneration is determined by the Board.

The Group does not operate any share option or long-term incentive schemes.

The Executive Chairman's service contract contains a notice period of two years which was recommended by the Committee in view of the importance of this role. The three remaining executive directors have a notice period of one year.

DIRECTORS' REMUNERATION

The remuneration of the directors of the Company for the year is as follows:

	Salary and Fees €'000	(1) Benefits In Kind €'000	2006 Total €'000	2005 Total €'000
Executive Directors				
C H Gallagher	713	61	774	745
B R Hawkins	344	46	390	384
R N Kennedy	192	35	227	226
R J Shortt	286	26	312	300
Totals	1,535	168	1,703	1,655
Non-Executive Directors				
D A Jackson (2)	–	–	–	45
D A Gallagher	45	–	45	45
J R Humber	45	–	45	45
J F Hogan	45	–	45	45
Totals	135	–	135	180

(1) Benefits In Kind comprise defined benefit pension contributions and other benefits and emoluments
(2) Mr D A Jackson retired from the Board on 1 October 2004

PENSIONS

Three executive directors were members of The Abbey Group Limited Pension and Life Assurance Scheme during the year. Non-executive directors do not participate in the Group's pension scheme. There are two (2005: three) directors to whom retirement benefits are accruing under a defined benefit scheme at 30 April 2006. Two directors also had contributions to a defined contribution scheme during the year. Directors pension arrangements are as follows:

			Defined Benefit			Defined Contribution
Name	Age	Pensionable Service Years	Increase In Accrued Pension During The Year €'000	Transfer Value Of The Increase €'000	Accumulated Accrued Pension 30 April €'000	Group Contributions €'000
C H Gallagher	46	19	6	172	96	110
B R Hawkins	61	15	6	235	76	–
R N Kennedy	53	9	3	49	23	–
R J Shortt	58	–	–	–	–	65
30 April 2006			15	456	195	175
30 April 2005			17	584	181	143

PRINCIPLES

The Board is committed to maintaining high standards of Corporate Governance to ensure that the Company is headed by an effective Board which can lead and control the business.

THE BOARD

The Board is currently comprised of the Executive Chairman, three executive directors and three non-executive directors. The Board considers all non-executive directors capable of exercising independent judgement. They all have long experience and share equal obligations to the Company.

The roles of the Executive Chairman and Chief Executive are combined in one individual. The directors believe that the Company benefits from consolidating the experience and knowledge of the present Executive Chairman whilst ensuring that there are experienced non-executive, and executive directors for each operating division, to whom concerns may also be conveyed.

The Executive Chairman's service contract contains a notice period of two years which was recommended by the Remuneration Committee in view of the importance of this role.

Executive directors are not required to submit themselves for re-election, apart from at their first Annual General Meeting. Their election is covered by Articles 87 and 94 of the Company's Articles of Association.

The directors believe the Company benefits from allowing executive directors to perform their duties whilst benefiting from continuity of performance. Executive directors are subject to the same provisions as to their removal as other directors of the Company.

One third of the non-executive directors retire by rotation each year.

Non-executive directors are not appointed for specific terms and their election is covered by Article 87 of the Company's Articles of Association. Non-executive directors are required to submit themselves for re-election by rotation and their re-election is covered by Article 98 of the Company's Articles of Association.

The directors believe that the Company benefits from the greater experience and knowledge of the business gained by directors with long service. The present non-executives do not have formal letters of appointment.

The Board meetings are held regularly and at least four times each year with agendas sent out in advance of each meeting. There is a schedule of formal matters reserved for Board approval. All directors have access to advice from the company secretary and independent professional advisors at the Company's expense.

The Board has established Audit and Remuneration Committees.

The Board does not have a formal Nominations Committee. All Board nominations are tabled under "Formal Matters to be Referred to the Board" and consideration of appointments are made by the Board as a whole.

AUDIT AND REMUNERATION COMMITTEES

Both the Audit and Remuneration Committees comprise all the non-executive directors with Mr Roger Humber as the Chairman. The Audit Committee meets not less than twice each year and the Remuneration Committee when required.

Both Committees have written terms of reference.

RELATIONS WITH SHAREHOLDERS

There are regular meetings with the Company's principal investors. Announcements of results are sent promptly to all shareholders. All investors are welcome at the Annual General Meeting where they have the opportunity to ask questions of the Board. The Executive Chairman at the Annual General Meeting also gives a statement on the current trading conditions. Shareholders are both welcome and encouraged to raise any concerns with any director at any time.

INTERNAL CONTROL

The directors are responsible for ensuring that the Group maintains a system of internal control. This system is designed to provide reasonable but not absolute assurance against material misstatement or loss.

Key elements of this control system, including internal financial control, are:

- An organisation structure with clearly defined lines of responsibility and delegation of authority.
- A budgeting system with actual performance being measured against budget on a regular basis.
- A review of the key business risks relevant to the Group's operations. These risks are reviewed annually to ensure that they remain appropriate to the business and the current trading environment.
- Control procedures to address the key business risks which include policies and procedures appropriate to each of the main operating subsidiaries. The Board considers the adequacy of the control procedures at the same time as it reviews the key business risks. Certain prescribed matters are reserved for Board approval.
- A management review of the operation of the system.
- At all Board and Audit Committee meetings Internal Control is a main agenda item to be considered.
- The Audit Committee monitors the effectiveness of the Group's Internal Control System.

The Board has reviewed the effectiveness of the Group's Internal Control System up to and including the date of approval of the annual report. This review includes a consideration of issues raised in management letters received from the external auditors.

The above elements help to provide assurance, but the Board recognises that the business it is engaged in is constantly evolving and it accepts that the Group's internal control must evolve with it. In this respect, the Board is willing to allocate the necessary resources to implement new controls to cover new areas of risk if additional controls are deemed beneficial in assisting the Group to achieve its objectives.

The Board has considered the need for an internal audit function and concluded that, due to the effective levels of procedures already in place, there is currently no requirement for an internal audit function during the year under review, although this matter will be reviewed regularly.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Statement of Directors' Responsibilities In Respect of the Financial Statements

The directors are responsible for preparing the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- comply with applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors confirm that the financial statements comply with the above requirements.

The directors are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements of the Group comply with the Companies Acts, 1963 to 2005. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ABBEY PLC, ANNUAL REPORT 2006

We have audited the group and parent company financial statements of Abbey plc for the year ended 30 April 2006 which comprise the Statement of Accounting Policies, Group Profit and Loss Account, Group Statement of Total Recognised Gains and Losses, Group Reconciliation of Movements in Shareholders' Funds, Group and Company Balance Sheets, Group Cash Flow Statement and the related notes 1 to 26. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2005. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether at the balance sheet date there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Chairman's Statement, Directors' Report, Remuneration Report and Corporate Governance Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the group and of the parent as at 30 April 2006 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the company balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Ernst & Young
Registered Auditors
Dublin

Date: 12th July 2006

BASIS OF ACCOUNTING AND CONSOLIDATION

The Group financial statements include the financial statements of the parent undertaking and all subsidiaries and the Group's share of the profits of the joint venture. Inter-company balances, transactions and profits thereon have been eliminated. The results of the joint venture relate to the year ended 31 March 2006. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

TURNOVER

Turnover represents the value of goods and services supplied to external customers and excludes inter-group sales and value added tax.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

(a) Building land

Building land is stated at the lower of cost and net realisable value less an appropriate proportion relating to plots sold in the case of estates in the course of development;

(b) Work in progress

The cost of uncompleted and unsold new properties comprises direct labour and material costs. No profits are taken until houses are conveyed on legal completion to third parties;

(c) Raw materials

The cost of raw materials comprises net invoice price on an average cost basis.

CHANGES IN ACCOUNTING POLICIES

FRS17 - Retirement Benefits

The group has adopted 'FRS17 - Retirement Benefits' in full from 1 May 2005 and comparative figures have been amended as required. In prior years the Group had complied with SSAP24 'Accounting for Pension Costs'.

FRS21 - Events After The Balance Sheet Date

Dividends to shareholders are now accounted for on the date of ratification by members as a result of the adoption of FRS21. As a result, the retained earnings have been appropriately restated.

The effects of FRS17 and FRS21 on the restated comparative figures is shown in note 25.

DEFERRED TAXATION

Provision for deferred taxation is recognised in full on all timing differences which exist at the balance sheet date. Deferred tax is measured on a non discounted basis using tax rates substantively enacted at the balance sheet date.

FOREIGN CURRENCIES

The balance sheets of foreign subsidiary undertakings are translated into Euro at the rates ruling on the balance sheet date.

Trading results are translated at an average rate for the year. Gains or losses arising on translation are dealt with through reserves.

Transactions in foreign currencies are translated at the rates prevailing at the date of the transactions. Resulting exchange gains or losses are dealt with in the profit and loss account.

TANGIBLE FIXED ASSETS

A full valuation of land and buildings and investment properties was carried out at 30 April 2005. The Directors have reviewed the overall valuations at 30 April 2006 and concluded that no adjustment was required.

All properties are revalued triennially on an open market basis. Revaluations are incorporated in the financial statements and charged to the property revaluation reserve. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

Depreciation is not provided on land and buildings as the amount involved is not material on a current or cumulative basis. The directors have reviewed the value of land and buildings and investment properties for impairment in accordance with 'FRS11 - Impairment of Fixed Assets and

Goodwill' and consider that no impairment in the value of land and buildings or investment properties has occurred.

Plant, machinery and transport are depreciated at rates calculated to write off the original cost, less estimated residual value, in equal instalments varying between three and eight years according to category.

PENSION COSTS

In accordance with 'FRS17 - Retirement Benefits', defined benefit scheme assets are valued at market value and scheme liabilities are measured on an actuarial basis, using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. The operating and financing cost of pension and post-retirement schemes are recognised separately in the profit and loss account. Service costs are systematically spread over the service lives of the members and financing costs are recognised in the period in which they arise. The costs of past service benefit enhancements, settlements and curtailments are also recognised in the period in which they arise. The difference between actual and expected returns on assets during the year and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.

FINANCIAL INSTRUMENTS

The carrying amount of cash, debtors and creditors reported in the balance sheet approximates the fair value of these financial instruments.

OPERATING LEASES

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Group Profit and Loss Account

Year Ended 30 April 2006

	Note	2006 €'000	2005 As restated €'000
Turnover – continuing (including share of joint venture)	1	**204,544**	206,854
Less: share of joint venture		**–**	(334)
Group turnover		**204,544**	206,520
Cost of sales		**(147,467)**	(140,472)
Group gross profit		**57,077**	66,048
Administrative expenses		**(11,656)**	(10,498)
Group operating profit – continuing		**45,421**	55,550
Share of joint venture profit		**–**	122
Trading profit including share of joint venture		**45,421**	55,672
Net interest receivable	2	**1,800**	1,916
Other finance charges	24	**(159)**	(111)
Profit on ordinary activities before taxation	3	**47,062**	57,477
Taxation on profit on ordinary activities	5	**(11,103)**	(13,069)
Profit attributable to shareholders	17	**35,959**	44,408
Dividends paid	6	**(11,098)**	(10,564)
Profit retained for the financial year	17	**24,861**	33,844
Earnings per share – basic	7	**113.78c**	130.31c
Earnings per share – diluted	7	**113.78c**	130.31c

Approved by the Board on 12th July 2006
C.H. GALLAGHER, Chairman
B.R. HAWKINS, Director

Statement of Total Recognised Gains and Losses Year Ended 30 April 2006

	Note	2006 €'000	2005 As restated €'000
GROUP			
Profit for the financial year including share of joint venture		**35,959**	44,408
Actuarial gain (loss) on Group defined benefit pension obligations	24	**2,828**	(411)
Deferred tax (liability) asset relating to Actuarial gain (loss) on Group defined benefit pension obligations		**(803)**	119
Unrealised revaluation surplus arising in year		**–**	2,465
Translation adjustment arising in year	16	**(2,565)**	145
Total recognised gains and losses for the year		**35,419**	46,726
Prior year adjustments	25	**6,226**	
Total recognised gains and losses since the last financial statements		**41,645**	

Reconciliation of Movements in Shareholders' Funds Year Ended 30 April 2006

	Note	2006 €'000	2005 As restated €'000
GROUP			
Shareholders' funds at 1 May as previously reported		**235,170**	199,592
Prior year adjustments	25	**6,226**	5,642
Balance at beginning of year as restated		**241,396**	205,234
Profit for the financial year		**35,959**	44,408
Dividends		**(11,098)**	(10,564)
Profit retained for the financial year		**24,861**	33,844
Actuarial gain (loss) on Group defined benefit pension obligations		**2,828**	(411)
Deferred tax (liability) asset relating to Actuarial gain (loss) on Group defined benefit pension obligations		**(803)**	119
Unrealised revaluation surplus arising in year		**–**	2,465
Translation adjustment arising in year		**(2,565)**	145
Purchase of own shares		**(40,517)**	–
Net movement in shareholders' funds		**(16,196)**	36,162
Shareholders' funds at 30 April		**225,200**	241,396

No note of historical cost profits and losses has been included as the amounts involved are not significant.

Group Balance Sheet

At 30 April 2006

	Note	2006 €'000	2005 As restated €'000
FIXED ASSETS			
Tangible assets	8	**34,867**	35,945
Investment in joint venture	9	**2,398**	2,398
		37,265	38,343
CURRENT ASSETS			
Stocks	10	**211,881**	196,812
Debtors	11	**8,078**	7,631
Investments	12	**7**	7
Cash at bank and in hand		**67,745**	64,164
		287,711	268,614
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Trade and other creditors	13	**(100,404)**	(64,058)
NET CURRENT ASSETS		**187,307**	204,556
TOTAL ASSETS LESS CURRENT LIABILITIES		**224,572**	242,899
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	**(1,248)**	(1,388)
PENSION AND POST RETIREMENT ASSET (LIABILITY)			
(net of deferred tax)	24	**1,876**	(115)
NET ASSETS INCLUDING PENSION AND POST RETIREMENT ASSET (LIABILITY)		**225,200**	241,396
SHAREHOLDERS' FUNDS			
Called up share capital	15	**9,495**	10,905
Share premium account	16	**13,321**	13,321
Revaluation reserve	16	**7,177**	7,346
Other reserves			
– Capital redemption reserve fund	15	**2,888**	1,478
– Currency translation	16	**(957)**	1,439
Profit and loss account	17	**193,276**	206,907
		225,200	241,396

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 12th July 2006
C.H. GALLAGHER, Chairman
B.R. HAWKINS, Director

	Note	2006 €'000	2005 As restated €'000
FIXED ASSETS			
Tangible assets	8	**2,293**	2,293
Financial assets	9	**23,530**	23,530
		25,823	25,823
CURRENT ASSETS			
Debtors	11	**12,839**	6,023
Cash at bank and in hand		**415**	541
		13,254	6,564
CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)			
Trade and other creditors	13	**(455)**	(603)
NET CURRENT ASSETS		**12,799**	5,961
TOTAL ASSETS LESS CURRENT LIABILITIES		**38,622**	31,784
SHAREHOLDERS' FUNDS			
Called up share capital	15	**9,495**	10,905
Share premium account	16	**13,321**	13,321
Revaluation reserve	16	**443**	443
Other reserves			
– Capital redemption reserve fund	15	**2,888**	1,478
– Currency translation	16	**(383)**	(383)
Profit and loss account	17	**12,858**	6,020
		38,622	31,784

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 12th July 2006
C.H. GALLAGHER, Chairman
B.R. HAWKINS, Director

Group Cash Flow Statement

Year Ended 30 April 2006

	Note	2006 €'000	2005 As restated €'000
Net cash inflow from operating activities	18	**70,399**	27,463
RETURNS ON INVESTMENT AND SERVICING OF FINANCE			
Interest paid		**(164)**	(175)
Interest received		**1,805**	1,980
		1,641	1,805
TAXATION			
Corporation tax paid		**(10,952)**	(14,504)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		**(8,060)**	(9,119)
Sale of tangible fixed assets		**2,809**	2,475
Net cash outflow from capital expenditure		**(5,251)**	(6,644)
EQUITY DIVIDENDS PAID		**(11,098)**	(10,564)
Net cash inflow (outflow) before use of liquid resources		**44,739**	(2,444)
FINANCING			
Purchase of own shares		**(40,517)**	–
Management of liquid resources	19	**3,717**	903
Increase (decrease) in cash in the year	20	**7,939**	(1,541)

1. SEGMENTAL INFORMATION

Turnover, cost of sales and operating profit are derived from continuing activities. The exemption contained in Statement of Standard Accounting Practice Number 25, 'Segmental Reporting', regarding analysis of operating profit by segment has been availed of due to the commercial sensitivity of the financial information.

	2006	2005 As restated
(a) Analysis by location of business	€'000	€'000
Turnover		
Republic of Ireland	**69,169**	82,615
United Kingdom	**135,375**	124,239
	204,544	206,854
Less: share of joint venture	**–**	(334)
	204,544	206,520
Net assets		
Republic of Ireland	**56,080**	54,880
United Kingdom	**92,425**	115,639
Czech Republic	**6,545**	4,308
	155,050	174,827
Investment in joint venture	**2,398**	2,398
	157,448	177,225
Investments	**7**	7
Cash at bank less borrowings	**67,745**	64,164
	225,200	241,396

All business was transacted in the country of location of business.

	2006	2005 As restated
(b) Analysis by class of business		
Turnover		
Building and property development	**183,552**	186,429
Plant hire	**20,676**	20,190
Property rental	**316**	235
	204,544	206,854
Less: share of joint venture	**–**	(334)
	204,544	206,520
Net assets		
Building and property development	**124,796**	143,798
Plant hire	**28,836**	29,575
Property rental	**1,418**	1,454
	155,050	174,827
Investment in joint venture	**2,398**	2,398
	157,448	177,225
Investments	**7**	7
Cash at bank less borrowings	**67,745**	64,164
	225,200	241,396

2. NET INTEREST RECEIVABLE

	2006 €'000	2005 €'000
Interest receivable	**1,805**	1,980
Interest payable	**(5)**	(64)
	1,800	1,916

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is arrived at after (crediting) charging:

Profit on disposal of tangible fixed assets	**(1,155)**	(1,037)
Auditors' remuneration	**122**	117
Operating lease rentals:		
Rent of building	**234**	206
Hire of plant and machinery	**545**	510
Depreciation	**6,729**	6,514

4. EMPLOYMENT

The average number of persons employed by the Group, including executive directors, in the financial year was 287 (2005: 312) and is analysed by class of business as follows:

	2006 Number	2005 Number
Building and property development	**118**	137
Plant hire and rental	**169**	175
	287	312

Employment costs comprise:	2006 €'000	2005 As restated €'000
Wages and salaries	**12,416**	12,713
Social welfare costs	**1,087**	1,233
Other pension costs	**1,249**	1,221
	14,752	15,167

Details of the Directors' emoluments are set out in the Remuneration Report on page 15.

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

The tax charge based on the profit on ordinary activities comprises:

	2006 €'000	2005 As restated €'000
Irish Corporation Tax at 12.5%		
Current	**2,173**	3,092
Share of joint venture's tax	**–**	22
United Kingdom Corporation Tax at 30%		
Current	**9,054**	9,508
Total current corporation tax	**11,227**	12,622
Deferred tax: originating and reversal of timing differences	**(124)**	447
	11,103	13,069

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Factors affecting current tax charge.
The following table relates the applicable Republic of Ireland statutory tax rate to the effective tax rate of the Group, obtained by computing the tax charge as a percentage of the profit on ordinary activities before taxation:

	2006	2005
	(% of profit before taxation)	
Irish corporation tax rate	**12.5**	12.5
Higher UK & Joint Venture tax rates	**11.1**	10.0
Other timing differences	**0.3**	(0.5)
	23.9	22.0

The effective tax rate is dependent on taxable profits made in the related jurisdiction the Group operates. The movement on deferred tax relates primarily to the origination and reversal of timing differences as detailed in Note 14 and also includes timing differences on adoption of 'FRS17 - Retirement Benefits'. The related 'FRS17 - Retirement Benefits' deferred tax liability (2005: asset) has been netted off against the Pension and Post Retirement asset (liability).

6. DIVIDENDS

	2006	2005 As restated
	€'000	€'000
Paid ordinary		
Dividend of 12.00 cents per share - interim 2006 (2005: 11.00 cents per share - interim 2005)	**3,601**	3,749
Paid ordinary		
Dividend of 22.00 cents per share - final 2005 (2005: 20.00 cents per share - final 2004)	**7,497**	6,815
	11,098	10,564
Ordinary dividends proposed (memorandum disclosure)		
Final 2006 - proposed 24.00 cents per share (2005: 22.00 cents per share)	**7,121**	7,497

7. EARNINGS PER SHARE: BASIC AND DILUTED

Earnings per share has been calculated by reference to the weighted average number of shares in issue of 31,605,167 (2005: 34,077,782) and to the profit on ordinary activities after taxation amounting to €35,959,000 (2005: €44,408,000 as restated).

8. TANGIBLE FIXED ASSETS

Group	Land and buildings €'000	Assets under construction €'000	Investment properties €'000	Plant and machinery €'000	Transport €'000	Total €'000
Cost or Valuation						
At 1 May 2005	12,265	1,731	1,454	42,827	4,793	63,070
Translation adjustment	(244)	–	(36)	(1,012)	(103)	(1,395)
Additions	–	687	–	6,508	865	8,060
Disposals	–	–	–	(7,269)	(1,113)	(8,382)
Transfer	2,418	(2,418)	–	–	–	–
At 30 April 2006	14,439	–	1,418	41,054	4,442	61,353
Accumulated depreciation						
At 1 May 2005	–	–	–	24,508	2,617	27,125
Translation adjustment	–	–	–	(583)	(57)	(640)
Charge for year	–	–	–	5,868	861	6,729
Disposals	–	–	–	(5,764)	(964)	(6,728)
At 30 April 2006	–	–	–	24,029	2,457	26,486
Net book amounts						
At 30 April 2006	14,439	–	1,418	17,025	1,985	34,867
At 30 April 2005	12,265	1,731	1,454	18,319	2,176	35,945

8. TANGIBLE FIXED ASSETS (CONTINUED)

Plant and machinery includes assets held for hire with a cost of €38,565,000 (2005: €40,136,000) and accumulated depreciation of €22,050,000 (2005: €22,318,000).

Land and buildings and investment properties situated in the United Kingdom were valued by Glenny, Chartered Surveyors at 30 April 2005.

Group	2006	2005
The valuation of land and buildings comprises:	€'000	€'000
Freehold property	**13,833**	11,644
Long leasehold property	**606**	621
	14,439	12,265
The historical cost of land and buildings amounts to:		
Land and buildings	**8,680**	6,373
Company		
Freehold land and buildings		
Cost or valuation		
At 1 May	**2,293**	2,506
Revaluation	**–**	(213)
At 30 April	**2,293**	2,293

No depreciation is charged on land and buildings or on investment properties as required by the Companies (Amendment) Act, 1986. The directors have followed the provisions of 'FRS15 - Tangible Fixed Assets' and consider the depreciation amount to be immaterial on a current and cumulative basis. They have also followed the provisions of 'FRS11 - Impairment of Fixed Assets and Goodwill' and consider that no impairment in the value of land and buildings or investment properties has occurred.

9. FINANCIAL FIXED ASSETS

Company		
Shares in unlisted subsidiary undertakings at cost	**23,530**	23,530

The shares in subsidiary undertakings represent the full amount of called up share capital in those undertakings, all of which are ordinary shares. The principal subsidiary undertakings are as follows:

Incorporated in the Republic of Ireland	*Nature of business*	*Registered office*
Ciarsand	Investment holding company	9 Abbey House, Main Street Clonee, Co. Meath
Abbey Holdings Limited	as above	as above
Dwale Limited	Property rental	as above
Kingscroft Developments Limited	Residential housing and land development	as above

Incorporated in the Czech Republic	*Nature of business*	*Registered office*
Abbey, s.r.o.	Residential housing and land development	Karlovo namesti 2097 120 00 Prague 2 Czech Republic

Incorporated in the United Kingdom	*Nature of business*	*Registered office*
Abbey Group Limited	Investment holding company	Abbey House, 2 Southgate Road Potters Bar, Hertfordshire EN6 5DU, England
Abbey Developments Limited	Residential housing and land development	as above
Abbey Investments Limited	Property investment	as above
M & J Engineers Limited	Plant hire	Cashel House Cadwell Lane, Hitchin Hertfordshire, SG4 0SQ, England

The principal place of business of all subsidiary undertakings is in the country of incorporation.

9. INVESTMENT IN JOINT VENTURE

Abbey Holdings Limited holds a 50% interest in the allotted share capital of Pontederia Limited, whose registered office is at 9 Abbey House, Main Street, Clonee, Co Meath. The investment comprises 1 ordinary share of €1.25. The financial statements of Pontederia have been prepared for the year ended 31 March 2006. The financial statements reflect the development and selling of sites held in Clonsilla, Co. Dublin.

	2006	2005
The movement on the investment in joint venture during the year is as follows:	**€'000**	€'000
At 1 May	**2,398**	2,298
Retained profit for the year	**–**	100
At 30 April	**2,398**	2,398
The Group's share of joint venture net assets is made up as follows:		
Current assets	**3,294**	3,294
Liabilities falling due within one year	**(896)**	(896)
	2,398	2,398

10. STOCKS

Group

Building land and work in progress	**211,293**	196,030
Raw materials	**588**	782
	211,881	196,812

11. DEBTORS

Group	**2006**	2005 As restated
Amounts falling due within one year	**€'000**	€'000
Trade debtors	**5,380**	4,952
Other debtors	**493**	410
Value added tax	**478**	404
Prepayments and accrued income	**1,727**	1,865
	8,078	7,631

11. DEBTORS (CONTINUED)

	2006 €'000	2005 As restated €'000
Company		
Amounts falling due within one year		
Corporation tax	**21**	–
Amounts owed by subsidiary undertakings	**12,775**	5,993
Prepayments and accrued income	**43**	30
	12,839	6,023

12. INVESTMENTS

Ordinary shares at cost		
Non-listed company	**7**	7

13. TRADE AND OTHER CREDITORS

	2006 €'000	2005 As restated €'000
Group		
Amounts falling due within one year		
Trade creditors	**22,192**	22,472
Advances received from joint venture	**3,073**	3,270
Amounts outstanding on land	**54,477**	16,604
United Kingdom income tax	**192**	188
Social welfare	**169**	180
Value added tax	**2,300**	2,786
Corporation tax	**4,792**	4,626
Other creditors	**4,509**	4,282
Accruals and deferred income	**8,700**	9,650
	100,404	64,058
Company		
Amounts falling due within one year		
Value added tax	**18**	30
Corporation tax	**–**	42
Other creditors	**276**	242
Accruals and deferred income	**161**	289
	455	603

14. DEFERRED TAXATION

	2006 €'000	2005 €'000
At 1 May	**1,388**	957
Translation adjustment	**(33)**	5
Transferred to profit and loss account	**(107)**	426
At 30 April	**1,248**	1,388

The provision is in respect of accelerated capital allowances and general timing differences.
The potential deferred taxation on the revaluation of trading and investment properties is €710,000.

15. CALLED UP SHARE CAPITAL

Group and Company *Authorised*	2006 €'000	2005 €'000
At 1 May and 30 April 45,000,000 ordinary shares of 32 cents each	**14,400**	14,400

Group and Company *Allotted, called up and fully paid*	2006 Number '000	2005 Number '000	2006 €'000	2005 €'000
At 1 May ordinary shares of 32 cents each	**34,077**	34,077	**10,905**	10,905
Purchase of own shares	**(4,406)**	–	**(1,410)**	–
At 30 April ordinary shares of 32 cents each	**29,671**	34,077	**9,495**	10,905

Group and Company *Capital Redemption Reserve Fund*	2006 €'000	2005 €'000
At 1 May	**1,478**	1,478
Purchase of own shares	**1,410**	–
At 30 April	**2,888**	1,478

The shares purchased were cancelled before the year end and therefore the nominal value of such shares was transferred to the Capital Redemption Reserve Fund.

16. RESERVES

	Group and Company Share Premium account €'000	Group Revaluation reserve €'000	Group Currency translation €'000	Company Revaluation reserve €'000	Company Currency translation €'000
At 1 May 2005	13,321	7,346	1,439	443	(383)
Translation adjustment arising in year	–	(169)	(2,396)	–	–
At 30 April 2006	13,321	7,177	(957)	443	(383)

The revaluation reserve is in respect of:

Land and buildings	5,759
Investment properties	1,418
	7,177

17. PROFIT AND LOSS ACCOUNT

Group	Note	2006 €'000	2005 As restated €'000
Profit brought forward at beginning of year as previously reported		**200,681**	167,713
Prior year adjustments	25	**6,226**	5,642
Profit brought forward at beginning of year as restated		**206,907**	173,355
Profit retained for the financial year		**35,959**	44,408
Dividends paid	6	**(11,098)**	(10,564)
Actuarial gain (loss) on Group defined benefit obligations		**2,828**	(411)
Deferred tax (liability) asset relating to Actuarial gain (loss) on Group defined benefit pension obligations		**(803)**	119
Purchase of own shares		**(40,517)**	–
At 30 April		**193,276**	206,907

Company	Note	2006 €'000	2005 As restated €'000
Profit brought forward at beginning of year as previously reported		**5,921**	5,939
Prior year adjustments	25	**99**	11
Profit brought forward at beginning of year as restated		**6,020**	5,950
Profit retained for the financial year		**58,453**	10,634
Dividends paid		**(11,098)**	(10,564)
Purchase of own shares		**(40,517)**	–
At 30 April		**12,858**	6,020

The parent company has availed of the exemptions in Section 148(8) of the Companies Act, 1963 from laying its individual profit and loss account before the annual general meeting and the exemption in Section 7(1A) of the Companies (Amendment) Act, 1986 from filing its individual profit and loss account with the Registrar of Companies. The amount of the parent's profit for the year ended 30 April 2006 was €58,453,000 (2005: €10,634,000).

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006	2005
Operating profit	**45,421**	55,550
Depreciation	**6,729**	6,514
Profit on disposal of tangible fixed assets	**(1,155)**	(1,037)
Translation adjustment	**745**	(17)
Increase in stocks	**(17,979)**	(31,650)
Increase in debtors	**(594)**	(215)
Increase (decrease) in creditors	**37,163**	(1,539)
Increase (decrease) in provision for liabilities	**69**	(143)
Net cash inflow from operating activities	**70,399**	27,463

19. MANAGEMENT OF LIQUID RESOURCES

	2006 €'000	2005 €'000
Movement in liquid resources	**3,717**	903

Abbey plc includes as liquid resources fixed term deposits of less than one year.

20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Increase (decrease) in cash in year	**7,939**	(1,541)
Movement in liquid resources	**(3,717)**	(903)
Translation difference	**(641)**	(44)
Movement in net funds in the year	**3,581**	(2,488)
Net funds at 1 May	**64,164**	66,652
Net funds at 30 April	**67,745**	64,164

21. ANALYSIS OF NET FUNDS

	At 1 May 2005 €'000	Cash flow €'000	Exchange movements €'000	At 30 April 2006 €'000
Cash at bank and in hand	3,866	7,939	–	11,805
Deposits	60,298	(3,717)	(641)	55,940
	64,164	4,222	(641)	67,745

22. CAPITAL COMMITMENTS

Future capital expenditure, none of which is attributable to the Company, approved by the directors but not provided for in these financial statements is as follows:

	2006 €'000	2005 €'000
Contracted for	–	–

23. OPERATING LEASE COMMITMENTS

Amounts payable during the next twelve months in respect of operating leases are as follows:

Leases on land and buildings expiring:

Within one year	**58**	–
Between one year and five years	**–**	58
After more than five years	**27**	98
	85	156

Operating leases on plant and machinery carry no future commitments.

24. PENSIONS

The most recent actuarial valuations of the pension schemes were carried out as at 1 May 2005 using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those made in respect of the rate of return on investment and the rate of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 4.5% per annum and that the rates of pension increase would be 3.25% per annum.

The costs of providing UK death in service benefits, which are insured under a separate agreement with Canada Life were paid in addition to the employer contributions.

As at 1 May 2005, the total value placed on the schemes' group pension plan for the purposes of the valuations amounted to €20 million and was sufficient to cover 100% of the scheme's liabilities. The Group is making contributions into the UK scheme at a contribution rate of 15.50%. This pension scheme was closed to new entrants on 1 January 2001. With effect from 1 May 2006 pensionable salaries have been frozen and the scheme has contracted back into the State Earnings Related Pension Scheme. There are no members in the Irish scheme at 30 April 2006.

The actuarial valuations are not available for public inspection.

Defined Benefit Schemes

The Group operates a defined benefit scheme in both Ireland and the United Kingdom. Actuarial valuations in accordance with FRS17 were carried out at 30 April 2006 by qualified independent actuaries. The actuarial reports are available to the pension scheme members only.

The major assumptions used by the actuary were:

	Republic of Ireland 2006	Republic of Ireland 2005	Republic of Ireland 2004	Republic of Ireland 2003
Pensionable salary growth	Nil % pa	2.00 % pa	2.50 % pa	4.00 % pa
Pension escalation in payment	Nil % pa	5.00 % pa	5.00 % pa	5.00 % pa
Discount rate	4.25 % pa	4.60 % pa	5.00 % pa	5.25 % pa
Inflation assumption	2.25 % pa	2.00 % pa	2.50 % pa	2.25 % pa

	United Kingdom 2006	United Kingdom 2005	United Kingdom 2004	United Kingdom 2003
Pensionable salary growth	Nil % pa	4.00 % pa	4.00 % pa	3.75 % pa
Pension escalation in payment	3.00 % pa	3.00 % pa	3.00 % pa	3.00 % pa
Discount rate	5.10 % pa	5.30 % pa	5.60 % pa	5.40 % pa
Inflation assumption	2.50 % pa	2.50 % pa	2.50 % pa	2.25 % pa

The assets in the schemes and the expected long-term rate of return were:

	Republic of Ireland 2006	Republic of Ireland 2005	Republic of Ireland 2004	Republic of Ireland 2003
Equities	7.10%	7.20%	7.40%	7.75%
Bonds	4.10%	3.70%	4.40%	4.75%
Property	–	5.20%	–	–
Other	5.10%	2.25%	5.40%	5.75%

	United Kingdom 2006	United Kingdom 2005	United Kingdom 2004	United Kingdom 2003
Bonds	4.30%	4.40%	4.80%	5.00%
Cash	4.50%	4.75%	4.00%	4.00%

The net pension assets are as follows:

As at 30 April 2006	Republic of Ireland €'000	United Kingdom €'000	Total €'000
Equities	188	–	188
Bonds	62	19,968	20,030
Other	22	2,163	2,185
Total value of assets	272	22,131	22,403
Present value of scheme liabilities in respect of active and deferred members	–	(19,791)	(19,791)
Surplus in the schemes	272	2,340	2,612
Related deferred tax liability	(34)	(702)	(736)
Net pension assets	**238**	**1,638**	**1,876**

The net pension assets (liabilities) are as follows:

As at 30 April 2005			
Equities	901	–	901
Bonds	177	20,037	20,214
Property	79	–	79
Other	95	451	546
Total value of assets	1,252	20,488	21,740
Present value of scheme liabilities in respect of active and deferred members	(1,247)	(20,658)	(21,905)
Surplus (deficit) in the schemes	5	(170)	(165)
Related deferred tax liability (asset)	(1)	51	50
Net pension assets (liabilities)	**4**	**(119)**	**(115)**

The net pension assets are as follows:

As at 30 April 2004			
Equities	849	–	849
Bonds	220	17,501	17,721
Other	91	145	236
Total value of assets	1,160	17,646	18,806
Present value of scheme liabilities in respect of active and deferred members	(1,148)	(17,496)	(18,644)
Surplus in the schemes	12	150	162
Related deferred tax liability	(2)	(45)	(47)
Net pension assets	**10**	**105**	**115**

The net pension (liabilities) asset are as follows:

As at 30 April 2003			
Conventional with-profits policy	–	16,662	16,662
Equities	598	–	598
Bonds	204	–	204
Other	136	–	136
Total value of assets	938	16,662	17,600
Present value of scheme liabilities in respect of active and deferred members	(1,282)	(13,990)	(15,272)
(Deficit) surplus in the schemes	(344)	2,672	2,328
Related deferred tax asset (liability)	43	(802)	(759)
Net pension (liabilities) asset	**(301)**	**1,870**	**1,569**

The defined benefit scheme in the United Kingdom was closed to new entrants on 1 January 2001. As this scheme was closed to new entrants the age profile of the active members will rise significantly causing the current service cost to increase as the members of the scheme approach retirement.

From 25 June 2003 the United Kingdom pension scheme became self-administered. The assets previously held with an insurance company were transferred for cash to the Trustee Company who has subsequently invested the funds in UK Government Bonds. The Trustee Company has an investment policy to invest in UK Government Sterling Bonds to generate cash flows to match as closely as possible the liabilities of the scheme.

	Republic of Ireland €'000	United Kingdom €'000	**Total 2006 €'000**	Total 2005 €'000
Analysis of the amount charged to operating profit:				
Current service cost	–	(820)	**(820)**	(785)
Analysis of the amount (charged) credited to other finance income:				
Expected return on pension scheme assets	88	931	**1,019**	935
Interest on pension scheme liabilities	(78)	(1,100)	**(1,178)**	(1,046)
Net return	10	(169)	**(159)**	(111)
Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):				
Actual return less expected return on pension scheme assets	(36)	(501)	**(537)**	1,060
Experience gains and losses arising on the scheme liabilities	293	800	**1,093**	(89)
Exchange rate adjustment	–	(29)	**(29)**	(3)
Changes in assumptions underlying the present value of the scheme liabilities	–	2,301	**2,301**	(1,379)
Actuarial gain (loss) recognised in STRGL	257	2,571	**2,828**	(411)
Movement in asset (liability) during the year:				
Surplus (deficit) in scheme at beginning of the year	5	(170)	**(165)**	162
Movement in year:				
Current service cost	–	(820)	**(820)**	(785)
Contributions paid by the employer	–	928	**928**	980
Past service costs	–	–	**–**	–
Other finance income	10	(169)	**(159)**	(111)
Actuarial gain (loss)	257	2,571	**2,828**	(411)
Surplus (deficit) in scheme at end of the year	272	2,340	**2,612**	(165)

	Republic of Ireland €'000	United Kingdom €'000	Total 2006 €'000	Total 2005 €'000	Total 2004 €'000	Total 2003 €'000
History of experience gains and losses:						
Difference between the expected and actual return on scheme assets:						
Amount	(36)	(501)	(537)	1,060	1,397	3,416
% of scheme assets	(13%)	(2%)	(2%)	5%	(7%)	19%
Experience gains and losses on scheme liabilities:						
Amount	293	800	1,093	(89)	(98)	(33)
% of present value of scheme liabilities	0%	4%	6%	0%	1%	0%
Total amount recognised in STRGL:						
Amount	257	2,571	2,828	(411)	(2,573)	1,663
% of present value of scheme liabilities	0%	13%	14%	(2%)	(14%)	11%

Defined Contribution Schemes

The Group contributes to defined contribution and personal pension schemes in both Ireland and the United Kingdom for which the Group has contributed €321,000 during the year to 30 April 2006 (2005: €241,000) and charged in full to the profit and loss account. There is €Nil accrued in respect of contributions due at 30 April 2006 (2005: €8,000).

25. PRIOR YEAR ADJUSTMENTS

The prior year adjustments relate to a change in accounting policy to adopt ‘FRS17 - Retirement Benefits’ in full, effective from 1 May 2005 and 'FRS21 - Events After The Balance Sheet Date’. The comparative figures have been restated by the group and company for the effect of the change in accounting policies as follows:

FRS17 - Retirement Benefits
Under ‘FRS17 - Retirement Benefits’ the difference between the defined benefit market value of the assets of the pension benefit scheme and the present value of accrued liabilities is reported on the balance sheet as a pension and post retirement benefits asset or liability, net of deferred tax.

The effect of the adoption of the standard is that the group has recognised a pension and post retirement benefits asset of €1,876,000 in relation to the current year. The comparatives have been restated to include a pension and post retirement benefit liability of €115,000.

FRS21 - Events After The Balance Sheet Date
Dividends to shareholders are now accounted for on the date of ratification by members as a result of the adoption of FRS21. As a result, the retained earnings have been appropriately restated.

Group Profit and Loss Account
for the year ended 30 April 2005

	Previous 30 April 2005 €'000	SSAP24/FRS17 30 April 2004 €'000	FRS21 30 April 2004 Note (1) €'000	FRS21 30 April 2005 Note (2) €'000	SSAP24 30 April 2005 Note (3) €'000	FRS17 30 April 2005 Note (4) €'000	Restated 30 April 2005 €'000
Turnover - continuing operations	206,520						206,520
Cost of sales	(140,472)						(140,472)
Group gross profit	66,048						66,048
Administrative expenses	(10,824)				1,111	(785)	(10,498)
Share of joint venture profit	122						122
Trading profit including share of joint venture	55,346						55,672
Net interest receivable	1,916						1,916
Other finance charges	–					(111)	(111)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	57,262						57,477
Taxation on profit on ordinary activities	(13,048)					(21)	(13,069)
PROFIT FOR THE FINANCIAL YEAR	44,214						44,408
Dividends	(11,246)		(6,815)	7,497			(10,564)
Retained profit for the financial year	32,968	–	(6,815)	7,497	1,111	(917)	33,844
Profit for the financial year	44,214	–			1,111	(917)	44,408
Actuarial loss on Group defined benefit pension obligations	–					(411)	(411)
Deferred tax asset relating to Actuarial loss on defined benefit pension obligations	–					119	119
Unrealised revaluation surplus arising in year	2,465						2,465
Translation adjustment arising in year	145						145
Total recognised gains and losses for the year	46,824	–	–	–	1,111	(1,209)	46,726

Note (1) This is the proposed dividend from 30 April 2004 that is now recorded as a dividend paid in the year ended 30 April 2005.
Note (2) This is the proposed dividend from 30 April 2005 that is now recorded as a dividend paid in the year ended 30 April 2006.
Note (3) This is the reversal of the pension contributions charged to the profit and loss account in the year ended 30 April 2005, under SSAP24.
Note (4) The €785,000 is the current service cost in the year to 30 April 2005. The €110,000 is the actuarial finance charge and the €21,000 is the deferred tax charge to the profit and loss account for the year to 30 April 2005.
The €411,000 is the actuarial loss as at 30 April 2005 with the €119,000 being the deferred tax on the actuarial loss at that date.

Group Balance Sheet
as at 30 April 2005

	Previous 30 April 2005 €'000	SSAP24/FRS17 30 April 2004 Note (1) €'000	FRS21 30 April 2004 Note (2) €'000	FRS21 30 April 2005 Note (3) €'000	SSAP24 30 April 2005 Note (4) €'000	FRS17 30 April 2005 Note (5) €'000	Restated 30 April 2005 €'000
FIXED ASSETS							
Tangible assets	35,945						35,945
Investment in joint venture	2,398						2,398
CURRENT ASSETS							
Stocks	196,812						196,812
Debtors	8,787				(1,156)		7,631
Investments	7						7
Cash at bank and in hand	64,164						64,164
	269,770						268,614
CREDITORS: Amounts falling due within one year	(71,555)			7,497			(64,058)
NET CURRENT ASSETS	198,215						204,556
PROVISION FOR LIABILITIES AND CHARGES							
Deferred taxation	(1,388)						(1,388)
PENSION AND POST RETIREMENT LIABILITIES (net of deferred tax)	–					(115)	(115)
NET ASSETS INCLUDING PENSION AND POST RETIREMENT ASSET (LIABILITY)	235,170	–	–	7,497	(1,156)	(115)	241,396
SHAREHOLDERS' FUNDS							
Called up share capital	10,905						10,905
Share premium account	13,321						13,321
Revaluation reserve	7,346						7,346
Other reserves							
Capital redemption reserve	1,478						1,478
Currency translation	1,439						1,439
Profit and loss account	200,681	(1,173)	6,815	682	1,111	(1,209)	206,907
SHAREHOLDERS' FUNDS (All equity interests)	235,170	(1,173)	6,815	682	1,111	(1,209)	241,396

Note (1) The prepaid pension contributions of €1,288,000 held as a prepayment have been reversed, but are off set by the FRS17 Actuarial surplus of €115,000 at 30 April 2004.
Note (2) This is the proposed dividend from 30 April 2004 that is treated as a dividend paid in the year ended 30 April 2005.
Note (3) The proposed dividend of €6,815,000 is treated as a charge in the year to 30 April 2005, but off set by the proposed dividend of €7,497,000 at 30 April 2005 which is now treated as a charge in the year to 30 April 2006.
Note (4) The prepaid pension contributions of €1,156,000 held as a prepayment at 30 April 2005 is reversed. The €1,111,000 is detailed in Note 25 above.
Note (5) The €115,000 is the Pension and Post Retirement liability net of deferred tax at 30 April 2005.
The €1,209,000 is detailed in Note 25 above.

Company Balance Sheet
as at 30 April 2005

	Previous 30 April 2005 €'000	Dividend Receivable Note (1) €'000	Dividend Payable Note (2) €'000	Restated 30 April 2005 €'000
FIXED ASSETS				
Tangible assets	2,293			2,293
Financial assets	23,530			23,530
CURRENT ASSETS				
Debtors	13,421	(7,398)		6,023
Cash at bank and in hand	541			541
	13,962			6,564
CREDITORS: Amounts falling due within one year	(8,100)		7,497	(603)
NET CURRENT ASSETS	5,862			5,961
TOTAL ASSETS LESS CURRENT LIABILITIES	31,685	(7,398)	7,497	31,784
SHAREHOLDERS' FUNDS				
Called up share capital	10,905			10,905
Share premium account	13,321			13,321
Revaluation reserve	443			443
Other reserves				
Capital redemption reserve	1,478			1,478
Currency translation	(383)			(383)
Profit and loss account	5,921	(7,398)	7,497	6,020
	31,685	(7,398)	7,497	31,784

Note (1) This is the dividend receivable at 30 April 2005 that is treated as a dividend received in the year ended 30 April 2005.
Note (2) The proposed dividend of €7,497,000 at 30 April 2005 is now treated as a dividend paid in the year ended 30 April 2006.

26. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on the 12th July 2006.

Notice is hereby given that the Annual General Meeting of Abbey plc will be held in The Conrad Dublin, Dublin 2, at 10.30 a.m. on Friday, 6th October, 2006 for the following purposes:

Ordinary Business

- To consider the Company's Accounts and Reports of the Directors and the Auditors for the year ended 30th April 2006.
- To confirm and declare a dividend on the ordinary shares for the year ended 30th April 2006.
- To re-elect as a Director Mr. J. Roger Humber (Member of Audit Committee and Remuneration Committee) who retires at the Meeting under Article 98 of the Company's Articles of Association.
- To authorise the Directors to fix the remuneration of the Auditors.
- To transact any other ordinary business of the Company.

Special Business

To consider and, if thought fit, to pass the following resolutions:

AS AN ORDINARY RESOLUTION:

"That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined for the purposes of Section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount of €5,129,752.64 provided that this authority shall expire upon the termination of the Annual General Meeting of the Company to be held in 2006 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

AS A SPECIAL RESOLUTION:

"That, subject to the passing of the previous resolution, the Directors be and they are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (within the meaning of Section 23 of the Companies (Amendment) Act, 1983) for cash pursuant to the authority conferred by the previous resolution as if sub-Section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited:

(a) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them, and

(b) to the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of €463,512.

This authority shall expire on the date of the next Annual General Meeting of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

Members should note that there has been one change in the interest in shares of Abbey plc by Mr Richard J. Shortt since the disclosure in the Directors' report dated 12th July 2006. Mr Shortt now holds 12,500 ordinary shares in the Company. There have been no other changes to the Directors and Secretary Interests in the shares of Abbey plc as disclosed in the Directors' report dated 12th July 2006 at the date of this Notice of Meeting 4th September 2006.

By order of the Board
4th September 2006
David J. Dawson, Secretary

Registered Office
25/28 North Wall Quay, Dublin 1.
(Reg. No. 9245 Republic of Ireland)

Notes:

1. Any member entitled to attend and vote at the above meeting may appoint a proxy to attend, speak and vote.

2. A proxy need not be a member of the Company.

3. Proxies should reach the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not less than 48 hours before the time appointed for the holding of the meeting.

4. The final dividend on the ordinary shares will, if approved, be paid on 31st October 2006 to members registered as Ordinary Shareholders at the close of business on 13th October 2006.

5. There will be available for inspection by members at 25/28 North Wall Quay, Dublin 1, during usual business hours from the date of this notice and at The Conrad Dublin, Dublin 2, for fifteen minutes prior to and until the conclusion of the Annual General Meeting, copies of contracts of service of Directors with the Company, or any of its subsidiaries.

6. The registers required to be maintained by the Company under Section 60 and 80 of the Companies Act, 1990 shall be available for inspection to any person attending the Annual General Meeting for fifteen minutes prior to and until the conclusion of the said meeting.

Notes

Notes

Graphic Design: Design ICU
Project Management: Norma Jansen MPRII, Abbey plc
Photography, Ireland: Lispopple Custom Photography
Photography, UK: New Century Pictures & Stephen Barnett Photography
Production: Colorman