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### Separate Insert

Form of Proxy



**Kingscroft Developments Ltd Showhomes: The Hastings, Balbriggan, Holywell, Kilcoole and Castlegate, Portarlington**



**The Company's 70th Annual General Meeting will be held on Thursday 4th October 2007 at The Westin Dublin, Dublin 2, at 10:30 am**

## Results in Brief

	Expressed in €'000 (except per share data)		£'000 Sterling Equivalent (except per share data)	
	2007	2006	2007	2006
Turnover (excluding share of joint venture)	<b>192,201</b>	204,544	<b>130,178</b>	139,908
Profit before taxation	<b>45,425</b>	47,062	<b>30,766</b>	32,190
Profit after taxation	<b>34,542</b>	35,959	<b>23,395</b>	24,596
Earnings per share	<b>118.66c</b>	113.78c	<b>80.37p</b>	77.83p
Dividends paid per share	<b>36.00c</b>	34.00c	<b>24.38p</b>	23.26p
Assets per share	<b>842c</b>	759c	<b>575p</b>	526p
Gearing	<b>Nil</b>	Nil	<b>Nil</b>	Nil

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

2007 €100c : Stg 67.73p

2006 €100c : Stg 68.40p

The rates used for conversion of Balance Sheet items are the rates at 30 April 2007 and 30 April 2006:

2007 €100c : Stg 68.24p

2006 €100c : Stg 69.29p

**The year ended 30th April 2007 was another solid year for the Group. The maintenance of our trading margins was the most encouraging feature of our results.**



The Group reports a profit for the year of €45.4 million before taxation against €47.1 million in the previous year. Shareholders' funds of €243.9 million represent €8.42 per share and include net cash balances of €32.1 million. Earnings for the year were 118.66 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 677 sales (UK 457; Ireland 220) at an average price of €252,000 and contributed €40.8 million to our results.

**United Kingdom:** Trading was steady throughout the year. The new year is off to a good start with summer sales continuing at a steady level. We are budgeting a higher number of unit sales this year although a significant element of our work is for social housing provided at cost prices. During the year we acquired in excess of 400 plots and now own or control land with the benefit of planning permission for 1,454 plots.

**Ireland:** In Ireland our business has made steady progress. As we feared last year construction delays impacted completions during the period. We have entered this year with a healthy forward sales position and a good spread of sites on which to work.

Our recent sales launches in Portarlington, Portlaoise, Balbriggan and Kilcoole were all well received. We now own land with the benefit of planning permission for 1,055 plots. In addition we own zoned land for a further 290 plots.

**Czech Republic:** In Prague the Group now owns or controls land for the provision of about 385 units at a current net investment of €10.1m. Building work has commenced on our project in Slivenec and the first sales reservations have been made. The first phase of homes should be constructed in twelve months with completion to follow thereafter.



### PLANT HIRE

The plant hire division reported operating profits of €2.5 million on a turnover of €21.1 million. Buoyant trading conditions boosted M&J's contribution. A fair start has been made to the current year.

Rental income arising from the letting of surplus space at Group property was €475,000.



### 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 interest rates have risen steadily and are widely forecast to continue rising. Our business seems certain to be impacted in these conditions. In Ireland, in particular, the very rapid price appreciation of 2006 has been followed by quieter market conditions and some choppy trading as the market finds an appropriate level in the aftermath of the exuberance of last year. Trading in the new year is progressing steadily, however, margin erosion will likely impact profits this year. At the time of writing there has been widespread speculation about a possible significant and prolonged downturn in house prices and sales with particular reference to Ireland but possibly extending next year to Britain as well. If these fears are realised the Group will be exposed to substantial and material losses. Recent housebuilding company reports from the United States illuminate the risks. Shareholders will recall our losses incurred in 1989/90. However, at the moment the Group remains in a robust financial position and is continuing to examine good opportunities in all our markets.

### ANNUAL GENERAL MEETING

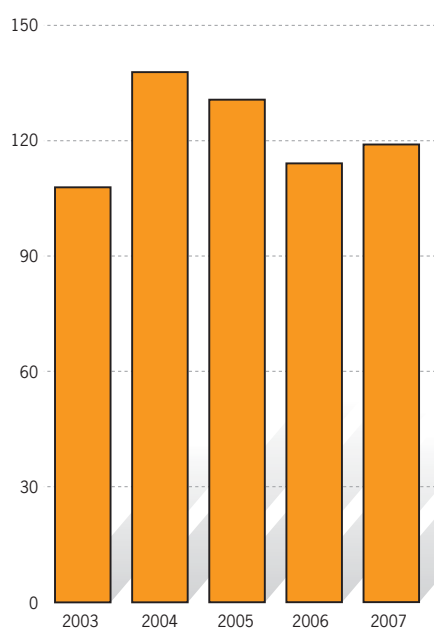
I look forward to seeing you all at our Annual General Meeting on 4th October and wish to bring to your attention all other special business in the notice of that meeting.

*Charles H. Gallagher, Executive Chairman*

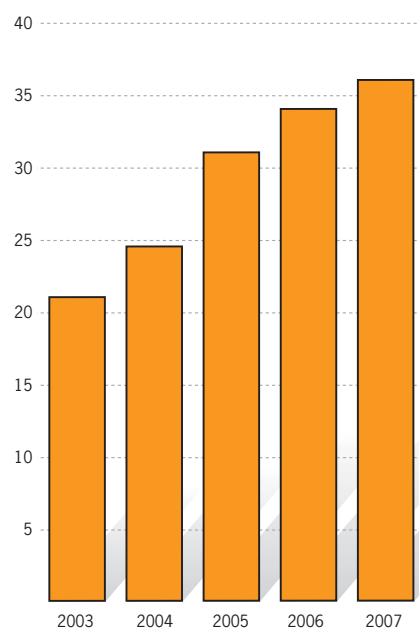
## Five Year Financial Summary

	2007 €'000	2006 €'000	2005 €'000	2004 €'000	2003 €'000
<b>Turnover - continuing (including share of joint venture)</b>	<b>192,201</b>	204,544	206,854	201,521	174,806
<b>Less: share of joint venture</b>	<b>-</b>	-	(334)	(1,858)	(2,831)
<b>Group turnover</b>	<b>192,201</b>	204,544	206,520	199,663	171,975
<b>Group operating profit</b>	<b>43,828</b>	45,421	55,550	58,237	45,326
Share of joint venture profit	-	-	122	1,023	1,850
Net interest receivable	<b>1,601</b>	1,800	1,916	945	1,287
Other finance charges	<b>(4)</b>	(159)	(111)	-	-
<b>Profit on ordinary activities before taxation</b>	<b>45,425</b>	47,062	57,477	60,205	48,463
Taxation	<b>(10,883)</b>	(11,103)	(13,069)	(13,359)	(11,787)
<b>Profit for the financial year</b>	<b>34,542</b>	35,959	44,408	46,846	36,676
<b>Earnings per share</b>	<b>118.66c</b>	113.78c	130.31c	137.47c	107.62c
<b>Dividends paid per share</b>	<b>36.00c</b>	34.00c	31.00c	24.50c	21.00c
<b>Shareholders' funds</b>	<b>243,922</b>	225,200	241,396	199,592	159,714

**Earnings Per Share**  
(Euro Cents)  
Basic and Diluted



**Dividends Paid Per Share**  
(Euro Cents)



### **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

### **NOMINATED ADVISOR**

J&E Davy, trading as Davy

### **TRADING PLATFORMS**

Irish Enterprise Exchange

Alternative Investment Market

### **PRELIMINARY STATEMENT**

12th July 2007

### **ANNUAL REPORT**

3rd September 2007

### **ANNUAL GENERAL MEETING**

4th October 2007

### **DIVIDEND PAYMENT**

31st October 2007

### **INTERIM STATEMENT**

December 2007



- A** 'Castlegate', Portarlinton, Co Laois
- B** 'Holywell', Kilcoole, Co Wicklow
- C** 'Clonroosk Abbey', Portlaoise, Co Laois
- D** 'Lansdowne', Portarlinton, Co Laois







E	
F	G
H	I

- E 'Cressgrove Place', Kesgrave, Suffolk
- F 'Eastforge Grange', Dagenham, Essex
- G 'Copperhouse', Rainham, Kent
- H 'Rutland Place', Cottesmore, Rutland
- I 'Priory Vale', Swindon, Wiltshire







- K**
- L**   **M**
- N**



- K** Fixed Mast 4 Wheel Drive Forklift and 7m Telehandler on site at Glastonbury 2007
- L** 10 Tonne 4 Wheel Drive Hydraulic Tip Dumper
- M** Airmaster JCB 2CX towing Atlas 4 Tool Compressor
- N** 6m Telehandler

## Board of Directors

### **CHARLES H. GALLAGHER (47) 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 (62) (BRITISH) BSc (Eng)**

Mr. Hawkins joined the Abbey Group in 1990 and was Managing Director of Abbey Developments Limited from May 1993 to December 2006 and is now Managing Director of Abbey Group 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 (54) (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 (59)**

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 (46) 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 (64) (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. He is Chair of Circle Anglia Housing Group, a registered social landlord.

### **JOHN F. HOGAN • Δ (67) 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 Umbrella Fund 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 2007 which are set out on pages 22 to 41.

### 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 €34,542,000. Dividends of 36.00 cents per share, absorbing €10,429,000 of profit have been paid during the year, leaving retained profit of €24,113,000 which has been transferred to reserves. After the share repurchase of €6,360,000 and other movements as detailed in the "Reconciliation of Movements in Shareholders' Funds" on page 25, the net assets of the Group have increased from €225,200,000 to €243,922,000.

The directors are recommending a dividend of 24.00 cents per share to be considered for approval at the at the Annual General Meeting in October 2007.

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 677 sales (UK 457; Ireland 220) with turnover of €170.6 million generating an operating profit of €40.8 million. The comparative figures for the previous year were 718 sales (UK 423; Ireland 295) with turnover of €183.5 million generating an operating profit of €43.3 million.

UK trading held up well as the year progressed with margins in particular being maintained at reasonable levels. In Ireland a strong sales effort with good results particularly in the midlands was let down by construction delays and as a result completions fell well short of our best expectations. In Prague building work has started on our property in Slivenec. At the year end the Group owned and controlled land with the benefit of planning permission for the supply of 2,608 plots.

M&J reported operating profits of €2.5 million (2006: €1.8 million) on turnover of €21.1 million (2006: €20.7 million).

Rental income arising primarily from the letting of surplus space at Group property was €475,000 (2006: €316,000).

At the year end shareholders' funds stood at €243.9 million (2006: €225.2 million), whilst net cash balances stood at €32.1 million (2006: €67.7 million).

### FUTURE DEVELOPMENTS

The Group enters the current year with good forward sales in both Ireland and Britain. An increasing proportion of our work in both Britain and Ireland is for sales at cost price to Social Housing Providers. The impact of this evolution of our business is likely to be more noticeable this year and is contributing to the margin squeeze facing the business. In Prague our next project in Andel should make a start in this financial year.

M&J, our plant hire division, has made a fair start to the year and this should continue.

### 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 11 July 2007:

	Number of shares	% of issued share capital
Gallagher Holdings Limited	10,166,544	35.09%
FMR Corp. and its direct and indirect subsidiaries, being non-beneficial holders	3,407,000	11.76%
Bank of Ireland Nominees Limited	2,898,922	10.01%
Irish Life Investment Managers	1,560,505	5.39%

### DIRECTORS

Mr. David A. Gallagher 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 2007, were as follows:

	Number of Shares	
	2007	2006
Charles H. Gallagher	<b>25,500</b>	25,500
Richard J. Shortt	<b>12,500</b>	9,500
David A. Gallagher	<b>3,000</b>	3,000
John F. Hogan	<b>3,000</b>	3,000

None of the directors hold shares in a non-beneficial capacity and no changes occurred in the above holdings between 30 April 2007 and 11 July 2007. 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.

#### Disabled Employees

The Group give every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

#### Employee Involvement

The continuing Group policy with regard to employee consultation and involvement is that there should be effective communication with all employees who, subject to practical and commercial considerations, should be consulted on and involved in decisions that affect their current jobs and future prospects. The achievement of this policy has to be treated flexibly in accordance with the varying circumstances and needs of companies in the Group but, in all cases, the emphasis is on communication at the local level. Details of the Group's financial results are circulated each half and full year and periodic staff seminars are also held to discuss various aspects of the Group's business.

#### Health and Safety

The Group pays particular adherence to health and safety matters and the Group has implemented appropriate safety guidelines in its subsidiaries.

#### 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, 11th July 2007  
C.H. GALLAGHER, Chairman  
J.R. HUMBER, Director

## Remuneration Report

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	2007 Total €'000	2006 Total €'000
<b>Executive Directors</b>				
C H Gallagher	928	39	967	774
B R Hawkins	414	23	437	390
R N Kennedy	232	11	243	227
R J Shortt	315	26	341	312
Totals	1,889	99	1,988	1,703
<b>Non-Executive Directors</b>				
D A Gallagher	45	–	45	45
J R Humber	45	–	45	45
J F Hogan	45	–	45	45
Totals	135	–	135	135

(1) Benefits In Kind comprise defined benefit pension contributions and other benefits and emoluments.

### PENSIONS

Two 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 (2006: two) directors to whom retirement benefits are accruing under a defined benefit scheme at 30 April 2007. One director had contributions to a defined contribution scheme during the year. One director is now a deferred member of the defined benefit pension scheme.

Name	Age	Pensionable Service Years	Defined Benefit			Defined Contribution
			Increase In Accrued Pension During The Year €'000	Transfer Value Of The Increase €'000	Accumulated Accrued Pension 30 April €'000	Group Contributions €'000
B R Hawkins	62	16	8	192	86	–
R N Kennedy	54	10	4	50	27	–
R J Shortt	59	–	–	–	–	92
30 April 2007			12	242	113	92
30 April 2006			15	456	195	175

## 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;
- 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 2006. 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.



ABBAY PLC, ANNUAL REPORT 2007

## Independent Auditors' Report to the Members of Abbey plc

We have audited the group and parent company financial statements of Abbey plc for the year ended 30 April 2007 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 25. 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 2006. 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 2007 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

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: 11th July 2007

### **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 2007. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets and in accordance with Generally Accepted Accounting Practice in the Republic of Ireland.

### **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.

### **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. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the rates of exchange at the balance sheet date.

### **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 2007 and concluded that no adjustment was required.

All properties are revalued triennially on an open market basis. Revaluation gains 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 2007

	Note	2007 €'000	2006 €'000
Group turnover - continuing	1	<b>192,201</b>	204,544
Cost of sales		<b>(135,492)</b>	(147,467)
Group gross profit		<b>56,709</b>	57,077
Administrative expenses		<b>(12,881)</b>	(11,656)
Group operating profit - continuing		<b>43,828</b>	45,421
Net interest receivable	2	<b>1,601</b>	1,800
Other finance charges	24	<b>(4)</b>	(159)
Profit on ordinary activities before taxation	3	<b>45,425</b>	47,062
Taxation on profit on ordinary activities	5	<b>(10,883)</b>	(11,103)
Profit attributable to shareholders	17	<b>34,542</b>	35,959
Dividends paid	6	<b>(10,429)</b>	(11,098)
Profit retained for the financial year	17	<b>24,113</b>	24,861
Earnings per share - basic	7	<b>118.66c</b>	113.78c
Earnings per share - diluted	7	<b>118.66c</b>	113.78c

Approved by the Board on 11th July 2007  
C.H. GALLAGHER, Chairman  
J.R. HUMBER, Director

## Statement of Total Recognised Gains and Losses Year Ended 30 April 2007

	Note	2007 €'000	2006 €'000
<b>GROUP</b>			
Profit for the financial year		<b>34,542</b>	35,959
Actuarial gain on Group defined benefit pension obligations	24	<b>465</b>	2,828
Deferred tax liability relating to Actuarial gain on Group defined benefit pension obligations		<b>(140)</b>	(803)
Translation adjustment arising in year	16	<b>1,639</b>	(2,565)
Reduction in revaluation surplus		<b>(995)</b>	–
<b>Total recognised gains and losses for the year</b>		<b>35,511</b>	35,419

## Reconciliation of Movements in Shareholders' Funds Year Ended 30 April 2007

	2007 €'000	2006 €'000
<b>GROUP</b>		
Shareholders' funds at 1 May	<b>225,200</b>	241,396
Profit for the financial year	<b>34,542</b>	35,959
Dividends	<b>(10,429)</b>	(11,098)
Profit retained for the financial year	<b>24,113</b>	24,861
Actuarial gain on Group defined benefit pension obligations	<b>465</b>	2,828
Deferred tax liability asset relating to Actuarial gain on Group defined benefit pension obligations	<b>(140)</b>	(803)
Translation adjustment arising in year	<b>1,639</b>	(2,565)
Reduction in revaluation surplus	<b>(995)</b>	–
Purchase of own shares	<b>(6,360)</b>	(40,517)
<b>Net movement in shareholders' funds</b>	<b>18,722</b>	(16,196)
<b>Shareholders' funds at 30 April</b>	<b>243,922</b>	225,200

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



## Group Balance Sheet

At 30 April 2007

	Note	2007 €'000	2006 €'000
<b>FIXED ASSETS</b>			
Tangible assets	8	<b>36,239</b>	34,867
Investment in joint venture	9	<b>2,398</b>	2,398
		<b>38,637</b>	37,265
<b>CURRENT ASSETS</b>			
Stocks	10	<b>232,721</b>	211,881
Debtors	11	<b>13,135</b>	8,078
Investments	12	<b>7</b>	7
Cash at bank and in hand		<b>32,095</b>	67,745
		<b>277,958</b>	287,711
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Trade and other creditors	13	<b>(73,049)</b>	(100,404)
		<b>204,909</b>	187,307
<b>NET CURRENT ASSETS</b>			
		<b>243,546</b>	224,572
<b>PROVISION FOR LIABILITIES</b>			
Deferred taxation	14	<b>(1,327)</b>	(1,248)
<b>PENSION AND POST RETIREMENT ASSET</b>			
(net of deferred tax)	24	<b>1,703</b>	1,876
<b>NET ASSETS INCLUDING PENSION AND POST RETIREMENT ASSET</b>			
		<b>243,922</b>	225,200
<b>SHAREHOLDERS' FUNDS</b>			
Called up share capital	15	<b>9,270</b>	9,495
Share premium account	16	<b>13,321</b>	13,321
Revaluation reserve	16	<b>6,293</b>	7,177
Other reserves			
– Capital redemption reserve fund	15	<b>3,113</b>	2,888
– Currency translation	16	<b>571</b>	(957)
Profit and loss account	17	<b>211,354</b>	193,276
		<b>243,922</b>	225,200

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 11th July 2007  
C.H. GALLAGHER, Chairman  
J.R. HUMBER, Director

# Company Balance Sheet

At 30 April 2007

	Note	2007 €'000	2006 €'000
<b>FIXED ASSETS</b>			
Tangible assets	8	<b>2,293</b>	2,293
Financial assets	9	<b>23,530</b>	23,530
		<b>25,823</b>	25,823
<b>CURRENT ASSETS</b>			
Debtors	11	<b>6,643</b>	12,839
Cash at bank and in hand		<b>559</b>	415
		<b>7,202</b>	13,254
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Trade and other creditors	13	<b>(900)</b>	(455)
		<b>6,302</b>	12,799
<b>NET CURRENT ASSETS</b>			
		<b>32,125</b>	38,622
<b>SHAREHOLDERS' FUNDS</b>			
Called up share capital	15	<b>9,270</b>	9,495
Share premium account	16	<b>13,321</b>	13,321
Revaluation reserve	16	<b>443</b>	443
Other reserves			
– Capital redemption reserve fund	15	<b>3,113</b>	2,888
– Currency translation	16	<b>(383)</b>	(383)
Profit and loss account	17	<b>6,361</b>	12,858
		<b>32,125</b>	38,622

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 11th July 2007  
 C.H. GALLAGHER, Chairman  
 J.R. HUMBER, Director

## Group Cash Flow Statement

Year Ended 30 April 2007

	Note	2007 €'000	2006 €'000
Net cash (outflow) inflow from operating activities	18	<b>(1,932)</b>	70,399
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest paid		<b>(12)</b>	(164)
Interest received		<b>1,609</b>	1,805
		<b>1,597</b>	1,641
<b>TAXATION</b>			
Corporation tax paid		<b>(11,283)</b>	(10,952)
<b>CAPITAL EXPENDITURE</b>			
Purchase of tangible fixed assets		<b>(10,891)</b>	(8,060)
Sale of tangible fixed assets		<b>3,233</b>	2,809
Net cash outflow from capital expenditure		<b>(7,658)</b>	(5,251)
<b>EQUITY DIVIDENDS PAID</b>			
Net cash (outflow) inflow before use of liquid resources		<b>(29,705)</b>	44,739
<b>FINANCING</b>			
Purchase of own shares		<b>(6,360)</b>	(40,517)
Management of liquid resources	19	<b>24,834</b>	3,717
(Decrease) increase in cash in the year	20	<b>(11,231)</b>	7,939

**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.

	<b>2007</b>	2006
	<b>€'000</b>	€'000
<b>(a) Analysis by location of business</b>		
<b>Turnover</b>		
Republic of Ireland	<b>59,669</b>	69,169
United Kingdom	<b>132,532</b>	135,375
	<b>192,201</b>	204,544
<b>Net assets</b>		
Republic of Ireland	<b>92,030</b>	56,080
United Kingdom	<b>107,325</b>	92,425
Czech Republic	<b>10,067</b>	6,545
	<b>209,422</b>	155,050
Investment in joint venture	<b>2,398</b>	2,398
	<b>211,820</b>	157,448
Investments	<b>7</b>	7
Cash at bank less borrowings	<b>32,095</b>	67,745
	<b>243,922</b>	225,200

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

**(b) Analysis by class of business**

<b>Turnover</b>		
Building and property development	<b>170,582</b>	183,552
Plant hire	<b>21,144</b>	20,676
Property rental	<b>475</b>	316
	<b>192,201</b>	204,544
<b>Net assets</b>		
Building and property development	<b>177,350</b>	124,796
Plant hire	<b>30,483</b>	28,836
Property rental	<b>1,589</b>	1,418
	<b>209,422</b>	155,050
Investment in joint venture	<b>2,398</b>	2,398
	<b>211,820</b>	157,448
Investments	<b>7</b>	7
Cash at bank less borrowings	<b>32,095</b>	67,745
	<b>243,922</b>	225,200

<b>2. NET INTEREST RECEIVABLE</b>	<b>2007</b>	2006
	<b>€'000</b>	€'000
Interest receivable	<b>1,609</b>	1,805
Interest payable	<b>(8)</b>	(5)
	<b>1,601</b>	1,800

### 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	<b>(1,482)</b>	(1,155)
Auditors' remuneration	<b>127</b>	122
Operating lease rentals:		
Rent of building	<b>137</b>	234
Hire of plant and machinery	<b>424</b>	545
Depreciation	<b>6,960</b>	6,729

### 4. EMPLOYMENT

The average number of persons employed by the Group, including executive directors, in the financial year was 275 (2006: 287) and is analysed by class of business as follows:

	<b>2007</b>	2006
	<b>Number</b>	Number
Building and property development	<b>114</b>	118
Plant hire and rental	<b>161</b>	169
	<b>275</b>	287

	<b>2007</b>	2006
	<b>€'000</b>	€'000
Employment costs comprise:		
Wages and salaries	<b>12,748</b>	12,416
Social welfare costs	<b>1,345</b>	1,087
Other pension costs	<b>951</b>	1,249
	<b>15,044</b>	14,752

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

### 5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	<b>2007</b>	2006
	<b>€'000</b>	€'000
The tax charge based on the profit on ordinary activities comprises:		
<b>Irish Corporation Tax at 12.5%</b>		
Current	<b>2,190</b>	2,173
<b>United Kingdom Corporation Tax at 30%</b>		
Current	<b>8,756</b>	9,054
Total current corporation tax	<b>10,946</b>	11,227
Deferred tax: originating and reversal of timing differences	<b>(63)</b>	(124)
	<b>10,883</b>	11,103



**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:

	2007	2006
	(% of profit before taxation)	
Irish corporation tax rate	12.5	12.5
Higher UK tax rates	11.1	11.1
Other timing differences	0.5	0.3
	<b>24.1</b>	<b>23.9</b>

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 accounting for 'FRS17 - Retirement Benefits'. The related 'FRS17 - Retirement Benefits' deferred tax liability (2006: liability) has been netted off against the Pension and Post Retirement asset.

**6. DIVIDENDS**

	2007 €'000	2006 €'000
<b>Paid ordinary</b>		
Dividend of 12.00 cents per share (2006: 12.00 cents per share)	3,476	3,601
<b>Paid ordinary</b>		
Dividend of 24.00 cents per share (2006: 22.00 cents per share)	6,953	7,497
	<b>10,429</b>	<b>11,098</b>
<b>Ordinary dividends proposed (memorandum disclosure)</b>		
Proposed 24.00 cents per share (2006: 24.00 cents per share)	6,953	7,121

**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 29,109,967 (2006: 31,605,167) and to the profit on ordinary activities after taxation amounting to €34,542,000 (2006: €35,959,000).

**8. TANGIBLE FIXED ASSETS**

Group	Land and buildings €'000	Investment properties €'000	Plant and machinery €'000	Transport €'000	Total €'000
<b>Cost or Valuation</b>					
At 1 May 2006	14,439	1,418	41,054	4,442	61,353
Translation adjustment	148	33	601	59	841
Additions	2	-	9,792	1,098	10,892
Disposals	-	-	(8,176)	(800)	(8,976)
Transfer to stock	-	(1,255)	-	-	(1,255)
Reclassification	(1,393)	1,393	-	-	-
At 30 April 2007	13,196	1,589	43,271	4,799	62,855
<b>Accumulated depreciation</b>					
At 1 May 2006	-	-	24,029	2,457	26,486
Translation adjustment	-	-	363	32	395
Charge for year	-	-	6,087	873	6,960
Disposals	-	-	(6,532)	(693)	(7,225)
At 30 April 2007	-	-	23,947	2,669	26,616
<b>Net book amounts</b>					
At 30 April 2007	13,196	1,589	19,324	2,130	36,239
At 30 April 2006	14,439	1,418	17,025	1,985	34,867

**8. TANGIBLE FIXED ASSETS (CONTINUED)**

Plant and machinery includes assets held for hire with a cost of €40,917,000 (2006: €38,565,000) and accumulated depreciation of €21,962,000 (2006: €22,050,000).

During the year a property in Abbey Investments Limited was transferred to Abbey Developments Limited at its carrying value with a relevant reduction in the revaluation reserve.

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

<b>Group</b>	<b>2007</b>	<b>2006</b>
	<b>€'000</b>	<b>€'000</b>
The valuation of land and buildings comprises:		
Freehold property	<b>12,581</b>	13,833
Long leasehold property	<b>615</b>	606
	<b>13,196</b>	14,439

The historical cost of land and buildings amounts to:

Land and buildings	<b>6,072</b>	8,680
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**Company****Freehold land and buildings****Cost or valuation**

At 1 May and 30 April	<b>2,293</b>	2,293
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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 'FRS 15 - Tangible Fixed Assets' and consider the depreciation amount to be immaterial on a current and cumulative basis. They have also followed the provisions of 'FRS 11 - 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	<b>23,530</b>	23,530
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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:

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

**9. FINANCIAL FIXED ASSETS (CONTINUED)**

<i>Incorporated in the United Kingdom</i>	<i>Nature of business</i>	<i>Registered office</i>
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.

**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 2007. The financial statements reflect the development and selling of sites held in Clonsilla, Co. Dublin.

	<b>2007</b>	2006
	<b>€'000</b>	€'000
<i>The movement on the investment in joint venture during the year is as follows:</i>		
At 1 May and 30 April	<b>2,398</b>	2,398
<hr/>		
<i>The Group's share of joint venture net assets is made up as follows:</i>		
Current assets	<b>3,294</b>	3,294
Liabilities falling due within one year	<b>(896)</b>	(896)
	<b>2,398</b>	2,398

**10. STOCKS****Group**

Building land and work in progress	<b>232,092</b>	211,293
Raw materials	<b>629</b>	588
	<b>232,721</b>	211,881

**11. DEBTORS****Group**

*Amounts falling due within one year*

Trade debtors	<b>5,658</b>	5,380
Other debtors	<b>1,667</b>	493
Value added tax	<b>3,849</b>	478
Prepayments and accrued income	<b>1,961</b>	1,727
	<b>13,135</b>	8,078

<b>11. DEBTORS (CONTINUED)</b>	<b>2007</b>	2006
	<b>€'000</b>	€'000
<b>Company</b>		
<i>Amounts falling due within one year</i>		
Corporation tax	–	21
Amounts owed by subsidiary undertakings	<b>6,643</b>	12,775
Prepayments and accrued income	–	43
	<b>6,643</b>	12,839

**12. INVESTMENTS****Group***Ordinary shares at cost*

Non-listed company	<b>7</b>	7
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**13. TRADE AND OTHER CREDITORS****Group***Amounts falling due within one year*

Trade creditors	<b>26,718</b>	22,192
Advances received from joint venture	<b>3,191</b>	3,073
Amounts outstanding on land	<b>21,878</b>	54,477
United Kingdom income tax	<b>237</b>	192
Social welfare	<b>197</b>	169
Value added tax	<b>530</b>	2,300
Corporation tax	<b>4,532</b>	4,792
Other creditors	<b>3,848</b>	4,509
Accruals and deferred income	<b>11,918</b>	8,700
	<b>73,049</b>	100,404

**Company***Amounts falling due within one year*

Value added tax	<b>34</b>	18
Corporation tax	<b>402</b>	–
Other creditors	<b>290</b>	276
Accruals and deferred income	<b>174</b>	161
	<b>900</b>	455

**14. DEFERRED TAXATION**

At 1 May	<b>1,248</b>	1,388
Translation adjustment	<b>19</b>	(33)
Movement in the year	<b>60</b>	(107)
At 30 April	<b>1,327</b>	1,248

The provision is in respect of accelerated capital allowances and general timing differences.

The potential deferred taxation on the revaluation of properties is €525,000 (2006: €710,000).

<b>15. CALLED UP SHARE CAPITAL</b>		<b>2007</b>	<b>2006</b>
		<b>€'000</b>	<b>€'000</b>
<b>Group and Company</b>			
<b>Authorised</b>			
At 1 May and 30 April 45,000,000 ordinary shares of 32 cents each		<b>14,400</b>	14,400
<b>Group and Company</b>			
<b>Allotted, called up and fully paid</b>			
	<b>2007</b>	2006	<b>2007</b>
	<b>Number '000</b>	Number '000	<b>€'000</b>
At 1 May ordinary shares of 32 cents each	<b>29,671</b>	34,077	<b>9,495</b>
Purchase of own shares	<b>(702)</b>	(4,406)	<b>(225)</b>
At 30 April ordinary shares of 32 cents each	<b>28,969</b>	29,671	<b>9,270</b>

**Group and Company**  
*Capital Redemption Reserve Fund*

At 1 May		<b>2,888</b>	1,478
Purchase of own shares		<b>225</b>	1,410
At 30 April		<b>3,113</b>	2,888

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 2006	13,321	7,177	(957)	443	(383)
Translation adjustment arising in year	–	111	1,528	–	–
Reduction in revaluation surplus	–	(995)	–	–	–
At 30 April 2007	13,321	6,293	571	443	(383)

The revaluation reserve is in respect of:

Land and buildings	6,293
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<b>17. PROFIT AND LOSS ACCOUNT</b>	Note	<b>2007</b>	2006
<b>Group</b>		<b>€'000</b>	€'000
Profit brought forward at beginning of year		<b>193,276</b>	206,907
Profit retained for the financial year		<b>34,542</b>	35,959
Dividends paid	6	<b>(10,429)</b>	(11,098)
Actuarial gain on Group defined benefit obligations		<b>465</b>	2,828
Deferred tax liability relating to Actuarial gain on Group defined benefit pension obligations		<b>(140)</b>	(803)
Purchase of own shares		<b>(6,360)</b>	(40,517)
At 30 April		<b>211,354</b>	193,276

**Company**

Profit brought forward at beginning of year		<b>12,858</b>	6,020
Profit retained for the financial year		<b>10,292</b>	58,453
Dividends paid		<b>(10,429)</b>	(11,098)
Purchase of own shares		<b>(6,360)</b>	(40,517)
At 30 April		<b>6,361</b>	12,858

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 2007 was €10,292,000 (2006: €58,453,000).

**18. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW) INFLOW FROM OPERATING ACTIVITIES**

Operating profit	<b>43,828</b>	45,421
Depreciation	<b>6,960</b>	6,729
Profit on disposal of tangible fixed assets	<b>(1,482)</b>	(1,155)
Translation adjustment	<b>(165)</b>	745
Increase in stocks	<b>(19,068)</b>	(17,979)
Increase in debtors	<b>(4,998)</b>	(594)
(Decrease) increase in creditors	<b>(27,654)</b>	37,163
Movement in pension asset	<b>647</b>	69
Net cash (outflow) inflow from operating activities	<b>(1,932)</b>	70,399

**19. MANAGEMENT OF LIQUID RESOURCES**

Movement in liquid resources	<b>24,834</b>	3,717
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Abbey plc includes as liquid resources fixed term deposits of less than one year.

<b>20. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>	<b>2007</b>	2006
	<b>€'000</b>	€'000
(Decrease) increase in cash in year	<b>(11,231)</b>	7,939
Movement in liquid resources	<b>(24,834)</b>	(3,717)
Translation difference	<b>415</b>	(641)
Movement in net funds in the year	<b>(35,650)</b>	3,581
Net funds at 1 May	<b>67,745</b>	64,164
Net funds at 30 April	<b>32,095</b>	67,745

**21. ANALYSIS OF NET FUNDS**

	At 1 May 2006 €'000	Cash flow €'000	Exchange movements €'000	At 30 April 2007 €'000
Cash at bank and in hand	11,805	(11,231)	–	574
Deposits	55,940	(24,834)	415	31,521
	67,745	(36,065)	415	32,095

**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:

	<b>2007</b>	2006
	<b>€'000</b>	€'000
Contracted for	<b>472</b>	98

**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 and five years	<b>67</b>	–
After more than five years	–	27
	<b>67</b>	85

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.

The actuarial valuations are not available for public inspection.

### Defined Benefit Schemes

The Group operated defined benefit schemes in both Ireland and the United Kingdom during the year. The Irish Scheme was wound up during the current year. The actuarial valuation in accordance with FRS17 was carried out at 30 April 2007 by a qualified independent actuary. The actuarial report is available to the pension scheme members only.

The major assumptions used by the actuary were:

	Republic of Ireland 2007	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 2007	United Kingdom 2006	United Kingdom 2005	United Kingdom 2004	United Kingdom 2003
Pensionable salary growth	Nil % pa	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	3.00 % pa
Discount rate	5.40 % pa	5.10 % pa	5.30 % pa	5.60 % pa	5.40 % pa
Inflation assumption	3.00 % pa	3.00 % 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 2007	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 2007	United Kingdom 2006	United Kingdom 2005	United Kingdom 2004	United Kingdom 2003
Bonds	4.45%	4.30%	4.40%	4.80%	5.00%
Cash	5.41%	4.50%	4.75%	4.00%	4.00%

**24. PENSIONS (CONTINUED)**

	United Kingdom €'000	Total €'000
<b>The net pension assets are as follows:</b>		
<b>As at 30 April 2007</b>		
Bonds	19,533	19,533
Cash	3,609	3,609
Total value of assets	23,142	23,142
Present value of scheme liabilities in respect of active and deferred members	(20,709)	(20,709)
Surplus in the scheme	2,433	2,433
Related deferred tax liability	(730)	(730)
<b>Net pension asset</b>	<b>1,703</b>	<b>1,703</b>

	Republic of Ireland €'000	United Kingdom €'000	Total €'000
<b>The net pension assets are as follows:</b>			
<b>As at 30 April 2006</b>			
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)
<b>Net pension assets</b>	<b>238</b>	<b>1,638</b>	<b>1,876</b>

**The net pension assets (liabilities) are as follows:**

<b>As at 30 April 2005</b>			
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 (asset) liability	(1)	51	50
<b>Net pension assets (liabilities)</b>	<b>4</b>	<b>(119)</b>	<b>(115)</b>

**The net pension assets are as follows:**

<b>As at 30 April 2004</b>			
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)
<b>Net pension assets</b>	<b>10</b>	<b>105</b>	<b>115</b>

**The net pension (liabilities) asset are as follows:**

<b>As at 30 April 2003</b>			
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)
<b>Net pension (liabilities) asset</b>	<b>(301)</b>	<b>1,870</b>	<b>1,569</b>

**24. PENSIONS (CONTINUED)**

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 2007 €'000	Total 2006 €'000
<b>Analysis of the amount charged to operating profit:</b>				
Current service cost	–	(501)	<b>(501)</b>	(820)
Past service cost	–	(446)	<b>(446)</b>	–
	–	<b>(947)</b>	<b>(947)</b>	<b>(820)</b>

**Analysis of the amount (charged) credited to other finance income:**

Expected return on pension scheme assets	34	980	<b>1,014</b>	1,019
Interest on pension scheme liabilities	12	(1,030)	<b>(1,018)</b>	(1,178)
<b>Net return</b>	<b>46</b>	<b>(50)</b>	<b>(4)</b>	<b>(159)</b>

**Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):**

Actual return less expected return on pension scheme assets	–	(734)	<b>(734)</b>	(537)
Experience gains and losses arising on the scheme liabilities	–	(396)	<b>(396)</b>	1,093
Changes in assumptions underlying the present value of the scheme liabilities	–	1,595	<b>1,595</b>	2,272
<b>Actuarial gain recognised in STRGL</b>	–	<b>465</b>	<b>465</b>	<b>2,828</b>

**Movement in asset during the year:**

Surplus in scheme at beginning of the year	272	2,340	<b>2,612</b>	(165)
Movement in year:				
Current service cost	–	(501)	<b>(501)</b>	(820)
Contributions (received) paid by the employer	(318)	592	<b>274</b>	928
Past service costs	–	(446)	<b>(446)</b>	–
Other finance income	46	(50)	<b>(4)</b>	(159)
Exchange rate adjustment	–	33	<b>33</b>	–
Actuarial gain	–	465	<b>465</b>	2,828
<b>Surplus in scheme at end of the year</b>	–	<b>2,433</b>	<b>2,433</b>	<b>2,612</b>

	Republic of Ireland €'000	United Kingdom €'000	Total 2007 €'000	Total 2006 €'000	Total 2005 €'000	Total 2004 €'000	Total 2003 €'000
<b>History of experience gains and losses:</b>							
Difference between the expected and actual return on scheme assets:							
Amount	–	(734)	(734)	(537)	(537)	1,397	3,416
% of scheme assets	–	–3%	–3%	–2%	5%	–7%	19%
Experience gains and losses on scheme liabilities:							
Amount	–	(396)	(396)	1,093	1,093	(98)	(33)
% of present value of scheme liabilities	–	–2%	–2%	6%	0%	1%	0%
Total amount recognised in STRGL:							
Amount	–	465	465	2,828	2,857	(2,573)	1,663
% of present value of scheme liabilities	–	2%	2%	14%	–2%	–14%	11%



**24. PENSIONS (CONTINUED)****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 €364,000 during the year to 30 April 2007 (2006: €321,000) and charged in full to the profit and loss account. There is €Nil accrued in respect of contributions due at 30 April 2007 (2006: €Nil).

**25. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Board of Directors on the 11th July 2007.

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of Abbey plc will be held in The Westin Dublin, College Green, Westmoreland Street, Dublin 2, at 10:30am on Thursday, 4th October, 2007 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 2007;
- To confirm and declare a dividend on the ordinary shares for the year ended 30th April 2007;
- To re-elect as a Director Mr. David A. Gallagher (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 consider and, if thought fit, to pass the following as an ordinary resolution:

"That it is hereby determined that the fees of the Directors payable in accordance with Article 90 of the Articles of Association of the Company shall be such sum not exceeding €350,000 in the aggregate as the Directors shall decide."
- 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 2008 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 subparagraph (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 11th July, 2007. Mr. Shortt now holds 15,500 ordinary shares in the Company.

There have been no other changes to the Directors' and Secretary's interests in the shares of Abbey plc as disclosed in the Directors' report dated 11th July 2007 at the date of this Notice of Meeting 3rd September 2007.

*By order of the Board*  
3rd September 2007  
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 2007 to members registered as Ordinary Shareholders at the close of business on 12th October 2007.
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 Westin Dublin, College Green, Westmoreland Street, 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.

**Graphic Design:** Design ICU

**Project Management:** Norma Jansen MPRll, Abbey plc

**Photography, Ireland:** Lispopple Custom Photography

**Photography, UK:** New Century Pictures

**Production:** Colorman (Ireland) Ltd.