

**2012 ANNUAL REPORT** 

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**Separate Insert** Form of Proxy

# The Company's 75th Annual General Meeting will be held on Friday, 5th October, 2012 at The Grand Hotel, Malahide, Co. Dublin at 10:30a.m.

### **Results in Brief**

	Expressed in €'000 (except per share data)			
	2012	2011	2012	2011
Revenue	70,375	66,624	60,051	56,850
Profit before taxation	12,052	11,510	10,284	9,821
Profit attributable to equity shareholders of the parent	8,868	8,250	7,567	7,040
Earnings per share	39.94c	34.11c	34.08p	29.11p
Dividends paid per share	8.00c	8.00c	6.84p	6.83p
Assets per share	805c	686c	656p	611p
Gearing	Nil	Nil	Nil	Nil

For the purpose of the above the following translation rates have been used for the Income Statement:

2011 €100c: STG 85.33p 2011 €100c: CZK 2,480.35h

2012 €100c: STG 85.58p 2012 €100c: CZK 2,482.41h

The rates used for conversion of Balance Sheet items are the rates at 30 April 2011 and 30 April 2012:

2011 €100c: STG 89.04p 2011 €100c: CZK 2,411.60h

2012 €100c: STG 81.50p 2012 €100c: CZK 2,493.80h

## The year ended 30<sup>th</sup> April 2012 saw more hard won progress as the Group re-stocks for the years ahead.

The Group reports a profit of €12.1 million before taxation against a profit of €11.5 million in the previous year. The result includes an impairment charge of €1.3 million against property land and work in progress arising from the continuing difficult Irish market. Shareholders' funds of €173.9 million represent €8.05 per share and include cash balances (including restricted cash) of €20.2 million. Earnings for the year were 39.94 cents and the Board is recommending a dividend of 5 cents per share for approval at the Annual General Meeting in October.

#### **HOUSEBUILDING**

Our housebuilding operations completed 310 sales (UK 255; Ireland 37; CZK 18) with a turnover of  $\in$  57.8 million generating an operating profit of  $\in$  8.3 million.

**United Kingdom:** Trading in the UK continued to be tough with some discounts needed to maintain reasonable volumes. Margins, as in the previous year were supported by the keen prices achieved for building work. The current year has commenced in a similar vein. Prices across our operating area continue to be under pressure. The continuing recession with its impact on incomes and employment is a negative backdrop to the market. At the year end the Company owned and controlled land with the benefit of planning permission for 999 plots. Terms have been agreed for further land acquisitions.

Ireland: In Ireland significant progress has been made in clearing inventory. Land and work in progress now represents less than €5.4 million. Our project in Kilcoole has sold steadily and will probably be concluded this year. In Laois the lack of mortgages has meant we have chosen to rent a significant number of properties pending their sale. The Company is constantly seeking fresh development opportunities, however viable projects remain thin on the ground.

**Czech Republic:** In Prague we completed 18 sales and continue to struggle. Rising legal and planning costs have pushed us into loss. As in Ireland we are resorting to renting some properties pending their sale. No additions were made to our Czech land bank during the year.

Overall the division is gradually making progress in spite of the difficult environment. The bulk of the division's slow moving stock is now held in Prague. Turnover is budgeted to increase this year as our planned recovery in the UK gains traction.

At the year end the Group owned and controlled land with the benefit of planning permission for the supply of 1,852 plots.

#### **PLANT HIRE**

M&J reported operating profits of €302,000 on a turnover of €12.0 million. Overall this is a similar result to last year. In recent weeks trading on a year on year basis has seen a fair improvement and we are budgeting for a stronger contribution to the Group this year.

#### **RENTAL INCOME**

Rental income during the year was €549,000.

Chairman's Statement Continued

#### FINANCIAL INVESTMENTS

At the year end financial investments of €50.0 million were held in UK government bonds.

#### **SHARE BUYBACK**

Further to the authority granted at the Extraordinary General Meeting on  $17^{th}$  November 2010 the company has purchased for cancellation 1,386,914 ordinary shares at a total cost of  $\[ \in \]$ 7,313,000. Since the year end a further 65,000 shares were purchased for cancellation at a cost of  $\[ \in \]$ 394,877. The authority granted in November 2010 to purchase back shares expired on  $\[ \]$ 31st May 2012.

#### **DIRECTORS, MANAGEMENT AND STAFF**

Mr. Michael McNulty was co-opted to the Board on  $7^{th}$  December 2011 and will go forward for election at the Annual General Meeting.

The progress of the Group is a result of the combined effort 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

The outlook for the year ahead is for significant growth in turnover as the UK business responds to increased investment. Increased turnover however, is unlikely to be matched by a similar increase in profits as margins are traded to secure some sales growth. Competition for profitable land opportunities is intense. The external environment remains very uncertain and further setbacks cannot be discounted, however, all things being equal the Group's plans are on track.

#### **ANNUAL GENERAL MEETING**

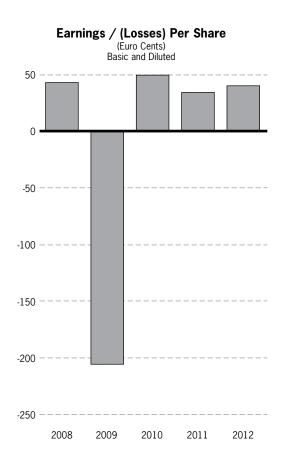
I look forward to seeing you all at our Annual General Meeting on 5<sup>th</sup> October 2012.

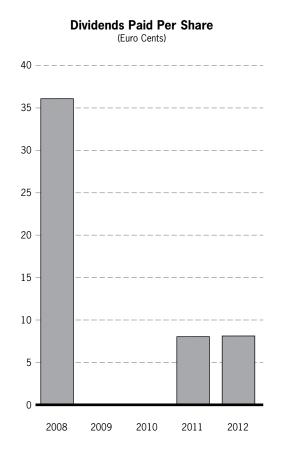
On behalf of the Board

Charles H. Gallagher, Executive Chairman

## **Five Year Financial Summary**

	2012 €'000	2011 €'000	2010 €'000	2009 €'000	2008 €'000
Revenue	70,375	66,624	97,165	99,852	180,334
Operating profit / (loss)	9,114	9,364	12,832	(55,740)	15,076
Net interest receivable	3,046	2,312	2,406	1,465	1,818
Other finance charges	(108)	(166)	(76)	(119)	(100)
Profit / (loss) before taxation	12,052	11,510	15,162	(54,394)	16,794
Income tax (expense) / credit	(3,184)	(3,260)	(2,867)	3,769	(4,713)
Profit / (loss) attributable to equit	cy .				
shareholders of the parent	8,868	8,250	12,295	(50,625)	12,081
Earnings / (losses) per share					
basic and diluted	39.94c	34.11c	49.92c	(205.57)c	42.93c
Dividends paid per share	8.00c	8.00c	-	-	36.00c
Shareholders' funds	173,911	157,690	160,420	150,737	207,940





## **Group Information**

## **Financial Diary**

#### **ABBEY PLC**

Reg. No. 9245 Republic of Ireland

#### **AUDITORS**

Ernst & Young, Chartered Accountants and Registered Auditors

#### **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

Enterprise Securities Market Alternative Investment Market

#### PRELIMINARY STATEMENT

10th July 2012

#### **ANNUAL REPORT**

24th August 2012

#### **ANNUAL GENERAL MEETING**

5th October 2012

#### INTERIM STATEMENT

December 2012

#### CHARLES H. GALLAGHER (52) 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 (67) (BRITISH) BSc (Eng)

Mr. Hawkins joined the Abbey Group in 1990. He was previously Managing Director of Abbey Developments Limited from May 1993 to December 2006 and Managing Director of Abbey Group Limited from January 2007 to September 2009. Since October 2009 he fulfils a part-time executive role for Abbey plc. 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 (59) (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.

#### LORENZO G. FRAQUELLI (54) (BRITISH) BSc (Civil Eng) MICE

Mr. Fraquelli joined the Abbey Group in January 2007 and is Managing Director of Abbey Developments Limited. He was co-opted to the Abbey plc Board in November 2009. He holds no other directorships other than those within Abbey plc and its subsidiaries.

## DAVID A. GALLAGHER • $\Delta$ (51) 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 Limited.

## J. ROGER HUMBER • $\Delta$ (69) (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 P.E. Jones (Contractors) Limited and its subsidiaries, and was Chair of Circle Anglia Housing Group, a registered social landlord, until December 2009.

#### MICHAEL A. MCNULTY • Δ (66) FCA, F INST D, AITI (NON-EXECUTIVE)

Mr. McNulty was appointed a non-executive director of the Group in December 2011. He is a former Senior Audit Partner of Ernst & Young in Ireland, together with being the previous head of their Corporate Finance Division. He is currently a non-executive director of StayinFront Limited, University College Dublin Foundation Limited and Irish Payments Services Organisation Limited. Among the other companies he previously served as a non-executive director are An Post Limited, Temple Bar Properties Limited and he is a former Chairman of The Pensions Board of Ireland.

 $\textbf{(•)} \ \text{Member of Audit Committee}$   $(\Delta) \ \text{Member of Remuneration Committee}$ 

The directors submit herewith their report and audited financial statements for the year ended 30 April 2012 which are set out on pages 17 to 42.

## PRINCIPAL ACTIVITIES AND REVIEW OF THE DEVELOPMENTS OF THE BUSINESS

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

In the year under review the profit after taxation amounted to  $\in 8,868,000$  (2011:  $\in 8,250,000$ ). Dividends of 8.00 cents per share, absorbing  $\in 1,753,000$  of profit have been paid during the year, leaving retained profit of  $\in 7,115,000$  which has been transferred to reserves. After the share repurchase of  $\in 7,313,000$  and other movements as detailed in the "Group Statement of Comprehensive Income" and "Group Statement of Changes in Equity" the net assets of the Group increased from  $\in 157,690,000$  to  $\in 173,911,000$ .

The directors are recommending a dividend of 5.00 cents per share to be considered for approval at the Annual General Meeting in October 2012

A list of principal undertakings and the nature of their business is contained in note C4 to the Company balance sheet. Geographic and divisional analysis of revenue are given in note 7 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 uses the following key performance indicators to evaluate its performance:

- Financial Performance Compared to Budget
   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.
- 2. Unit Reservations

The Group reviews the weekly net house sales reservations and weekend site visitor numbers.

Development Site Profit Margin
 The Group evaluates the gross profit margin of each development site on a monthly basis.

#### 4. Machine Count

The Group reviews the machine count for each plant hire depot on a weekly basis.

#### **BUSINESS REVIEW**

Our housebuilding operations completed 310 sales (UK 255; Ireland 37; CZK 18) with revenue of  $\in$ 57.8 million generating an operating profit of  $\in$ 8.26 million. The comparative figures for the previous year were 303 sales (UK 224; Ireland 58; CZK 21) with revenue of  $\in$ 54.4 million generating an operating profit of  $\in$ 9.3 million.

The result has been impacted by an impairment charge of €1,248,000 (2011: €815,000) against inventories arising from the continued difficult Irish market.

Trading in the UK continued to be tough over the year with some discounts needed to maintain reasonable volumes. In Prague we continue to struggle and rising legal and planning costs have pushed us into loss. In Ireland we have made significant progress in clearing inventory with land and work in progress now representing less than €5.4 million.

At the year end the Group owned and controlled land with the benefit of planning permission for the supply of 1,852 plots.

Our plant hire division reported operating profit of €302,000 (2011: profit €284,000) on revenue of €12.0 million (2011: €11.8 million). In the previous year a gain of €410,000 from further proceeds from the disposal of an M&J property was recognised. Overall this is a similar result to last year.

Rental income during the year was €549,000 (2011: €449,000).

During the financial year our properties recognised a valuation gain of  $\in$ 114,000 (2011: valuation loss  $\in$ 1,084,000).

At the year end total equity stood at €173.9 million (2011: €157.7 million), whilst net cash balances and restricted cash stood at €20.2 million (2011: €26.4 million). Further financial investments of €50.0 million were held in UK government bonds (2011: €52.6 million).

Directors' Report Continued

#### **FUTURE DEVELOPMENTS**

Sales prices in the housebuilding division continue to be under pressure. The continuing recession with its impact on income and employment is a negative backdrop to the market. Margins continue to be supported as in previous years by the keen prices achieved for building works. Overall the division is gradually making progress in spite of the difficult environment. Revenue is budgeted to increase this year as our planned recovery in the UK gains traction.

The plant hire division in recent weeks has seen trading on a year on year basis improve and we are budgeting for a stronger contribution to the Group this year.

#### IMPORTANT EVENTS SINCE THE YEAR END

There have been no important events since the year end.

#### PRINCIPAL RISKS AND UNCERTAINTIES

Irish Company law requires the Group to give a description of the principal 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 and uncertainties 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 as at 9 July 2012:

	Number of shares	% of issued share capital
Gallagher Holdings Limited	10,166,544	47.23%
FMR LLC	3,400,000	15.79%
I.G. Investment Management Ltd	934,965	4.34%
Polar Capital European Forager Fund Ltd	930,000	4.32%

#### **DIRECTORS**

Mr J. Roger Humber retires in accordance with Article 98 of the Company's Articles of Association and will be offering himself for re-election.

Mr. Michael A. McNulty was appointed to the Board on 7 December 2011 and retires in accordance with Article 87 and, being eligible offers himself for 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 as at 30 April 2012 were as follows:

·	Number of Shares 2012	Number of Shares 2011
Charles H. Gallagher	25,500	25,500
David A. Gallagher	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 2012 and 9 July 2012. There have not been any contracts or arrangements with the Company or any subsidiary during the year to which a director of the Company had a material interest and which have been significant in relation to the Group's business.

Directors' Report Continued

#### **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, thank 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 11 to the financial statements.

#### **Disabled Employees**

The Group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or 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 year and full year and periodic staff meetings are also held to discuss various aspects of the Groups business.

#### **Health and Safety**

The Group pays particular adherence to health and safety matters. The Group has implemented appropriate safety guidelines in its lrish subsidiaries as required by the Safety, Health and Welfare at Work Act, 2005.

#### **Environment**

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

#### **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, 9 July 2012
C.H. GALLAGHER Chairman
L.G. FRAQUELLI 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. Mr Kennedy and Mr Fraquelli have a notice period of one year. Mr Hawkins' contract comes to and end on 31 July 2012.

#### **DIRECTORS' REMUNERATION**

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

<b>Executive Directors</b>	Salary and Fees €'000	(1) Benefits In Kind €'000	2012 Total €'000	2011 Total €'000
C H Gallagher	662	23	685	684
B R Hawkins	53	_	53	53
R N Kennedy	182	69	251	245
L G Fraquelli	230	17	247	241
Totals	1,127	109	1,236	1,223
Non-Executive Directors				
D A Gallagher	47	_	47	47
J R Humber	47	_	47	47
M A McNulty (2)	20	_	20	_
J F Hogan (3)	27	_	27	60
Totals	141	-	141	154

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

(2) Mr M.A. McNulty was appointed to the Board on 7 December 2011.

(3) Mr J.F. Hogan resigned from the Board on 7 October 2011.

#### **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. The Chairman became a deferred member of the Group's defined benefit scheme on 5 April 2006 and is paid a taxable allowance, with effect from that date in lieu of future pension benefits as set out below. Mr B R Hawkins is a pensioner member of the defined benefit pension scheme. There is one (2011: one) director to whom retirement benefits are accruing under a defined benefit scheme at 30 April 2012. One director had contributions to a defined contribution scheme during the year (2011: one).

Name	Pensionable Service Years	Increase In Accrued Pension During The Year €'000	Transfer Value Of The Increase €'000	Defined Benefit  Accumulated Accrued Pension 30 April €'000	Retirement Benefit Expense 30 April €'000	Defined Contribution Group Contributions 30 April €'000
C H Gallagher	-	_	_	_	131	_
R N Kennedy	15	2	135	34	_	_
L G Fraquelli	_	_	-	_	_	27
30 April 2012		2	135	34	131	27
30 April 2011		2	44	29	131	19

#### **Corporate Governance Report**

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, 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**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 9 to 11. The position of the Group, its cash flows and liquidity position are detailed on pages 19 and 20. The Group has adequate financial resources together with long term relationships with a number of customers and suppliers and the directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. 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

Company law in Ireland 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 Group financial statements the directors are required to:

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

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are set out on pages 39 to 42) in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

The Directors have elected to prepare the Parent Company's financial statements in accordance with generally accepted accounting practice in Ireland (Irish GAAP) comprising the financial reporting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland, together with the Companies Acts, 1963 to 2009.

The Directors are responsible for keeping proper books of accounts, which disclose, with reasonable accuracy at any time, the financial position of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable International Financial Reporting Standards, as adopted by the European Union, and comply with the provisions of the Companies Acts, 1963 to 2009. 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.

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

We have audited the group and company financial statements (the "financial statements") of Abbey plc for the year ended 30 April 2012 which comprise the Group Income Statement, Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes 1 to 35 (group) and C1 to C11 (company). 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 group financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and for the preparation of the company 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 have been properly prepared in accordance with the Companies Acts, 1963 to 2009. 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. The other information comprises only the Chairman's Statement, the Directors' Report, the Remuneration Report, the Corporate Governance Report and the Statement of Directors' Responsibilities. 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 judgments 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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the group as at 30 April 2012 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009; and

the company financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of affairs of the company as at 30 April 2012 and have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

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.

Frank O'Keeffe
For and on behalf of Ernst & Young
Chartered Accountants and Registered Auditors
Dublin
9 July 2012

	Note	2012 €'000	2011 €'000
Revenue - continuing operations	7	70,375	66,624
Cost of sales			
- operating		(52,539)	(49,511)
- impairment charge on inventories	8	(1,248)	(815)
Gross profit		16,588	16,298
Administrative expenses		(7,588)	(6,260)
Gain on property disposal	8		410
Net gain / (loss) from fair value adjustments in investment properties	8	114	(206)
Revaluation decreases in land and buildings	8	_	(878)
Operating profit - continuing operations		9,114	9,364
Finance income	9	3,046	2,312
Finance costs	9	(108)	(166)
Profit before taxation	10	12,052	11,510
Income tax expense	12	(3,184)	(3,260)
Profit attributable to equity shareholders of the parent	28	8,868	8,250
Earnings per share - basic	14	39.94c	34.11c
Earnings per share - diluted	14	39.94c	34.11c

Approved by the Board on 9 July 2012 C.H. GALLAGHER, Chairman L.G. FRAQUELLI, Director

## **Group Statement of Comprehensive Income**

Year Ended 30 April 2012

Profit attributable to equity shareholders of the parent	8,868	8,250
Foreign currency translation	10,582	(2,125)
Unrealised gain on fair value of available-for-sale financial investments	5,553	1,882
Tax movement relating to unrealised gain on fair value		
of available-for-sale financial investments	(1,327)	(454)
Reclassification of adjustment for disposal of available-for-sale investments	(565)	_
Tax movement relating to reclassification of adjustment for		
disposal of available-for-sale investments	137	_
Revaluation reserve decrease - land and buildings	_	(547)
Actuarial gain on Group defined benefit pension obligations	2,683	953
Deferred tax movement relating to actuarial gain on		
Group defined benefit pension obligations	(644)	(248)
Other comprehensive income / (loss) for the year, net of tax	16,419	(539)
Total comprehensive income for the year, net of tax, attributable to		
equity shareholders of the parent	25,287	7,711

	Issued Capital €′000	Share Premium €'000	Revaluation Reserve €'000	Capital Redemption Reserve Fund €'000	Currency Translation €'000	Retained Earnings €'000	Total €'000
Attributable to equity holders of the parent at 1 May 2011	7,353	13,321	3,718	5,030	(22,077)	150,345	157,690
Profit for the year	-	-	-	-	_	8,868	8,868
Other comprehensive income, net of tax	_	_	344	_	10,238	5,837	16,419
Total comprehensive income, net of tax, attributable to equity shareholders of the parent	-	-	344	-	10,238	14,705	25,287
Equity dividends paid	-	-	-	-	_	(1,753)	(1,753)
Purchase of own shares	(444)	-	_	444	_	(7,313)	(7,313)
At 30 April 2012	6,909	13,321	4,062	5,474	(11,839)	155,984	173,911

## **Group Statement of Changes in Equity**

Year Ended 30 April 2011

	Issued Capital €′000	Share Premium €'000	Revaluation Reserve €'000	Capital Redemption Reserve Fund €'000	Currency Translation €'000	Retained Earnings €'000	Total €'000
Attributable to equity holders of the parent at 1 May 2010	7,881	13,321	4,548	4,502	(20,044)	150,212	160,420
Profit for the year	-	-	-	-	-	8,250	8,250
Other comprehensive (loss) / income, net of tax	_	_	(830)	_	(2,033)	2,324	(539)
Total comprehensive (loss) / income, net of tax, attributable to equity shareholders of the parent	_	_	(830)	-	(2,033)	10,574	7,711
Equity dividends paid	-	-	-	-	-	(1,926)	(1,926)
Purchase of own shares	(528)	_	_	528	_	(8,515)	(8,515)
At 30 April 2011	7,353	13,321	3,718	5,030	(22,077)	150,345	157,690

ASSETS Non-current assets	Note	2012 €'000	2011 €'000
Property, plant and equipment	15	24,027	20,052
Investment property	16	2,795	2,209
Investments	18	6	6
Defined benefit pension scheme surplus	33	7,047	2,957
		33,875	25,224
Current assets			
Trade and other receivables	19	5,811	6,297
Inventories	20	104,696	83,128
Financial investments	18	49,961	52,592
Restricted cash Cash and cash equivalents	21 21	286 19,888	1,544 24,808
Cash and Cash equivalents	21	180,642	168,369
TOTAL ASSETS		214,517	193,593
LIABILITIES			
Current liabilities			
Trade and other payables	22	(35,392)	(30,748)
Income tax payable	23	(1,811)	(1,947)
Provisions	24	(1,194)	(2,103)
		(38,397)	(34,798)
NET CURRENT ASSETS		142,245	133,571
Non-current liabilities			
Deferred taxation	25	(2,179)	(1,041)
Provisions	24	(30)	(64)
		(2,209)	(1,105)
TOTAL LIABILITIES		(40,606)	(35,903)
NET ASSETS		173,911	157,690
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	26	6,909	7,353
Share premium	27 27	13,321	13,321
Revaluation reserve Other reserves	21	4,062	3,718
<ul> <li>Capital redemption reserve fund</li> </ul>	26	5,474	5,030
<ul> <li>Currency translation</li> </ul>	27	(11,839)	(22,077)
Retained earnings	28	155,984	150,345
TOTAL EQUITY		173,911	157,690
TOTAL EQUITY AND LIABILITIES		214,517	193,593

Approved by the Board on 9 July 2012 C.H. GALLAGHER, Chairman L.G. FRAQUELLI, Director

Cash flows from operating activities	Note	2012 €'000	2011 €'000
Profit before taxation		12,052	11,510
Adjustment to reconcile profit before tax to net cash flows Non cash:			
Depreciation and amortisation Other non cash items Movement in pension benefit asset Impairment charge on inventories Net (gain) / loss from fair value adjustment in investment properties Revaluation decrease in land and buildings Profit on disposal of property, plant and equipment Realised gain on disposal of financial investments	8 8 8 10	4,542 (2,511) (951) 1,248 (114) - (863) (1,117)	4,502 1,601 (360) 815 206 878 (647) (2)
Finance income Finance costs	9	(2,490) 108	(2,336) 166
Working capital adjustments: Increase in inventories Decrease in trade and other receivables Decrease in trade and other payables		(12,213) 910 (878)	(21,423) 3,352 (11,500)
Income taxes paid		(4,301)	(3,703)
Net cash outflow from operating activities		(6,578)	(16,941)
Cash flows from investing activities Purchase of property, plant and equipment Sale of property, plant and equipment Investment in financial investments Disposal of financial investments Disposal of investment in Joint Venture Finance income		(8,561) 1,594 - 13,095 - 2,490	(6,246) 1,334 (4,864) 4,866 200 2,336
Net cash inflow / (outflow) from investing activities		8,618	(2,374)
Cash flows from financing activities Cost of share buy-backs Equity dividends paid Movement in restricted cash Finance costs	21 9	(7,313) (1,753) 1,258 (108)	(8,515) (1,926) 2,900 (166)
Net cash outflow from financing activities		(7,916)	(7,707)
Net decrease in cash and cash equivalents		(5,876)	(27,022)
Cash and cash equivalents at start of year Net foreign exchange differences	21	24,808 956	51,828 2
Cash and cash equivalents at end of year	21	19,888	24,808

#### 1. AUTHORISATION OF FINANCIAL STATEMENTS

The Consolidated Financial Statements of Abbey plc for the year ended 30 April 2012 were authorised for issue in accordance with a resolution of directors on 9 July 2012. Abbey plc is a publicly traded entity incorporated in the Republic of Ireland. The company's shares are listed on the ESM and AIM Stock Exchanges. The principal activities of the Group are described in note 7.

#### 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In the current year, the Group has adopted all of the revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee of the IASB that are relevant to its operations.

The Group has adopted the following new and amended IFRS and IFRIC Interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or financial position of the Group in the current or prior periods.

- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amendment)
   Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- IFRS 7 Financial Instruments: Disclosures (Amendment)
- IAS 12 Income Taxes (Amendment) Deferred Taxes: Recovery of Underlying Assets
- IAS 24 Related Party Disclosures (Revised)
- IAS 32 Financial Instruments: Presentation Classification of Rights Issues (Amendment)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendment)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments Improvements to International Financial Reporting Standards (2010)

#### 3. STATEMENT OF COMPLIANCE

The consolidated financial statements of Abbey plc and all its subsidiaries (the "Group") have been prepared in accordance with International Financial Standards ("IFRS"), as adopted for use in the European Union, as they apply to the financial statements of the Group for the year ended 30 April 2012.

#### 4. BASIS OF PREPARATION

The Group financial statements have been prepared on the historical cost basis except for land and buildings and investment property and available-forsale financial investments which have been measured at fair value. The accounting policies which follow set out these policies which apply in preparing the financial statements for the year ended 30 April 2012.

Abbey plc (the company) has changed its functional currency to sterling but continues to present its financial statements in euro.

The Group financial statements are presented in Euro and all values are rounded to the nearest thousand euro (€'000) except where otherwise indicated.

#### 5. BASIS OF CONSOLIDATION

The Group financial statements include the financial statements of the parent undertaking and all subsidiaries. Inter-company balances, transactions and profits thereon have been eliminated in preparing the Group financial statements. The financial year end of the Group's subsidiaries are co-terminus.

#### 6. ACCOUNTING POLICIES

#### Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. Revenue represents the value of goods and services supplied to external customers and excludes inter-group sales and value added tax. The following criteria must also be met before revenue is recognised:

#### Housing

Revenue on housing developments and the respective profits are recognised when the property is structurally complete and legally transferred to the purchaser.

#### Plant hire

Revenue comprises charges to third parties, net of value added tax, for the hire, rental, sales and maintenance of construction plant, vehicles, tools and portable buildings, all intra group transactions having been eliminated. Revenue is recognised on a straight line basis over the period of the hire.

#### Property rental

Revenue is recognised on a straight line basis over the period of the lease term, net of value added tax. All intra group transactions having been eliminated.

#### Interest income

Revenue is recognised as interest accrues in the period.

#### Segmental Reporting

Operating segments are reported in a manner consistent with the internal organisation and management structure and the internal reporting information provided to the Board.

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value in respect of inventory property is assessed with reference to market prices at the reporting date, less estimated costs to complete including overheads and selling costs.

#### Building land and roads

Building land and roads 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.

The Group assesses at each balance sheet date whether building land and roads is impaired in accordance with IAS 2 "Inventories". If any impairment has occurred then the write down is recognised as an expense in the income statement.

#### 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.

#### Raw materials

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

#### Trade and other receivables

Trade receivables are recognised and carried at the lower of their original invoiced value and recoverable amount.

Where the time value of money is material, receivables are carried at amortised cost. Provision is made when there is objective evidence that the Group will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

#### Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Group cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

#### Trade and other payables

Trade payables are stated at their fair value. Trade payables on extended terms are recorded at their fair value at the period end, with any discount to fair value amortised over the period of the credit term and charged to finance costs.

#### Taxes

Current income tax

Current income tax assets and liabilities for the year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted for the financial year.

#### Deferred income tax

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future; and
- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax asset and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income tax relates to the same taxation authority and that authority permits the Group to make a single net payment.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

#### **Foreign Currency**

The consolidated financial statements are presented in euro, which is the Company's and Group's presentational currency. Abbey plc (the company) has changed its functional currency to sterling effective 1 May 2011 as a result of determining that its assets and liabilities are now primarily held in sterling and that it was a UK tax resident company. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date with all differences taken to other comprehensive income. Differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Non monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements to presentational currency.

#### Property, Plant and Equipment

Property, plant and equipment is stated at cost except for land and buildings which have been measured at fair value, less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment, other than land, on a straight line basis over the expected useful life as follows:

Buildings
Plant, machinery and transport
50 years
3 to 8 years

The carrying amount of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount. Useful lives and residual values are reviewed annually and where adjustments are required these are made prospectively.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

#### Leases

Group as a lessor

Assets leased out under operating leases are included in property and are depreciated over their estimated useful lives. Rental income is recognised on a straight line basis over the lease term.

#### Group as a lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged to the income statement on a straight line basis over the lease term.

#### Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at the revalued amount in which case the reversal is treated as a revaluation decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### Investment properties

Certain of the Group's surplus properties are classified as investment properties, being held for long-term investment and to earn rental income.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from the changes in fair value of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

#### Financial assets

Recognition and derecognition of financial assets and liabilities

Financial assets are recognised when the Group becomes party to the contractual provisions of the instrument. The derecognition of financial assets takes place when the Group no longer has the right to cash flows, the risks and rewards of ownership, or control of the asset.

#### Available-for-sale financial investments

Available-for-sale financial investments are those non-derivative financial assets that are not designated as held for trading or at fair value through the profit and loss. After initial recognition, available-for-sale financial investments are measured at fair value with gains or losses being recognised within other comprehensive income until the investment is either determined to be impaired or derecognised, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Debt securities in this category are intended to be held for an indefinite period of time and may be sold in response to needs for liquidity or response to changes in the market conditions.

The Group's only available-for-sale-financial investments are UK Government Sterling bonds as detailed in note 18.

The fair value of financial asset investments is determined by reference to the quoted price, which excludes accrued interest, at the close of business on the balance sheet date.

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

#### Pensions and other post retirement benefits

The Group operates a defined benefit pension scheme, which requires contributions to be made to a separately administered fund. The UK scheme was closed to new entrants on 1 January 2001 from which time membership of a defined contribution plan is available.

The cost of providing benefits under the defined benefit plan is determined using the projected unit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine present value of the defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time. The expected return on scheme assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect of fair value of the plan assets of contributions received and benefits paid during the year. The difference between the expected return on scheme assets and the interest cost is recognised in the income statement as other finance income or cost.

The Group has applied IAS 19 to recognise actuarial gains and losses in full in the statement of comprehensive income.

The defined benefit asset comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less unrecognised past service costs and less the fair value of the plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value is based on market price information. The value of any defined benefit asset recognised is restricted to the sum of any unrecognised past service costs and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Contributions to defined contribution and personal employee plans are recognised in the income statement in the period in which they become payable.

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the obligation. Provisions are measured at the expected expenditure required to settle the obligation and are discounted to present value where the effect is material.

Where the Group expects some or all of the provisions to be reimbursed, the reimbursement is recognised as a separate asset but only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

#### Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

#### Inventory valuation

The Group measures inventories at the lower of cost and net realisable value. Inventories include development land and roads, work in progress and completed units for sale along with raw materials.

The Group assesses at each reporting date whether there is an indication that inventories may be impaired. If any such indication exists, or when annual impairment testing for inventories are required, the Group makes an estimate of the inventories recoverable amount. Where the carrying amount of inventory exceeds its recoverable amount, the inventory is considered impaired and is written down to its recoverable amount. In determining net realisable value, an appropriate assessment is made based on external valuations and the expected overall return on development sites.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have decreased. If such indication exists, the previously recognised impairment loss is reversed.

In determining the value of work in progress the Group applies a standard costing process for cost of sales. The Group estimates the development cost for sites and the length of time for the construction process with variances recognised in the income statement.

#### Employee benefits

The cost of the defined benefit pension plan is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, expected rates of return on scheme assets, mortality rates and future pension increases. Due to the long term nature of this plan, such estimates are subject to significant uncertainty.

#### **New Standards and Interpretations Not Applied**

IASB and the IFRS Interpretations Committee have issued the following standards and interpretations with an effective date after the date of these financial statements:

Internation	onal Accounting Standards (IAS / IFRSs)	Effective Date*
IAS 1	Presentation of Other Items in other Comprehensive Income - Amendment	1 July 2012
IFRS 9	Financial Instruments - Classification and Measurement	1 January 2015
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurements	1 January 2013
IAS 19	Employee Benefits (revised)	1 January 2013

The Directors do not anticipate that the adoption of the remaining standards and interpretations will have a material impact on the Group's financial statements in the period of initial application.

\* The effective dates stated here are those given in the original IASB/IFRIC standards and interpretations. As the Group has elected to prepare their financial statements in accordance with IFRS as adopted by the European Union, the application of new standards and interpretations will be subject to them having been endorsed by the EU via the EU endorsement mechanism. In the majority of cases this will result in an effective date consistent with that given in the original standard or interpretation but the need for endorsement restricts the Group's discretion to early adopt standards. It is expected that for a number of the standards above, EU adoption will not be in line with IASB adoption.

#### 7. SEGMENTAL INFORMATION

Turnover, cost of sales and operating profit / (loss) are derived from continuing activities. The Group operates in three markets being Ireland, the United Kingdom and the Czech Republic. The principal activities of the Group are building and property development, plant hire and property rental. These divisions are the basis on which the Group reports its primary segment information.

	<ul> <li>Building and Property Development –</li> </ul>			Plant Hire	Property Rental Ireland and	Unallocated	GROUP
	Ireland	United Kingdom	Czech Republic	United Kingdom	United Kingdom		
30 April 2012	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Income Statement Information							
Revenue	5,639	47,791	4,388	12,008	549	_	70,375
Cost of Sales							
- operating	(4,081)	(35,143)	(3,437)	(9,878)	) –	_	(52,539)
- impairment charge on inventories	(1,248)	_	_	_	_	_	(1,248)
Administrative expenses	(606)	(4,009)	(1,145)	(1,828)	) –	_	(7,588)
Net gain from fair value adjustments	114					_	114
Operating (loss) / profit	(182)	8,639	(194)	302	549	-	9,114
Finance income net	437	2,509	7	(15)	) –	_	2.938
Income tax expense	(118)	(2,846)	(33)	(187)	_	_	(3,184)
Profit / (loss) after taxation	137	8,302	(220)	100	549	-	8,868

#### 7. SEGMENTAL INFORMATION (CONTINUED)

	— Build	ding and Property	Development —	Plant Hire	Property Rental Ireland and	Unallocated	GROUP
30 April 2012	Ireland €'000	United Kingdom €'000	Czech Republic €'000	United Kingdom €'000	United Kingdom €'000	€'000	€'000
Balance Sheet Information Segment Assets Segment liabilities	6,768 (4,906)	94,345 (31,517)	16,201 (294)	25,562 (3,889)		_ _	144,376 (40,606)
Segment Net Assets	1,862	62,828	15,907	21,673	1,500	-	103,770
Investments Financial investments Cash and cash equivalents and restricted cash	12,170 12,371	6 37,791 5,419	- 1,767	- - 153	- - -	- - 464	6 49,961 20,174
TOTAL NET ASSETS	26,403	106,044	17,674	21,826	1,500	464	173,911
Other Segmental Information Depreciation Profit on disposal of fixed assets Capital expenditure	33 (15) 129	153 (2) 161	- - 28	4,275 (846) 7,354	- ) -	- - -	4,461 (863) 7,672
Non-current assets	399	9,595	449	21,932	1,500	_	33,875
30 April 2011 Income Statement Information Revenue	10,274	39,058	5,059	11,784	449	_	66,624
Cost of Sales - operating - impairment charge on inventories	(7,950) (815)	(27,712)			) –	- -	(49,511) (815)
Administrative expenses Gain on property disposal Net loss from fair value adjustments	(1,234)	(2,826) - -	(636) –	(1,564) 410		- -	(6,260) 410 (206)
Revaluation decreases	(813)			(65)			(878)
Operating (loss) / profit	(538)	8,520	510	629	243	-	9,364
Finance income net Income tax expense	817 (236)	1,158 (2,373)	100 (454)	71 (197)	_ )		2,146 (3,260)
Profit after taxation	43	7,305	156	503	243	-	8,250
<b>Balance Sheet Information</b> Segment Assets Segment Liabilities	11,585 (6,979)	63,311 (23,791)	18,006 (1,713)	20,741 (3,420)	1,000	- -	114,643 (35,903)
Segment Net Assets	4,606	39,520	16,293	17,321	1,000	_	78,740
Investments Financial investments Cash and cash equivalents and restricted cash	9,828 11,644	6 42,764 11,416	- 2,776	- - 248	- - -	- - 268	6 52,592 26,352
TOTAL NET ASSETS	26,078	93,706	19,069	17,569	1,000	268	157,690
Other Segmental Information Depreciation	91	107	_	4,217	_	_	4,415
Profit on disposal of fixed assets Capital expenditure Non-current assets	(55) 48 2,038	(1) 138 3,944	- - 434	(591) 5,946 17,808	1,000	- - -	(647) 6,132 25,224

8. EXCEPTIONAL ITEMS	2012	2011
Cost of sales	2012 €'000	2011 €'000
The cost of sales charge for the year is arrived at after charging: Write down of inventories to net realisable value	1,248	815
Over the financial year the Group has continued to monitor the carrying value of inventories in the housin market environment. Arising from these considerations we estimate that the original cost of certain deve amount of €1,248,000 (2011: €815,000). As such, in accordance with IAS 2 "Inventories" the Group hav the carrying value of inventories recorded in the balance sheet to the lower of cost and net realisable value.	lopment sites have suffered in e recorded an impairment wr	mpairment in the
Gain on disposal of property  During the prior year an additional gain resulted from the disposal of a property following the result of an appeal against the compulsory purchase order value of the property.		410
<b>Net (gain) / loss from fair value adjustments in investment properties</b> At the year end, a review of the fair value of investment properties was undertaken and this resulted in a net (gain) / loss recorded in the income statement.	(114)	206
<b>Revaluation decreases in land and buildings</b> At the year end, a review of the fair value of land and buildings was undertaken and this resulted in a revaluation decrease to the income statement.	<del>_</del>	878
9. FINANCE INCOME	2012 €′000	2011 €'000
Bank interest receivable Government bond interest receivable Realised gains on available-for-sale financial investments	52 1,877 1,117 3,046	199 2,111 2 2,312
FINANCE COSTS		
Other finance on defined benefit pension scheme (note 33)	(108)	(166)
10. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 €′000	2011 €'000
The profit on ordinary activities before taxation is arrived at after (crediting) / charging:		
Profit on disposal of property, plant and equipment	(863)	(647)
Impairment charge on inventories	1,248	815
Net (gain) / loss from fair value adjustments in investment properties	(114)	206
Revaluation decreases in land and buildings	-	878
Foreign currency gains	(568)	(260)
Operating lease rentals: - Rent of building - Hire of plant and machinery Depreciation Amortisation of Government bonds	36 213 4,461 81	52 309 4,415 87
Auditors' remuneration - statutory audit of the Group and subsidiaries - taxation services	105 26	105 19

#### 11. EMPLOYMENT

The average number of persons employed by the Group, including executive directors, in the financial year was 173 (2011: 170) and is analysed by class of business as follows:

Diddies and appropriate development	2012 Number	2011 Number
Building and property development Ireland United Kingdom Plant hire and rental	9 47	13 44
United Kingdom	117	113
	173	170
Employment costs comprise:	2012 €′000	2011 €'000
Wages and salaries Social welfare costs Other pension costs	7,158 804 579	6,801 758 526
	8,541	8,085

Included in other pension costs are €314,000 (2011: €264,000) in respect of defined benefit schemes and €265,000 (2011: €262,000) in respect of defined contribution schemes. Details of the Directors' emoluments are set out in the Remuneration Report on page 12.

			_	_	
17	TΛ	v	١Т	n	NI
12.	IH	$\mathbf{A}$	١ı	v	IV

(a) Tax charged to the income statement:	2012 €′000	2011 €'000
Irish Corporation Tax at 12.5%  Current  United Kingdom Corporation Tax at 25.83% (2011: 27.84%)	132	238
Current  Czech Republic Corporation Tax at 19.00% (2011: 19.00%)	2,952	2,894
Current	58	217
Adjustment in respect of previous years	(54)	239
Total current corporation tax	3,088	3,588
Deferred tax: originating and reversal of temporary differences	96	(328)
Tax charge to the income statement	3,184	3,260
Tax relating to items charged or credited to equity Deferred tax on defined benefit pension scheme obligations	(644)	(248)

#### 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:

	2012	2011
	(% of	profit before taxation)
Irish corporation tax rate	12.5	12.5
Higher tax rates on UK profits and passive income	12.9	13.3
Tax losses utilised	(8.0)	_
Adjustment for previous years	-	1.7
Permanent differences	1.8	_
Other	0.1	0.8
	26.5	28.3

The movement on deferred tax relates primarily to the origination and reversal of temporary differences as detailed in note 25 and includes temporary differences on accounting for IAS 19 "Employee Benefits".

#### 12. TAXATION (CONTINUED)

(b) Tax relating to items charged or credited to other comprehensive income

The tax expense in the statement of other comprehensive income of €1,190,000 which relates to a current tax charge of €906,000 and a deferred tax charge of €284,000 in respect of the unrealised gains in fair value of available-for-sale financial investments.

13. DIVIDENDS	2012 €'000	2011 €'000
On Ordinary Equity Shares  Paid ordinary		2 000
Dividend of 5 cents per issued ordinary share (2011: 5 cents per share)  Paid ordinary	1,106	1,231
Dividend of 3 cents per issued ordinary share (2011: 3 cents per share)	647	695
	1,753	1,926
Ordinary dividends proposed (memorandum disclosure) Proposed 5.00 cents per share (2011: 5.00 cents per share)	1,076	1,149

#### 14. EARNINGS PER SHARE: Basic and Diluted

Earnings per share has been calculated by reference to the weighted average number of shares in issue of 22,200,542 (2011: 24,187,385) and to the profit on ordinary activities after taxation amounting to €8,868,000 (2011: €8,250,000).

#### 15. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings €'000	Plant and machinery €'000	Transport €'000	Total €'000
Cost or fair value				
At 1 May 2010	10,596	28,381	2,914	41,891
Translation adjustment	(174)	(753)	(68)	(995)
Additions	_	5,547	585	6,132
Disposals	_	(4,061)	(606)	(4,667)
Revaluation	(1,298)	_	_	(1,298)
At 30 April 2011	9,124	29,114	2,825	41,063
Translation adjustment	775	2,800	255	3,830
Additions	_	6,979	664	7,643
Disposals	_	(3,592)	(486)	(4,078)
Transfer to investment property	(386)	_	_	(386)
At 30 April 2012	9,513	35,301	3,258	48,072

8,782

7,060

8,552

6,565

#### 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The historical cost of land and buildings amounts to:

Land and buildings

	Land and buildings €'000	Plant and machinery €'000	Transport €'000	Total €'000
Accumulated depreciation At 1 May 2010 Translation adjustment Charge for the year Disposals	460 (10) 122	18,518 (468) 3,930 (3,451)	2,118 (42) 363 (529)	21,096 (520) 4,415 (3,980)
At 30 April 2011	572	18,529	1,910	21,011
Translation adjustment Charge for the year Disposals	49 110 –	1,713 3,974 (2,904)	159 377 (444)	1,921 4,461 (3,348)
At 30 April 2012	731	21,312	2,002	24,045
<b>Net book amounts</b> At 30 April 2012	8,782	13,989	1,256	24,027
At 30 April 2011	8,552	10,585	915	20,052
Plant and machinery includes assets held for hire with a cost of €33,505,000 (2011: €17,221,000).	(2011: €27,569,00	0) and accumulate	d depreciation of	€19,830,000
			2012 €'000	2011 €'000
Land and building comprises: Freehold property Long leasehold property			8,350 432	8,157 395

Land and buildings situated in Ireland were independently valued by Allen & Townsend, Chartered Surveyors on an open market basis at 30 April 2012.

Land and buildings situated in the United Kingdom were independently valued by Glenny, Chartered Surveyors on an open market basis at 30 April 2011. The Directors reviewed the overall valuation at 30 April 2012 and considered that no adjustment was required.

16. INVESTMENT PROPERTIES	2012 €'000	2011 €'000
Fair value	€ 000	€000
At 1 May	2,209	2,128
Translation adjustment	57	(37)
Additions - subsequent expenditure	29	_
Transfer from land and buildings	386	_
Transfer from work in progress	-	452
Fair value adjustment	114	(334)
	2,795	2,209

The above investment properties represent retail units which are let to third parties under operating leases.

Investment properties situated in Ireland were independently valued by Allen & Townsend, Chartered Surveyors on an open market basis at 30 April 2012.

Investment properties situated in the United Kingdom were independently valued by Glenny, Chartered Surveyors on an open market basis at 30 April 2011. The Directors reviewed the overall valuation at 30 April 2012 and considered that no adjustment was required.

#### 17. INVESTMENT IN JOINT VENTURE

Abbey Holdings Limited held a 50% interest in the allotted share capital of Pontederia Limited, whose registered office was at 9 Abbey House, Main Street, Clonee, Co. Meath. The investment comprised 1 Ordinary share of €1.25. Pontederia had no active trading activities during the year or the prior year. The company assets were distributed to the shareholders and the company was liquidated on 20 May 2011.

18. INVESTMENTS	2012 €′000	2011 €'000
Ordinary shares at cost Non-listed company	6	6
Financial assets UK Government Sterling Bonds	49,961	52,592

These relate to UK Treasury Stock being available for sale. These financial investments are recorded at fair value at the balance sheet date. The interest income on these financial investments during the year was  $\in$ 1,877,000 (2011:  $\in$ 2,111,000).

19. TRADE AND OTHER RECEIVABLES	2012 €′000	2011 €'000
Amounts falling due within one year		
Trade receivables	3,977	3,453
Other receivables	282	349
Value added tax	852	1,739
Prepayments and accrued income	700	756
	5,811	6,297

Trade receivables are generally on 30-90 day terms and are shown net of a provision for impairment. At 30 April 2012 trade receivables amounting to €570,000 (2011: €511,000) were older than the Group's standard credit terms but not deemed to be impaired. At 30 April 2012 trade receivables with a value of €369,000 (2011: €269,000) were impaired and fully provided for. The movement in the bad debt provision is not considered material, nor does it relate to significant individual receivables.

20. INVENTORIES	2012 €′000	2011 €'000
Building land and roads Work in progress Raw materials	73,863 30,593 240	56,197 26,783 148
	104,696	83,128
21. RESTRICTED CASH	2012 €′000	2011 €'000
Cash held in escrow accounts	286	1,544

Restricted cash is held in escrow accounts in respect of house unit sales in the Czech Republic. These funds, together with any interest earned, will be released to the Group when title to the units are transferred to the purchasers.

#### **CASH AND CASH EQUIVALENTS**

Cash at bank and in hand	11,645	16,806
Short-term deposits	8,243	8,002
	19,888	24,808

Short term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group. The fair value of cash and cash equivalents is equivalents in equivalents is equivalents in e

22. TRADE AND OTHER PAYABLES	2012 €′000	2011 €'000
Amounts falling due within one year	2 303	0000
Trade creditors	16,726	17,487
Amounts outstanding on land	12,504	5,484
United Kingdom income tax	45	124
Social welfare tax	69	108
Value added tax	85	207
Other creditors	638	745
Accruals and deferred income	5,325	6,593
	35,392	30,748

Terms and conditions of the above financial liabilities:

- Trade creditors are non-interest bearing and are normally settled between 30-90 day terms.
- Amounts outstanding on land are non-interest bearing and settlement is dependent on terms of the contract.
- United Kingdom income tax, social welfare and value added tax are normally settled on 30 day terms.
- Other payables are non-interest bearing and settlement is dependent on the terms of the payable.

23. INCOME TAX PAYABLE	2012 €′000	2011 €'000
Income tax payable	1,811	1,947
24. PROVISIONS	2012 €'000	2011 €'000
Maintenance provisions At 1 May Arising during the year Utilised Released during year At 30 April	2,167 308 (839) (412) 1,224	2,298 451 (169) (413) 2,167
Analysed as: Current liabilities Non-current liabilities	1,194 30 1,224	2,103 64 2,167

The maintenance provision represents the best estimate of the Group's liability under warranties given to purchasers for repair and maintenance work on houses sold based on past experience of required repairs. The warranties given to purchasers are provided at the point of legal completion and are released over the warranty period. It is anticipated that the majority of these costs will be incurred in the next financial year, or released as the liability for the warranty is discharged.

25. DEFERRED TAXATION	2012 €'000 Pension Obligation	2012 €'000 Accelerated Capital Allowances	2012 €'000 Other	2012 €'000 Total	2011 €'000 Total
At 1 May	769	22	250	1,041	1,055
Translation adjustment	112	1	1	114	(28)
Recognised in income statement	166	(15)	(55)	96	(328)
Equity movement	644	_	284	928	342
At 30 April	1.691	8	480	2,179	1,041

Following the UK budget on 21 March 2012 a resolution under the provisional collection of taxes act resulted in the corporation tax rate reducing to 24% with effect from 1 April 2012. Deferred tax has therefore been provided at 24%. The budget on 21 March 2012 also announced a further reduction of 1% per annum in the main rate of corporation tax down to 22% by 1 April 2014. This change had not been substantively enacted at the balance sheet date. If these changes had been substantively enacted at the balance sheet date, the deferred tax liability at 30 April 2012 would have reduced by €159,000.

#### Unrecognised Deferred Tax Asset

A potential deferred tax asset of €4,240,884 (2011: €4,242,707) has not been recognised as there is uncertainty regarding the availability of future Irish taxable profits against which the tax losses may be utilised.

26. ISSUED CAPITAL Authorised			2012 €'000	2011 €'000
At 1 May and 30 April 45,000,000 ordinary share	s of 32 cents each	_	14,400	14,400
Allotted, called up and fully paid	2012 Number '000	2011 Number '000	2012 €′000	2011 €'000
At 1 May ordinary shares of 32 cents each Purchase of own shares, cancelled At 30 April ordinary shares of 32 cents each	22,977 (1,386) 21,591	24,627 (1,650) 22,977	7,353 (444) 6,909	7,881 (528) 7,353
Capital Redemption Reserve Fund			2012 €'000	2011 €'000
At 1 May Purchase of own shares At 30 April		_	5,030 444 5,474	4,502 528 5,030

#### Capital redemption reserve fund

The capital redemption reserve records the nominal value of the shares repurchased.

27. RESERVES	Share Premium Account €'000	Revaluation Reserve €'000	Currency Translation €'000
At 1 May 2010 Translation adjustment arising in year Reduction in revaluation surplus	13,321 	4,548 (92) (738)	(20,044) (2,033) —
At 1 May 2011 Translation adjustment arising in year	13,321	3,718 344	(22,077) 10,238
At 30 April 2012	13,321	4,062	(11,839)
The revaluation reserve is in respect of:		€'000	
Land and buildings		4,062	

#### Share premium reserve

The share premium reserve records the amount received for equity shares in excess of nominal value.

#### Revaluation reserve

The revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decreases relates to an increase on the same asset previously recognised in equity.

#### Currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of Group companies which do not have euro as their presentational currency.

28. RETAINED EARNINGS	Note	2012 €'000	2011 €'000
Retained earnings at beginning of year Profit retained for the financial year Equity dividends paid Reduction in revaluation surplus Unrealised gain on fair value of financial investments Tax movement relating to unrealised gain on fair value of available-for-sale financial in Reclassification of adjustment for disposal of available-for-sale financial investments Tax movement relating to reclassification of adjustment for	13 nvestments	150,345 8,868 (1,753) - 5,553 (1,327) (565)	150,212 8,250 (1,926) 191 1,882 (454)
disposal of available-for-sale financial investments Actuarial gain on Group defined benefit pension obligations Deferred tax movement relating to actuarial gain on Group defined benefit pension obligations Purchase of own shares		137 2,683 (644) (7,313)	953 (248) (8,515)
At 30 April		155,984	150,345

The balance on the available-for-sale reserve contained above at year end is €7,325,000 (2011: €2,144,000) and the tax recognised on this is €1,636,000 (2011: €530,000).

## 29. FINANCIAL INSTRUMENTS Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: guoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques other than quoted prices included in level 1;

Level 3: techniques that use cost as fair value measurement due to the materiality of the investments held.

		2012 €'000	2011 €'000
Available-for-sale financial assets (refer note 18)			
UK Government Sterling Bonds	Level 1	49,961	52,592

There were no instruments measured at Level 2 or Level 3.

#### 30. FINANCIAL RISK MANAGEMENT

The Group's principal financial assets and liabilities comprise cash, short term deposits and various items such as trade receivables and trade payables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate and foreign currency risks.

#### Interest rate risk

The Group's exposure to the risk on interest rate changes in the market relates primarily to the Group's customers ability to raise finance to purchase development sites.

#### Foreign currency risk

As a result of significant operations in the United Kingdom and to a lesser extent the Czech Republic, the Group's balance sheet can be significantly affected by movements in the UK£/euro and CZK/euro exchange rates. The following table demonstrates the sensitivity to a reasonable possible change in the UK sterling exchange rate, with all other variables held constant, of the Group's profit / (loss) before tax and the Group's equity.

	Increase / decrease in UK sterling rate	Effect on profit / (loss) before tax €'000	Effect on equity €'000
2011	+5%	(474)	(3,634)
	-5%	524	4,016
2012	+5%	(528)	(6,046)
	-5%	584	6,666

#### 31. CAPITAL COMMITMENTS

There are no contracted for capital commitments at the balance sheet date.

#### 32. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases at 30 April are as follows:	2012 €'000	2011 €'000
Leases on land and buildings expiring: Within one year	_	36
Between two and five years After more than five years	195 270	- -
	465	36

Operating leases on plant and machinery carry no future commitments.

#### 33. PENSIONS

The Group operates one defined benefit scheme in the United Kingdom.

The most recent annual actuarial valuation of the Abbey Group Limited Pension and Life Assurance Scheme was carried out as at 1 May 2011 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 investments 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 4.20% per annum and that the rate 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 2011, the total value placed on the assets of the Group's pension plan for the purposes of the valuations amounted to €24.0 million and was sufficient to cover 96% of the scheme's liabilities. The Group made additional contributions during the year to 30 April 2012 of €990,000 to eliminate this deficit. The Group will be making contributions into the scheme at a contribution rate of 17.20% from 1 May 2012. The employer expects to make contributions of €276,000 in the coming financial year.

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 Irish Scheme was wound up in April 2007.

The actuarial valuations are not available for public inspection.

#### Defined Benefit Scheme

Actuarial valuations in accordance with IAS 19 were carried out at 30 April 2012 by a qualified independent actuary. The actuarial reports are available to the pension scheme members only.

The major assumptions used by the actuary were:

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	2012	2011
Pensionable salary growth	Nil % pa	Nil % pa
Pension escalation in payment	3.30 % pa	3.50 % pa
Discount rate	4.70 % pa	5.30 % pa
Inflation assumption - retail price index	3.30 % pa	3.50 % pa
Inflation assumption - consumer price index	2.50 % pa	3.00 % pa
Post-retirement mortality (in years)	•	
Current pensioners at 65 - males	21.8	22.0
Current pensioners at 65 - female	23.7	24.1
Future pensioners at 65 - males	24.0	24.0
Future pensioners at 65 - female	26.0	25.4
The assets in the scheme and the expected long-term rate of return were:		
Bonds	3.63%	4.19%
Cash and short term deposits	2.00%	2.00%

#### 33. PENSIONS (CONTINUED)

Fair value of defined benefit assets are as follows:	2012	2011
As at 30 April	€′000	€′000
Bonds	31,262	23,482
Cash and short term deposits	1,045	526
Fair value of assets Present value of scheme liabilities in respect of active and deferred members Defined benefit pension scheme surplus	32,307 (25,260) 7,047	24,008 (21,051) 2,957

The defined benefit scheme in the United Kingdom was closed to new entrants on 1 January 2001. As this scheme is 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 look to maximise return, based on an acceptable level of risk and therefore investment in other forms, such as the stock exchange may be potentially viable.

The amounts recognised in the Group Income Statement and in the Group Statement of Comprehensive Income are as follows:	2012 €'000	2011 €'000
Recognised in income statement		
Current service cost  Recognised in administrative expenses in the income statement, in arriving at operating profit	(314) (314)	(264) (264)
Actual return on scheme assets Interest cost on scheme liabilities  Other finance cost	1,050 (1,158) (108)	989 (1,155) (166)
Taken to the statement of comprehensive income Actual return on scheme assets less expected return on scheme assets Other actuarial losses and gains Changes in assumptions underlying the present value of the scheme liabilities Actuarial gains recognised in statement of changes in comprehensive income	3,996 (108) (1,205) 2,683	932 (166) 187 953
Changes in the fair value of defined benefit pension obligations:  As at 1 May  Current service cost  Member contributions Interest costs Benefits paid Exchange translation Actuarial loss / (gains)  As at 30 April	21,051 314 60 1,158 (692) 2,052 1,317 25,260	20,648 264 61 1,155 (506) (550) (21) 21,051

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Discount rate	Decrease by 0.5%	Increase by 9.7%
Rate of inflation	Increase by 0.5%	Increase by 4.0%
Rate of mortality	Increase by 1 year	Increase by 2.6%

33. PENSIONS (CONTINUED)				2012 €'000	2011 €'000
Changes in the fair value of of As at 1 May Expected return on scheme as Employer contributions Contributions by employees		eme assets		24,008 1,050 1,373 60	22,391 989 790 61
Benefits paid Exchange translation Actuarial gains As at 30 April			- -	(692) 2,512 3,996 32,307	(506) (649) 932 24,008
Amounts for the current and previous periods	2012 €′000	2011 €'000	2010 €′000	2009 €'000	2008 €'000
Fair value of scheme assets	32,307	24,008	22,391	21,049	21,402
Present value of defined benefit obligation Surplus in scheme	(25,260) 7,047	(21,051) 2,957	(20,648) 1,743	(14,156) 6,893	(17,414) 3,988
Experience adjustments arising on scheme liabilities Experience adjustments	(108)	(166)	(71)	31	(333)
arising on scheme assets	3,996	932	(232)	933	53

#### **34. RELATED PARTY TRANSACTIONS**

During the year the Group entered into transactions, in the ordinary course of business, with other related parties. These transactions were inter segment and have been eliminated on consolidation.

There were no related party transactions with Directors, other than in the normal course of business.

#### **35. SUBSEQUENT EVENTS**

There have been no subsequent events since the balance sheet date other than in the normal course of business.

FIVED AGGETO	Note	2012 €'000	2011 €'000
FIXED ASSETS	C3	1 445	1 240
Tangible assets Financial assets	C4	1,445 23,530	1,348 23,530
Filidificial assets	C4	24,975	24,878
		24,973	24,070
CURRENT ASSETS			
Debtors	C5	317	319
Financial investments	C6	37,791	42,764
Cash at bank and in hand		703	754
		38,811	43,837
CREDITORS (amounts falling due within one year) Trade and other creditors	C7 _	(5,941)	(9,499)
NET CURRENT ASSETS	-	32,870	34,338
TOTAL ASSETS LESS CURRENT LIABILITIES	-	57,845	59,216
SHAREHOLDERS' FUNDS			
Called up share capital	C8	6,909	7,353
Share premium account	C9	13,321	13,321
Other reserves			
- Capital redemption reserve fund	C8	5,474	5,030
- Currency translation	C9	2,606	(383)
Profit and loss account	C10	29,535	33,895
		57,845	59,216

Approved by the Board on 9 July 2012 C.H. GALLAGHER, Chairman L.G. FRAQUELLI, Director

#### **C1. ACCOUNTING POLICIES**

#### Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention, except for land and buildings and available-for-sale financial investments which have been measured at fair value, and are prepared in accordance with the applicable generally accepted accounting standards in Ireland and are stated in Euro. These financial statements present information about the company as an individual undertaking and not about its group. The company has changed its functional currency to sterling(£), but continues to present its financial statements in euro(€).

A summary of the more important Company accounting policies are set out below.

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 principal activity of the Company is to act as a holding company.

Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its consolidated financial statements, which include the Company are publicly available.

#### (a) Foreign currencies

The financial statements are presented in euro, which is the Company's presentational currency. The company has changed its functional currency to sterling effective 1 May 2011 as a result of determining that its assets and liabilities are now primarily held in sterling and that it was a UK tax resident company. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date. Exchange gains or losses are dealt with in the profit and loss account. Investments in subsidiary undertaking, including unsecured loan stock denominated in foreign currencies, are translated and recorded at the rate of exchange ruling at the date of the transaction.

- (b) Investment in subsidiary undertakings
  - Investment in subsidiary undertakings are included in the financial statements at the lower of original cost and the directors' estimate of the value to the company of the investment.
- (c) Fixed assets
  - Properties occupied by the company are classified as land and buildings and are revalued triennially by external valuers on an open market value basis. The directors review the valuations of all properties annually. Revaluation gains, if material, are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. 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.
- (d) Depreciation
  - Depreciation is provided on all property, other than land, on a straight line basis over the expected useful life as follows: Buildings 50 years.
- (e) Available-for-sale financial investments
  - Available-for-sale financial investments are those non-derivative financial assets that are designated as such. After initial recognition, available for sale financial investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.
- (f) Fair values
  - The fair value of financial asset investments is determined by reference to bid prices at the close of business on the balance sheet date.
- (g) Impairment of financial investments

The company assesses at each balance sheet date whether a financial investment or group of financial assets is impaired.

C2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2012 €'000	2011 €'000
This is arrived at after charging: Directors' remuneration Depreciation Auditors' remuneration – audit fees	163 26 25	170 26 20
<ul><li>taxation services</li></ul>	3	4
C3. TANGIBLE ASSETS Freehold land and buildings	2012 €'000	2011 €'000
Cost or valuation At 1 May Translation adjustment Revaluation	1,399 129	1,566 - (167)
At 30 April	1,528	1,399

C3. TANGIBLE ASSETS (CONTINUED)	2012 €'000	2011 €'000
Depreciation At 1 May Translation adjustment Depreciation At 30 April	51 6 26 83	25 - 26 51
Net book value At 30 April	1,445	1,348
C4. FINANCIAL FIXED ASSETS	2012 €°000	2011 €'000
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
Abbey Holdings Limited	Investment holding company	9 Abbey House Main Street Clonee, Co Meath
Kingscroft Developments Limited	Residential housing and land development	as above
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 OSQ England
Incorporated in the Czech Republic	Nature of business	Registered office
Abbey, s.r.o.	Residential housing and land development	Terronska 7 160 00 Prague 6 Czech Republic

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

C5. DEBTORS	2012 €'000	2011 €'000
Amounts falling due within one year Prepayments and accrued income Value added tax	316 1 317	315 4 319
C6. FINANCIAL INVESTMENTS	2012 €′000	2011 €'000
UK Government Sterling Bonds	37,791	42,764
These related to UK Treasury Bonds available for sale.		
C7. TRADE AND OTHER CREDITORS  Amounts falling due within one year	2012 €'000	2011 €'000
Amounts owed to subsidiary undertakings Corporation tax Other creditors Accruals and deferred income	4,338 965 491 147	8,573 239 518 169
	5,941	9,499

#### **C8. ISSUED CAPITAL**

The authorised allotted, called up and fully paid capital is shown in note 26 of the Group Report and Accounts.

The capital redemption reserve fund is shown in note 26 of the Group Report and Accounts.

C9. RESERVES	Share Premium Account €'000	
At 1 May 2011 and 30 April 2012	13,321	
	Currency Translation €'000	
At 1 May 2011 Translation adjustment arising on adjustment to presentation currency	(383) 2,989	
At 30 April 2012	2,606	
C10. PROFIT AND LOSS ACCOUNT	2012 €'000	2011 €'000
Profit brought forward at beginning of year Profit retained for the financial year Dividends paid Purchase of own shares Unrealised gain on fair value of financial investments - net of tax Reclassification of adjustment for disposal of available-for-sale financial investments - net of tax	33,895 2,072 (1,753) (7,313) 3,062 (428)	26,335 16,969 (1,926) (8,515) 1,032
At 30 April	29,535	33,895

#### C11. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 9 July 2012.

Notice is hereby given that the Annual General Meeting of Abbey p.l.c. (the Company) will be held in The Grand Hotel, Malahide, County Dublin, at 10.30 a.m. on Friday, 5th October, 2012 for the purpose of considering and, if thought fit, passing the following resolutions:

#### **Ordinary Business**

- To consider the Company's Accounts and the Reports of the Directors and the Auditors for the year ended 30th April 2012.
- To confirm and declare a dividend on the ordinary shares for the year ended 30th April 2012.
- To re-elect as a Director Mr J. Roger Humber (Chairman of Audit Committee and Remuneration Committee) who retires at the Meeting under Article 98 of the Company's Articles of Association.
- To elect as Director Mr Michael A. McNulty (Member of Audit Committee and Remuneration Committee) who retires at the Meeting under Article 87 of the Company's Articles of Association.
- To authorise the Directors to fix the remuneration of the Auditors.

#### **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 €7,511,815.04. The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company (to be held in 2013) unless previously renewed, varied or revoked by the Company in general meeting save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired 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 the Directors be empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to allot equity securities (within the meaning of Section 23 and Section 24(1) of the Companies (Amendment) Act, 1983) for cash pursuant to the authority conferred on the Directors under Section 20 of the Companies (Amendment) Act 1983 by the resolution above as if sub-Section (1) of the said Section 23 did not apply to any such allotment provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue in favour of shareholders where in so far as is reasonably practicable the equity securities allotted to each shareholder is proportionate to the respective numbers of shares held by them, and
- (b) the allotment (otherwise than pursuant to sub-paragraph(a) of this resolution) of equity securities up to an aggregate nominal value of €344,409.

The authority hereby conferred shall expire at the conclusion of the next Annual General Meeting of the Company (to be held in 2013) unless previously renewed, varied or revoked by the Company in general meeting save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

By order of the Board Registered Office

24th August 2012 25/28 North Wall Quay, Dublin 1.

David J. Dawson, Secretary (Reg. No. 9245 Republic of Ireland)

Notice of Meeting Continued

#### Notes:

- Any member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak, and vote on his/her behalf in accordance with the procedures set out in this Notice of Meeting and the form of proxy.
- A proxy need not be a member of the Company but must attend the Annual General Meeting or any adjournment thereof in person to represent you.
- 3. A form of proxy is enclosed with this Notice of Meeting. To be valid, the proxy must be duly completed and executed, and deposited at, or returned to, the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, together with any authorisation under which it is signed or a copy of such authorisation either certified notarially or an office copy, to reach them not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjournment thereof or (in the case of a poll taken otherwise than at or on the same day as appointed for the Annual General Meeting or any adjournment thereof) at least 24 hours before the taking of the poll at which it is to be used. Any alteration to the form of proxy must be initialled by the person who signs it.
- 4. If the appointer is an individual, this form of proxy must be signed by the member or his/her attorney. If the appointer is a corporation, this form of proxy must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- 5. In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority will be determined by the order in which the name stands in the register of members in respect of the joint holding.

- The completion and return of the form of proxy will not preclude a member from attending the Annual General Meeting or any adjournment thereof and voting in person.
- 7. On any other business which may properly come before the Annual General Meeting or any adjournment thereof and whether procedural and/or substantive in nature (including any motion to amend a resolution or adjourn the meeting) not specified in this Notice of Meeting or the form of proxy, the proxy will act at his/her discretion.
- 8. 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 of Meeting and at The Grand Hotel, Malahide, County Dublin, 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.
- 9. 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.
- 10. There have been no changes to the Directors and Secretary Interests in the shares of Abbey p.l.c. as disclosed in the Directors' report dated 9th July 2012 at the date of this Notice of Meeting 24th August 2012.

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