

## REPORT

Results in Brief	3
Chairman's Statement	4
Five Year Financial Summary	6
Group Information & Financial Diary	7
Board of Directors	11
Directors' Report	12
Remuneration Report	14
Corporate Governance Report	16
Statement of Directors' Responsibilities	19

## ACCOUNTS

Independent Auditors' Report to the Members of Abbey plc	20
Statement of Accounting Policies	22
Group Profit and Loss Account	24
Statement of Total Recognised Gains and Losses	25
Reconciliation of Movements in Shareholders' Funds	25
Group Balance Sheet	26
Company Balance Sheet	27
Group Cash Flow Statement	28
Notes to the Group Financial Statements	29
Notice of Meeting	41

**Separate Insert**  
Form of Proxy



Kingscroft Developments Ltd  
Showhomes: Somerville, Ratoath Village



The Company's 67th Annual General Meeting will be held on  
Friday, 1st October, 2004 at The Conrad Dublin, Dublin 2, at 10.30am.



## Results in Brief

	Expressed in €'000 (except per share data)		£'000 Sterling Equivalent (except per share data)	
	2004	2003	2004	2003
Turnover (excluding share of joint venture)	<b>199,663</b>	171,975	<b>137,967</b>	112,145
Profit before taxation	<b>60,205</b>	48,463	<b>41,602</b>	31,603
Profit after taxation	<b>46,846</b>	36,676	<b>32,371</b>	23,916
Earnings per share	<b>137.47c</b>	107.62c	<b>94.99p</b>	70.18p
Dividends per share	<b>30.00c</b>	22.00c	<b>20.73p</b>	14.35p
Assets per share	<b>586c</b>	467c	<b>396p</b>	326p
Gearing	<b>Nil</b>	Nil	<b>Nil</b>	Nil

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

2003 €100c : Stg 65.21p

2004 €100c : Stg 69.10p

The rates used for conversion of Balance Sheet items are the rates at 30 April 2003 and 30 April 2004:

2003 €100c : Stg 69.80p

2004 €100c : Stg 67.60p

### The year ended 30th April 2004 was another year of progress for the Group. Strong growth in Ireland was a particular feature of our work this year.

The Group reports a profit for the year of €60.2 million before tax against €48.5 million in the previous year. Shareholders' funds of just less than €200 million represent €5.86 per share and include net cash balances of over €66 million. Earnings for the year were 137.47 cents per share and the Board is recommending an increased final dividend of 20 cents per share making a total of 30 cents per share for the year.



#### HOUSEBUILDING

The Group's housebuilding division completed 792 sales (UK 385; Ireland 407) at an average price of €227,000 and contributed €56 million to our results.

**United Kingdom:** Overall trading was good throughout the year. Higher prices compensated for lower volumes. The new year has started well and we are on target for a higher level of completions in the current year. The land market was very competitive throughout the year, however, 363 plots have been added to our contracted land bank during the period.

Looking forward competitive pressures seem certain to intensify with significant margin erosion in the medium term. The gradually rising interest rates in the UK will reduce demand and the market for highly priced property is already slow. The regulatory environment is steadily becoming more complex and is increasing our costs and significantly reducing productivity. It is quite unlikely that our exceptionally good experience in recent years will persist for long into the future.

**Ireland:** Ireland enjoyed a good year with as expected a substantial increase in completions over the previous year. The current year should be a year of consolidation with closings likely to fall back. Sales to date have been good and our new sites in Co. Meath, Ratoath and Athboy, have



sold well in their early stages. As in England the land market continues to be very competitive, however, a further 279 plots with planning permission were added during the period. Recent reports have highlighted the very high rate of building in the country. This rate will not be sustainable for very long and it is quite possible any adjustment when it comes will not be orderly. The risk of a set back is rising steadily.

**Czech Republic:** During the year the group exchanged contracts and subsequently completed the purchase of 10 acres of land at a cost of CZK 48,000,000 (€1,476,000) with an allocation for residential development in Prague. We will be seeking a detailed planning permission and would hope to be able to make a start in two years.

The housebuilding division as a whole is budgeting a very slight increase in completions for the year ending April 2005.

#### PLANT HIRE

The plant hire division reported operating profits of €2.08 million on a turnover of €19.43 million. Trading is progressing in line with our forecasts. A slight sense of optimism has spread throughout M&J in recent weeks as summer trading

levels and demand have held up well. Cash management continues to be tight, however, capital spending has fully kept pace with depreciation and some modest growth in turnover is in prospect.

Rental income arising primarily from the letting of surplus space at Group property was €234,000.

#### DIRECTORS, MANAGEMENT AND STAFF

There were no changes to the Board of Directors and senior management during the course of the year. Dennis Jackson, our longest serving director, has indicated his intention to retire at the Annual General Meeting. Dennis Jackson has served the Group as a director with distinction since 1976. He has been a source of good sense on all aspects of our activities throughout this long period. He has been a great support to all the executives in recent years, his knowledge, experience and interest making him a particularly effective non-executive director. I and my colleagues wish Dennis and Beryl every happiness in their retirement.

As always the progress of the Group is a result of the combined efforts of all the employees. I, on behalf of the shareholders, thank my colleagues on the Board together

with all the directors, management and staff for their hard work and efforts during the year.



#### THE FUTURE

Trading in the new year is progressing as expected. The Group is soundly financed, enjoys a well bought land bank at current prices and is well placed to cope with any further volatility. In the near term we are on track for another good year.

#### ANNUAL GENERAL MEETING

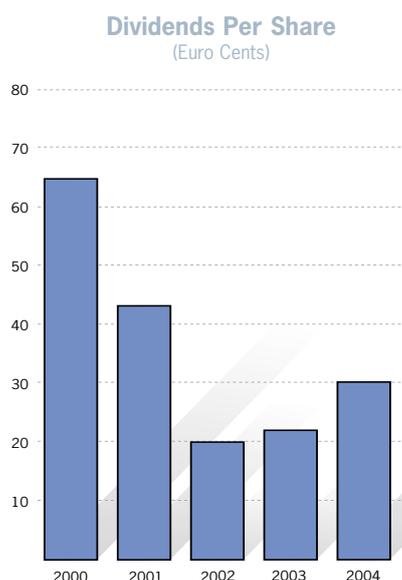
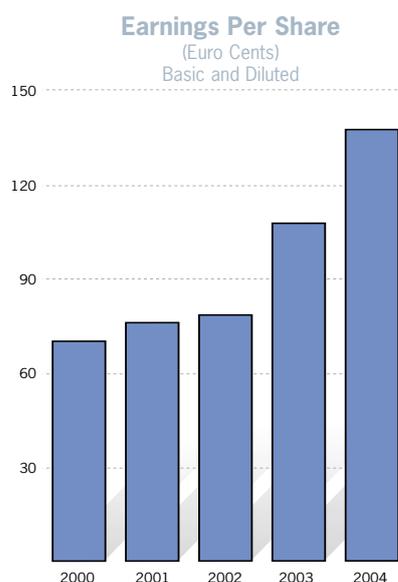
I look forward to seeing you all at our Annual General Meeting on 1st October and wish to bring to your attention all other special business in the notice of that meeting.

Handwritten signature of Charles H. Gallagher.

*Charles H. Gallagher, Executive Chairman*

## Five Year Financial Summary

	2004 €'000	2003 €'000	2002 €'000	2001 €'000	2000 €'000
<b>Turnover - continuing (including share of joint venture)</b>	<b>201,521</b>	174,806	146,685	151,091	142,147
<b>Less: share of joint venture</b>	<b>(1,858)</b>	(2,831)	–	–	–
<b>Group turnover</b>	<b>199,663</b>	171,975	146,685	151,091	142,147
<b>Group operating profit</b>	<b>58,237</b>	45,326	35,207	34,401	30,279
Share of joint venture profit	<b>1,023</b>	1,850	–	–	–
Profit on disposal of investment properties	–	–	–	–	4,514
Profit on disposal of listed investment	–	–	–	–	2,035
Net interest receivable	<b>945</b>	1,287	1,042	1,856	1,097
<b>Profit on ordinary activities before taxation</b>	<b>60,205</b>	48,463	36,249	36,257	37,925
Taxation	<b>(13,359)</b>	(11,787)	(9,531)	(10,000)	(11,682)
<b>Profit for the financial year</b>	<b>46,846</b>	36,676	26,718	26,257	26,243
<b>Earnings per share</b>	<b>137.47c</b>	107.62c	78.40c	75.97c	70.06c
<b>Dividends per share</b>					
Interim	<b>10.00c</b>	7.50c	6.50c	33.01c	5.08c
Second interim dividend	–	–	–	–	50.79c
Final	<b>20.00c</b>	14.50c	13.50c	10.16c	8.89c
	<b>30.00c</b>	22.00c	20.00c	43.17c	64.76c
<b>Shareholders' funds</b>	<b>199,592</b>	159,174	142,873	120,642	119,123



### ABBEY PLC

Reg. No. 9245 Republic of Ireland

### AUDITORS

Ernst & Young, Chartered Accountants

### SECRETARY & REGISTERED OFFICE

David J. Dawson CA, 25/28 North Wall Quay, Dublin 1

### BANKERS

Allied Irish Banks plc

Barclays Bank plc

### REGISTRAR AND TRANSFER OFFICE

Computershare Investor Services (Ireland) Limited

P.O. Box 954, Heron House, Corrig Road,

Sandyford Industrial Estate, Dublin 18

### SOLICITORS

A&L Goodbody

### STOCKBROKERS

Davy Stockbrokers

### PRELIMINARY STATEMENT

15th July 2004

### ANNUAL REPORT

6th September 2004

### ANNUAL GENERAL MEETING

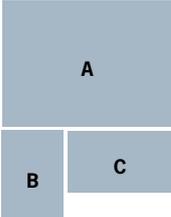
1st October 2004

### DIVIDEND PAYMENT

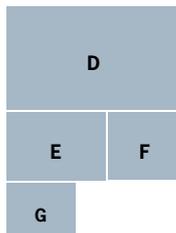
6th October 2004

### INTERIM STATEMENT

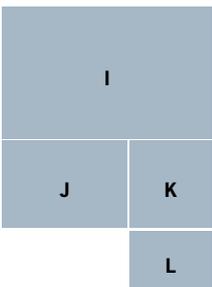
January 2005



**A&B** 'Somerville', Ratoath Village, an attractive development of 2,3 & 4 bedroom homes.  
**C** Streetscene at our 'Brindley Park' development in Ashbourne which comprises 2, 3 & 4 bedroom townhouses.



- D** 'Carlton Wood', Saxmundham, Suffolk an attractive development of 3, 4 & 5 bedroom homes.
- E** A distinctive selection of homes set in the historic city of Ely, Cambridgeshire.
- F** 'Thistley Gardens', development of 2, 3 & 4 bedroom houses situated in the market town of Mildenhall, Suffolk.
- G** View of our showhome at 'Loxia Wood', Thetford, Norfolk.



- I 5m Telehandler
- J 008 machine
- K Twin Drum Roller
- L XAS Compressor



## Board of Directors

### **CHARLES H. GALLAGHER (44) M.A., MSc.**

A Director of Abbey plc since 1986, Mr Charles H. Gallagher was appointed Executive Chairman in May 1993. He is a council member and 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 (59) (BRITISH) BSc (Eng)**

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

### **ROBERT N. KENNEDY (51) (BRITISH) BSc (Econ)**

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

### **RICHARD J. SHORTT (56)**

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

### **DENNIS A. JACKSON • Δ (74) (BRITISH) (NON-EXECUTIVE)**

Mr. Jackson has been with the Group since 1963. He was appointed to the Abbey plc Board in 1976 and is a former Managing Director of M&J Engineers Limited. He holds no other directorships other than those within Abbey plc and its subsidiaries.

### **DAVID A. GALLAGHER • Δ (43) 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 Charles Wilson Engineers Limited and Matthew Homes Limited.

### **J. ROGER HUMBER • Δ (61) (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. (U.K. House Builders Federation) from 1979 to 1999. Mr. Humber is a director of a number of other companies including Magnum Fine Wines plc and P.E. Jones (Contractors) Limited and its subsidiaries.

### **JOHN F. HOGAN • Δ (64) B.Comm, F.C.A. (NON-EXECUTIVE)**

Mr. Hogan is a former Managing Partner of Ernst & Young in Ireland which he served for two terms. He was appointed to the Board of Abbey plc in December 2001. Mr. Hogan is a director of a number of other companies including C&C Group plc, Irish Payment Services Organisation Limited and Leopold Joseph Umbrella Fund plc.

(•) Member of Audit Committee

(Δ) Member of Remuneration Committee

The directors submit herewith their report and audited financial statements for the year ended 30 April 2004 which are set out on pages 22 to 40.

The profit after taxation amounted to €46,846,000. The net assets of the group increased from €159,174,000 to €199,592,000.

The directors are recommending a final dividend of 20.00 cents per share, bringing the total for the year to 30.00 cents per share. These dividends absorb €10,223,000 of profit and are covered 4.58 times by profits after taxation.

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

A review of trading activities and future developments of the business is covered in the Chairman's Statement.

#### SUBSTANTIAL SHAREHOLDERS

So far as the Board is aware, the following held more than 3% of the issued ordinary shares at 14 July 2004:

	Number of shares	% of issued share capital
Gallagher Holdings Limited	10,166,544	29.83%
Bank of Ireland Nominees Ltd.	5,422,579	15.91%
FMR Corp. and its direct and indirect subsidiaries, being non-beneficial holders	3,407,000	9.99%

#### EMPLOYEES

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

#### HEALTH AND SAFETY AT WORK

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

#### DIRECTORS

Mr. Dennis A. Jackson retires in accordance with Article 98 and will be not offering himself for re-election.

#### DIRECTORS' AND SECRETARY'S INTERESTS

The interests of the directors and secretary and their families in the share capital of the Company and the Group at 30 April 2004, were as follows:

	Number of Shares	
	2004	2003
Charles H. Gallagher	<b>25,500</b>	25,500
Richard J. Shortt	<b>9,500</b>	4,500
Dennis A. Jackson	<b>5,000</b>	5,000
David A. Gallagher	<b>3,000</b>	3,000
John F. Hogan	<b>3,000</b>	3,000

None of the directors hold shares in a non-beneficial capacity and no changes occurred in the above holdings between 30 April 2004 and 14 July 2004. There have not been any contracts or arrangements with the Company or any subsidiary during the year in which a director of the Company was materially interested and which have been significant in relation to the Group's business.

#### BOOKS AND RECORDS

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

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

**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, 14 July 2004  
C.H. GALLAGHER, Chairman  
D.A. JACKSON, Director

## Remuneration Report

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

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

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

### DIRECTORS' REMUNERATION

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

	Salary and Fees €'000	(1) Benefits In Kind €'000	2004 Total €'000	2003 Total €'000
<b>Executive Directors</b>				
C H Gallagher	618	71	689	677
B R Hawkins	303	53	356	360
R N Kennedy	166	52	218	214
R J Shortt	272	25	297	221
<b>Totals</b>	<b>1,359</b>	<b>201</b>	<b>1,560</b>	<b>1,472</b>
<b>Non-Executive Directors</b>				
D A Jackson	29	–	29	31
D A Gallagher	29	–	29	31
J R Humber	29	–	29	31
J F Hogan	33	–	33	31
<b>Totals</b>	<b>120</b>	<b>–</b>	<b>120</b>	<b>124</b>

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

**PENSIONS**

Three executive directors are members of The Abbey Group Limited Pension and Life Assurance Scheme. Non-executive directors do not participate in the Group's pension scheme.

There are three (2003 : three) directors to whom retirement benefits are accruing under a defined benefit scheme. Two directors have contributions to a Defined Contribution Scheme.

Directors pension arrangements are as follows:

	Defined Benefit					Defined Contribution
	Age	Pensionable Service Years	Increase In Accrued Pension During The Year €'000	Transfer Value Of The Increase €'000	Accumulated Accrued Pension 30 April €'000	Group Contributions €'000
C H Gallagher	44	17	6	103	81	93
B R Hawkins	59	13	6	147	62	–
R N Kennedy	51	7	3	39	17	–
R J Shortt	56	–	–	–	–	35
30 April 2004			15	289	160	128
30 April 2003			10	47	144	113

## PRINCIPLES

The Board is committed to the principles of Corporate Governance and has applied the principles of the Combined Code to ensure that the Company is headed by an effective Board which can lead and control the business.

This report describes how the Principles of Good Governance are applied and how the Company has complied with the provisions of the Code of Best Practice identified in Section 1 of the Combined Code.

## THE BOARD

The Board is currently comprised of the Executive Chairman, three executive directors and four non-executive directors. The Board considers all non-executive directors capable of exercising independent judgement.

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

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.

## 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.

## INTERNAL CONTROL

The Turnbull Report on internal controls was published as a consultation draft in April 1999 and was incorporated into the Combined Code in September 1999. The directors have considered the implications of this report on its operations, and having reviewed the effectiveness of its current controls, procedures and practice, the directors believe that the Company as required by the Irish and London Stock Exchanges has, throughout the year and up to the date of approval of the financial statements, complied with the principles and provisions of the Combined Code on 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 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 Board has reviewed the effectiveness of the Group's internal control system.

The Audit Committee 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 provision D.2.2 of the Combined Code requires the Company to review the need for an internal audit function. The Board has considered this matter and concluded that, due to the effective levels of procedures already in place, there is currently no need for an internal audit during the year under review, although this matter will be reviewed regularly.

## COMPLIANCE

The Company believes that it has complied with the provisions of Section 1 of the Code throughout the accounting period, with the following exceptions:-

- (i) The roles of the Executive Chairman and Chief Executive are combined in one individual. The directors believe that the Company benefits from consolidating the experience and knowledge of the present Executive Chairman whilst ensuring that there are experienced non-executive, and

executive directors for each operating division, to whom concerns may also be conveyed;

- (ii) 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. Accordingly, the Board does not have a formal nomination committee;
- (iii) 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 is satisfied that our non-executive directors are capable of exercising independent judgement. The Board has not appointed a senior independent non-executive director as the Board does not hold any one non-executive director senior to another. They all have long experience and share equal obligations to the Company. Shareholders are both welcome and encouraged to raise any concerns with any director at any time;

- (iv) 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 removal as other directors of the Company;

- (v) 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.

#### GOING CONCERN

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

## Statement of Directors' Responsibilities In Respect of the Financial Statements

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

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

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

The directors are responsible for keeping proper books of accounts which disclose with reasonable accuracy at any time the financial position of the Group and which enable them to ensure that the financial statements are prepared in accordance with the accounting standards generally accepted in Ireland and comply with the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992. 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.

We have audited the group's financial statements for the year ended 30 April 2004 which comprise the Statement of Accounting Policies, Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Total Recognised Gains and Losses, Reconciliation of Movements in Shareholders' Funds, Company Balance Sheet and the related notes 1 to 24. These financial statements have been prepared on the basis of 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 preparing the Annual Report, including the financial statements which are required to be prepared in accordance with applicable Irish law and accounting standards as set out in the Statement of Directors' Responsibilities in relation to the financial statements.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, Auditing Standards issued by the Auditing Practices Board for use in Ireland and the United Kingdom and the Listing Rules of the Irish Stock Exchange.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. 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 or the Listing Rules regarding directors' remuneration and transactions with the group is not given and, where practicable, include such information in our report.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and Chairman's Statement. 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 Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence

to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30 April 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992.

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

In our opinion the information given in the directors' report is consistent with the financial statements.

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

Ernst & Young  
Registered Auditors  
Dublin

Date: 14th July 2004

### BASIS OF ACCOUNTING AND CONSOLIDATION

The Group financial statements include the financial statements of the parent undertaking and all subsidiaries and the Group's share of the profits of the joint venture. The results of the joint venture relate to the year ended 31 March 2004. The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

### TURNOVER

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

### STOCKS

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

#### (a) Building land

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

#### (b) Work in progress

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

#### (c) Raw materials

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

### DEFERRED TAXATION

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

### FOREIGN CURRENCIES

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

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

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

### TANGIBLE FIXED ASSETS

A full valuation of land and buildings and investment properties was carried out at 30 April 2002. The directors do not consider that there has been a material change in the value of land and buildings and investment properties since the last valuation.

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

Depreciation is not provided on land and buildings as the amount involved is not material on a current or cumulative basis. The directors have reviewed the value of land and buildings and investment properties for impairment in accordance with Financial Reporting Standard 11, 'Impairment of Fixed Assets and Goodwill' and consider that no impairment in the value of land and buildings or investment properties has occurred.

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

### **PENSION COSTS**

The Group operates defined benefit schemes for eligible employees, the assets of which are held in trust funds separate from the Group's finances. Pension benefits are funded over the employees' periods of service using the projected unit method. The Group's charge against profits is calculated with independent actuarial advice and represents a proper charge to cover the accruing liabilities of the schemes on a continuing basis. Independent actuarial valuations of the schemes are made every three years.

The Group also contributes to defined contribution and personal pension schemes for eligible employees, the assets of which are held in trust funds separate from the Group's finance. The Group's contributions are charged against profits in the period to which they relate.

### **FINANCIAL INSTRUMENTS**

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

### **OPERATING LEASES**

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

## Group Profit and Loss Account

Year Ended 30 April 2004

	Note	2004 €'000	2003 €'000
Turnover - continuing (including share of joint venture)	1	<b>201,521</b>	174,806
Less: share of joint venture		<b>(1,858)</b>	(2,831)
Group turnover		<b>199,663</b>	171,975
Cost of sales		<b>(131,472)</b>	(116,520)
Group gross profit		<b>68,191</b>	55,455
Administrative expenses		<b>(9,954)</b>	(10,129)
Group operating profit - continuing		<b>58,237</b>	45,326
Share of joint venture profit		<b>1,023</b>	1,850
Trading profit including share of joint venture		<b>59,260</b>	47,176
Net interest receivable	2	<b>945</b>	1,287
Profit on ordinary activities before taxation	3	<b>60,205</b>	48,463
Taxation on profit on ordinary activities	5	<b>(13,359)</b>	(11,787)
Profit attributable to shareholders		<b>46,846</b>	36,676
Dividends paid	6	<b>(3,408)</b>	(2,556)
Dividends proposed	6	<b>(6,815)</b>	(4,941)
Profit retained for the financial year		<b>36,623</b>	29,179
Profit brought forward at 1 May		<b>131,090</b>	101,731
Realised revaluation reserve		-	180
Profit retained at 30th April		<b>167,713</b>	131,090
Earnings per share - basic	7	<b>137.47c</b>	107.62c
Earnings per share - diluted	7	<b>137.47c</b>	107.62c

Approved by the Board on 14th July 2004  
 C.H. GALLAGHER, Chairman  
 D.A. JACKSON, Director

## Statement of Total Recognised Gains and Losses Year Ended 30 April 2004

	2004 €'000	2003 €'000
<b>GROUP</b>		
Profit for the financial year including share of joint venture	<b>46,846</b>	36,676
Exchange translation adjustment	<b>3,795</b>	(12,878)
Total recognised gains and losses related to the year	<b>50,641</b>	23,798

## Reconciliation of Movements in Shareholders' Funds Year Ended 30 April 2004

	2004 €'000	2003 €'000
<b>GROUP</b>		
Profit for the financial year	<b>46,846</b>	36,676
Dividends	<b>(10,223)</b>	(7,497)
Profit retained for the financial year	<b>36,623</b>	29,179
Translation adjustment arising in year	<b>3,795</b>	(12,878)
Net addition to shareholders' funds	<b>40,418</b>	16,301
Shareholders' funds at 1 May	<b>159,174</b>	142,873
Shareholders' funds at 30 April	<b>199,592</b>	159,174

No note of Historical Cost Profits and Losses has been included as the amounts involved are not significant.

## Group Balance Sheet

At 30 April 2004

	Note	2004 €'000	2003 €'000
<b>FIXED ASSETS</b>			
Tangible assets	8	<b>31,680</b>	30,071
Investment in joint venture	9	<b>2,298</b>	1,480
		<b>33,978</b>	31,551
<b>CURRENT ASSETS</b>			
Stocks	10	<b>165,445</b>	141,576
Debtors	11	<b>8,705</b>	9,604
Investments	12	<b>7</b>	7
Cash at bank and in hand		<b>66,652</b>	31,568
		<b>240,809</b>	182,755
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Trade and other creditors	13	<b>(74,238)</b>	(54,382)
		<b>166,571</b>	128,373
<b>NET CURRENT ASSETS</b>			
		<b>200,549</b>	159,924
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	14	<b>(957)</b>	(750)
		<b>199,592</b>	159,174
<b>SHAREHOLDERS' FUNDS</b>			
Called up share capital	15	<b>10,905</b>	10,905
Share premium account	16	<b>13,321</b>	13,321
Revaluation reserve	16	<b>4,879</b>	4,746
Other reserves			
Capital redemption reserve fund	15	<b>1,478</b>	1,478
Currency translation	16	<b>1,296</b>	(2,366)
Profit and loss account	17	<b>167,713</b>	131,090
		<b>199,592</b>	159,174

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 14th July 2004  
C.H. GALLAGHER, Chairman  
D.A. JACKSON, Director

# Company Balance Sheet

At 30 April 2004

	Note	2004 €'000	2003 €'000
<b>FIXED ASSETS</b>			
Tangible assets	8	<b>2,506</b>	2,506
Financial assets	9	<b>23,530</b>	23,530
		<b>26,036</b>	26,036
<b>CURRENT ASSETS</b>			
Debtors	11	<b>9,507</b>	4,978
Cash at bank and in hand		<b>3,561</b>	10,670
		<b>13,068</b>	15,648
<b>CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)</b>			
Trade and other creditors	13	<b>(7,188)</b>	(10,235)
		<b>5,880</b>	5,413
<b>NET CURRENT ASSETS</b>			
		<b>31,916</b>	31,449
<b>SHAREHOLDERS' FUNDS</b>			
Called up share capital	15	<b>10,905</b>	10,905
Share premium account	16	<b>13,321</b>	13,321
Revaluation reserve	16	<b>656</b>	656
Other reserves			
Capital redemption reserve fund	15	<b>1,478</b>	1,478
Currency translation	16	<b>(383)</b>	(383)
Profit and loss account	17	<b>5,939</b>	5,472
		<b>31,916</b>	31,449

Shareholders' funds are all attributable to equity interests.

Approved by the Board on 14th July 2004  
 C.H. GALLAGHER, Chairman  
 D.A. JACKSON, Director

## Group Cash Flow Statement

Year Ended 30 April 2004

	Note	2004 €'000	2003 €'000
Net cash inflow from operating activities	18	<b>59,206</b>	19,279
<b>RETURNS ON INVESTMENT AND SERVICING OF FINANCE</b>			
Interest paid		<b>(57)</b>	(2)
Interest received		<b>1,002</b>	1,289
		<b>945</b>	1,287
<b>TAXATION</b>			
Corporation tax paid		<b>(11,935)</b>	(11,365)
<b>CAPITAL EXPENDITURE</b>			
Purchase of tangible fixed assets		<b>(8,189)</b>	(9,258)
Sale of tangible fixed assets		<b>2,444</b>	2,936
Net cash outflow from capital expenditure		<b>(5,745)</b>	(6,322)
<b>EQUITY DIVIDENDS PAID</b>			
		<b>(8,349)</b>	(7,157)
Net cash inflow (outflow) before use of liquid resources		<b>34,122</b>	(4,278)
Management of liquid resources	19	<b>(36,596)</b>	9,264
(Decrease) Increase in cash in the year	20	<b>(2,474)</b>	4,986

**1. SEGMENTAL INFORMATION**

Turnover, cost of sales and operating profit are derived from continuing activities. The exemption contained in Statement of Standard Accounting Practice Number 25, "Segmental Reporting", regarding analysis of operating profit by segment has been availed of.

	2004 €'000	2003 €'000
(a) Analysis by location of business		
Turnover		
Republic of Ireland	<b>84,569</b>	51,531
United Kingdom	<b>116,952</b>	123,275
	<b>201,521</b>	174,806
Less: share of joint venture	<b>(1,858)</b>	(2,831)
	<b>199,663</b>	171,975
Net assets		
Republic of Ireland	<b>41,511</b>	49,015
United Kingdom	<b>94,338</b>	82,045
Czech Republic	<b>1,601</b>	–
	<b>137,450</b>	131,060
Investment in joint venture	<b>2,298</b>	1,480
Dividend proposed	<b>(6,815)</b>	(4,941)
	<b>132,933</b>	127,599
Investments	<b>7</b>	7
Cash at bank less borrowings	<b>66,652</b>	31,568
	<b>199,592</b>	159,174
All business was transacted in the country of location of business.		
(b) Analysis by class of business		
Turnover		
Building and property development	<b>181,859</b>	154,209
Plant hire	<b>19,428</b>	20,362
Property rental	<b>234</b>	235
	<b>201,521</b>	174,806
Less: share of joint venture	<b>(1,858)</b>	(2,831)
	<b>199,663</b>	171,975
Net assets		
Building and property development	<b>109,883</b>	104,108
Plant hire	<b>26,816</b>	26,225
Property rental	<b>751</b>	727
	<b>137,450</b>	131,060
Investment in joint venture	<b>2,298</b>	1,480
Dividend proposed	<b>(6,815)</b>	(4,941)
	<b>132,933</b>	127,599
Investments	<b>7</b>	7
Cash at bank less borrowings	<b>66,652</b>	31,568
	<b>199,592</b>	159,174

2. NET INTEREST RECEIVABLE	2004 €'000	2003 €'000
Interest receivable	1,002	1,289
Interest payable	(57)	(2)
	<b>945</b>	1,287

### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

Profit on disposal of tangible fixed assets	(939)	(920)
Auditors' remuneration	112	108
Operating lease rentals:		
Rent of building	198	152
Hire of plant and machinery	658	552
Depreciation	5,961	6,511

### 4. EMPLOYMENT

The average number of persons employed by the Group, including executive directors, in the financial year was 328 (2003 : 312) and is analysed by class of business as follows:

	2004 Number	2003 Number
Building and property development	151	134
Plant hire and rental	177	178
	<b>328</b>	312

	2004 €'000	2003 €'000
Employment costs comprise:		
Wages and salaries	12,476	11,731
Social welfare costs	1,194	1,044
Other pension costs	1,345	1,145
	<b>15,015</b>	13,920

Details of the Directors' emoluments are set out in the Remuneration Report on page 14.

### 5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

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

Irish Corporation Tax at 12.50% (2003 : 14.85%)		
Current	3,243	2,250
Share of joint ventures' tax	205	370
United Kingdom Corporation Tax at 30%		
Current	9,732	9,090
Total current corporation tax	<b>13,180</b>	11,710
Deferred tax: originating and reversal of timing differences	179	77
	<b>13,359</b>	11,787

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**

Factors affecting current tax charge.

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

	2004 (% of profit before taxation)	2003
Irish corporation tax rate	12.5	14.8
Higher UK & Joint Venture tax rates	10.0	10.5
Other timing differences	(0.3)	(1.2)
	<b>22.2</b>	<b>24.1</b>

The effective tax rate is dependent on taxable profits made in the related jurisdiction the Group operates.

**6. DIVIDENDS**

	2004 €'000	2003 €'000
<i>Paid ordinary</i>		
Dividend of 10.00 cents per share (2003 : 7.50 cents per share)	<b>3,408</b>	2,556
<i>Proposed ordinary</i>		
Dividend of 20.00 cents per share (2003 : 14.50 cents per share)	<b>6,815</b>	4,941
	<b>10,223</b>	<b>7,497</b>

**7. EARNINGS PER SHARE: BASIC AND DILUTED**

Earnings per share has been calculated by reference to the weighted average number of shares in issue of 34,077,782 and to the profit on ordinary activities after taxation amounting to €46,846,000 (2003: €36,676,000).

**8. TANGIBLE FIXED ASSETS**

Group	Land and buildings €'000	Investment properties €'000	Plant and machinery €'000	Transport €'000	Total €'000
<i>Cost or valuation</i>					
At 1 May 2003	10,249	727	39,288	4,738	55,002
Translation adjustment	252	24	1,263	140	1,679
Additions	–	–	7,017	1,172	8,189
Disposals	–	–	(6,057)	(1,142)	(7,199)
At 30 April 2004	10,501	751	41,511	4,908	57,671
<i>Accumulated Depreciation</i>					
At 1 May 2003	–	–	22,579	2,352	24,931
Translation adjustment	–	–	722	71	793
Charge for year	–	–	5,043	918	5,961
Disposals	–	–	(4,783)	(911)	(5,694)
At 30 April 2004	–	–	23,561	2,430	25,991
<i>Net book amounts</i>					
At 30 April 2004	10,501	751	17,950	2,478	31,680
At 30 April 2003	10,249	727	16,709	2,386	30,071

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

Plant and machinery includes assets held for hire with a cost of €38,665,644 (2003: €36,583,216) and accumulated depreciation of €21,504,767 (2003 : €20,784,758).

Land and buildings and investment properties situated in the United Kingdom were valued by Glenny, Chartered Surveyors at 30 April 2002. The directors do not consider that there has been a material change in the value of land and buildings and investment properties since the last valuation.

<b>Group</b>	<b>2004</b>	<b>2003</b>
	<b>€'000</b>	<b>€'000</b>
The valuation of land and buildings comprises:		
Freehold property	<b>10,028</b>	9,791
Long leasehold property	<b>473</b>	458
	<b>10,501</b>	10,249

The historical cost of land and buildings and investment properties amounts to:

Land and buildings	<b>6,373</b>	6,230
--------------------	--------------	-------

No depreciation is charged on land and buildings or on investment properties as required by the Companies (Amendment) Act, 1986. The directors have followed the provisions of Financial Reporting Standard 15, 'Tangible Fixed Assets' and consider the depreciation amount to be immaterial on a current and cumulative basis. They have also followed the provisions of Financial Reporting Standard 11, "Impairment of Fixed Assets and Goodwill" and consider that no impairment in the value of land and buildings or investment properties has occurred.

**Company**

Freehold land and Buildings		
Cost or valuation at 1 May and 30 April	<b>2,506</b>	2,506

**9. FINANCIAL FIXED ASSETS****Company**

Shares in unlisted subsidiary undertakings at cost	<b>23,530</b>	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:

<i>Incorporated in the Republic of Ireland</i>	<i>Nature of business</i>	<i>Registered office</i>
Ciarsand	Investment holding company	1 Setanta Place, Dublin 2
Abbey Holdings Limited	as above	as above
Dwale Limited	Property rental	as above
Kingscroft Developments Limited	Residential housing and land development	as above
<i>Incorporated in the Czech Republic</i>	<i>Nature of business</i>	<i>Registered office</i>
Abbey, s.r.o.	Residential housing and land development	Vitezne namesti 1/576 Prague 6, Postal Code 16000 Czech Republic

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

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

## 9. INVESTMENT IN JOINT VENTURE

Abbey Holdings Limited holds a 50% interest in the allotted share capital of Pontederia Limited, whose registered office is at 1 Setanta Place, Dublin 2. The investment comprises 1 ordinary share of €1.25. The financial statements of Pontederia have been prepared for the year ended 31 March 2004. The financial statements reflect the development and selling of sites held in Clonsilla, Co. Dublin.

	2004 €'000	2003 €'000
<i>The movement on the investment in joint venture during the year is as follows:</i>		
At 1 May	1,480	–
Retained profit for the year	818	1,480
At 30 April	<b>2,298</b>	1,480
<i>The Group's share of joint venture net assets is made up as follows:</i>		
Current assets	3,384	2,490
Liabilities falling due within one year	(1,086)	(1,010)
	<b>2,298</b>	1,480

## 10. STOCKS

Building land and work in progress	164,735	141,013
Raw materials	710	563
	<b>165,445</b>	141,576

## 11. DEBTORS

### Group

<i>Amounts falling due within one year</i>		
Trade debtors	4,943	5,121
Other debtors	248	408
Value added tax	534	1,583
Prepayments and accrued income	2,980	2,492
	<b>8,705</b>	9,604

11. DEBTORS (CONTINUED)	2004 €'000	2003 €'000
<b>Company</b>		
<i>Amounts falling due within one year</i>		
Value added tax	4	5
Corporation tax	46	–
Amounts owed by subsidiary undertakings	2,618	–
Prepayments and accrued income	34	32
Dividend receivable	6,805	4,941
	<b>9,507</b>	4,978

## 12. INVESTMENTS

### Group

<i>Ordinary shares at cost</i>		
Non-listed company	7	7
	<b>7</b>	7

## 13. TRADE AND OTHER CREDITORS

### Group

<i>Amounts falling due within one year</i>		
Trade creditors	22,035	19,146
Advances received from joint venture	3,517	1,603
Amounts outstanding on land	21,253	11,985
United Kingdom income tax	188	166
Social welfare	174	148
Value added tax	2,764	1,141
Corporation tax	6,543	5,352
Other creditors	3,354	4,212
Accruals and deferred income	7,595	5,688
Dividend proposed	6,815	4,941
	<b>74,238</b>	54,382

### Company

<i>Amounts falling due within one year</i>		
Amounts owed to subsidiary undertakings	–	4,904
Corporation tax	–	42
Other creditors	213	189
Accruals and deferred income	160	159
Dividend proposed	6,815	4,941
	<b>7,188</b>	10,235

**14. DEFERRED TAXATION**

	2004 €'000	2003 €'000
At 1 May	750	765
Translation adjustment	28	(92)
Transferred from profit and loss account	179	77
At 30 April	<b>957</b>	750

The provision is in respect of accelerated capital allowances.

**15. CALLED UP SHARE CAPITAL****Group and Company***Authorised*

At 1 May and 30 April 45,000,000 ordinary shares of 32 cents each	<b>14,400</b>	14,400
---	---------------	--------

**Group and Company***Allotted, called up and fully paid*

At 1 May and 30 April 34,077,782 ordinary shares of 32 cents each	<b>10,905</b>	10,905
---	---------------	--------

**CAPITAL REDEMPTION RESERVE FUND**

At 1 May and 30 April	<b>1,478</b>	1,478
-----------------------	--------------	-------

**16. RESERVES**

	Group and Company Share Premium account €'000	Group Revaluation reserve €'000	Group Currency translation €'000	Company Revaluation reserve €'000	Company Currency translation €'000
At 1 May 2003	13,321	4,746	(2,366)	656	(383)
Translation adjustment arising in year	–	133	3,662	–	–
At 30 April 2004	13,321	4,879	1,296	656	(383)
The revaluation reserve is in respect of:		€'000			
Land and buildings		4,400			
Investment properties		479			
		<b>4,879</b>			

**17. PROFIT AND LOSS ACCOUNT**

Group	2004 €'000	2003 €'000
At 1 May	<b>131,090</b>	101,731
Profit after taxation and dividends	<b>36,623</b>	29,179
Realised revaluation reserve	-	180
At 30 April	<b>167,713</b>	131,090

**Company**

At 1 May	<b>5,472</b>	4,293
Profit after taxation and dividends	<b>467</b>	1,179
At 30 April	<b>5,939</b>	5,472

The profit on ordinary activities after taxation in the Company is €10,690,000 (2003 : €8,676,000). The profit and loss account of the Company is not presented separately in these financial statements as the conditions laid down in Section 3(2) of the Companies (Amendment) Act, 1986 have been complied with.

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

Operating profit	<b>58,237</b>	45,326
Depreciation	<b>5,961</b>	6,511
Profit on disposal of tangible fixed assets	<b>(939)</b>	(920)
Translation adjustment	<b>(82)</b>	91
Increase in stocks	<b>(20,874)</b>	(37,620)
Decrease (increase) in debtors	<b>1,135</b>	(2,660)
Increase in creditors	<b>15,768</b>	8,551
Net cash inflow from operating activities	<b>59,206</b>	19,279

**19. MANAGEMENT OF LIQUID RESOURCES**

	2004 €'000	2003 €'000
Monies placed on deposit	<b>(36,596)</b>	9,264

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

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

(Decrease) increase in cash in year	<b>(2,474)</b>	4,986
Movement in liquid resources	<b>36,596</b>	(9,264)
Translation difference	<b>962</b>	(2,810)
Movement in net funds in the year	<b>35,084</b>	(7,088)
Net funds at 1 May	<b>31,568</b>	38,656
Net funds at 30 April	<b>66,652</b>	31,568

**21. ANALYSIS OF NET FUNDS**

	At 1 May 2003 €'000	Cash flow €'000	Exchange movements €'000	At 30 April 2004 €'000
Cash at bank and in hand	7,882	(2,474)	(1)	5,407
Deposits	23,686	36,596	963	61,245
	<b>31,568</b>	<b>34,122</b>	<b>962</b>	<b>66,652</b>

**22. CAPITAL COMMITMENTS**

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

	2004 €'000	2003 €'000
Contracted for	<b>108</b>	–

**23. OPERATING LEASE COMMITMENTS**

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

Leases on land and buildings expiring:

Within one year	<b>18</b>	17
After more than five years	<b>134</b>	122
	<b>152</b>	139

Operating leases on plant and machinery carry no future commitments.

**24. PENSIONS**

The most recent actuarial valuations of the pension schemes were carried out as at 1 May 2002 using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those made in respect of the rate of return on investment and the rate of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 2.5% per annum and that the rates of pension increase would be 3% per annum.

As at 1 May 2002, the total value placed on the schemes' group pension plan for the purposes of the valuations amounted to €13.4 million and was sufficient to cover 89% of the scheme's liabilities. The actuarial deficit which arises in the Group's principal scheme is being spread over the average remaining service lives of current employees which is estimated at twelve years. The Group is making contributions into the scheme at a contribution rate of 22.9%. A prepayment of €1,288,000 is included at 30 April 2004 (2003 : €1,369,000) to recognise the difference between the amount recognised as cost and the amount funded. This pension scheme was closed to new entrants on 1 January 2001.

Pension costs for the above schemes in the year were €1,345,000 based on a normal cost of €1,219,000 plus €126,000 amortisation of the pension prepayment.

The actuarial valuations are not available for public inspection.

**24. PENSIONS (CONTINUED)**

Financial Reporting Standard 17 - Retirement Benefits (FRS17), was issued by the Accounting Standards Board in November 2000 and represents a change in the method of accounting for pension costs compared to SSAP24. Full adoption of FRS17 is not required and the Group has availed of the transitional provisions detailed in the standard as at 30 April 2004, which requires additional disclosure of the balance sheet effect of the adoption of FRS17.

**Defined Benefit Schemes**

The Group operates a defined benefit scheme in both Ireland and the United Kingdom. An actuarial valuation in accordance with FRS17 was carried out at 30 April 2004 by a qualified independent actuary.

The major assumptions used by the actuary were:

	Republic of Ireland 2004	Republic of Ireland 2003	Republic of Ireland 2002
Pensionable salary growth	2.50 % pa	4.00 % pa	4.50 % pa
Pension escalation in payment	5.00 % pa	5.00 % pa	3.00 % pa
Discount rate	5.00 % pa	5.25 % pa	6.00 % pa
Inflation assumption	2.50 % pa	2.25 % pa	2.50 % pa
	United Kingdom 2004	United Kingdom 2003	United Kingdom 2002
Pensionable salary growth	4.00 % pa	3.75 % pa	4.00 % pa
Pension escalation in payment	3.00 % pa	3.00 % pa	3.00 % pa
Discount rate	5.60 % pa	5.40 % pa	5.80 % pa
Inflation assumption	2.50 % pa	2.25 % pa	2.50 % pa

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

	Republic of Ireland 2004	Republic of Ireland 2003	Republic of Ireland 2002
Equities	7.40%	7.75%	8.50%
Bonds	4.40%	4.75%	5.50%
Other	5.40%	5.75%	6.50%
	United Kingdom 2004	United Kingdom 2003	United Kingdom 2002
Conventional with-profits policy	–	–	6.50%
Bonds	4.80%	5.00%	–
Cash	4.00%	4.00%	–
Other	–	–	–

**The net pension assets are as follows:****As at 30 April 2004**

	Republic of Ireland €'000	United Kingdom €'000	Total €'000
Equities	849	–	849
Bonds	220	17,501	17,721
Other	91	145	236
Total value of assets	1,160	17,646	18,806
Present value of scheme liabilities in respect of active and deferred members	(1,148)	(17,496)	(18,644)
Surplus in the schemes	12	150	162
Related deferred tax liability	(2)	(45)	(47)
Net pension asset	10	105	115

**24. PENSIONS (CONTINUED)**

	Republic of Ireland €'000	United Kingdom €'000	Total €'000
<b>The net pension (deficit) asset are as follows:</b>			
<b>As at 30 April 2003</b>			
Conventional with-profits policy	–	16,662	16,662
Equities	598	–	598
Bonds	204	–	204
Other	136	–	136
Total value of assets	938	16,662	17,600
Present value of scheme liabilities in respect of active and deferred members	(1,282)	(13,990)	(15,272)
(Deficit) surplus in the schemes	(344)	2,672	2,328
Related deferred tax asset (liability)	43	(802)	(759)
Net pension (deficit) asset	(301)	1,870	1,569

**The net pension assets are as follows:****As at 30 April 2002**

Conventional with-profits policy	–	10,818	10,818
Equities	776	–	776
Bonds	247	–	247
Other	104	–	104
Total value of assets	1,127	10,818	11,945

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

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

**Net Assets**

	2004 €'000	2003 €'000
Total Group net assets	<b>199,592</b>	159,174
Pension prepayment	<b>(1,288)</b>	(1,369)
Total Group net assets excluding pension asset	<b>198,304</b>	157,805
Pension asset	<b>115</b>	1,569
Total Group net assets including pension asset	<b>198,419</b>	159,374

**Reserves**

Profit and loss account	<b>167,713</b>	131,090
Pension prepayment	<b>(1,288)</b>	(1,369)
Profit and loss account excluding pension asset	<b>166,425</b>	129,721
Pension asset	<b>115</b>	1,569
Profit and loss account including pension asset	<b>166,540</b>	131,290

**24. PENSIONS (CONTINUED)**

	Republic of Ireland €'000	United Kingdom €'000	Total 2004 €'000	Total 2003 €'000
<b>Analysis of the amount charged to operating profit:</b>				
Current service cost	(14)	(722)	<b>(736)</b>	(700)
<b>Analysis of the amount credited to other finance income:</b>				
Expected return on pension scheme assets	65	1,118	<b>1,183</b>	854
Interest on pension scheme liabilities	(68)	(777)	<b>(845)</b>	(780)
<b>Net return</b>	<b>(3)</b>	<b>341</b>	<b>338</b>	<b>74</b>
<b>Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL):</b>				
Actual return less expected return on pension scheme assets	109	(1,506)	<b>(1,397)</b>	3,416
Experience gains and losses arising on the scheme liabilities	28	(126)	<b>(98)</b>	(33)
Exchange rate adjustment	-	25	<b>25</b>	-
Changes in assumptions underlying the present value of the scheme liabilities	194	(1,297)	<b>(1,103)</b>	(1,720)
<b>Actuarial gain (loss) recognised in STRGL</b>	<b>331</b>	<b>(2,904)</b>	<b>(2,573)</b>	<b>1,663</b>
<b>Movement in asset (deficit) during the year:</b>				
Asset (deficit) in scheme at beginning of the year	(344)	2,672	<b>2,328</b>	(1,785)
Movement in year:				
Current service cost	(14)	(722)	<b>(736)</b>	(700)
Contributions paid by the employer	42	936	<b>978</b>	3,076
Past service costs	-	(173)	<b>(173)</b>	-
Other finance income	(3)	341	<b>338</b>	74
Actuarial gain (loss)	331	(2,904)	<b>(2,573)</b>	1,663
Asset in scheme at end of the year	12	150	<b>162</b>	2,328

During the year to 30 April 2004 the UK employer contributed at 22.9% of pensionable salaries, subject to review at future actuarial valuations.

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

**History of experience gains and losses:**

Difference between the expected and actual return on scheme assets:				
Amount	109	(1,506)	(1,397)	3,416
% of scheme assets	9%	-9%	-7%	19%
Experience gains and losses on scheme liabilities:				
Amount	28	(126)	(98)	(33)
% of present value of scheme liabilities	2%	-1%	1%	0%
Total amount recognised in STRGL:				
Amount	331	-2,904	-2,573	1,663
% of present value of scheme liabilities	29%	-17%	-14%	11%

**Defined Contribution Schemes**

The Group contributes to defined contribution and personal pension schemes in both Ireland and the United Kingdom for which the Group has contributed €137,265 during the year to 30 April 2004 (2003: €97,719) and charged in full to the profit and loss account. There is €8,216 accrued in respect of contributions due at 30 April 2004 (2003: €6,076).

## Notice of Meeting

Notice is hereby given that the Annual General Meeting of Abbey plc will be held in the Conrad Dublin, Dublin 2, at 10.30 a.m. on Friday, 1 October, 2004 for the following purposes:

### Ordinary Business

- To consider the Company's Accounts and Reports of the Directors and the Auditors for the year ended 30 April 2004.
- To confirm and declare a final dividend on the ordinary shares for the year ended 30 April 2004.
- To authorise the Directors to fix the remuneration of the Auditors.
- To transact any other ordinary business of the Company.

### Special Business

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

#### AS AN ORDINARY RESOLUTION:

"That the Directors be and they are hereby generally and unconditionally authorised to exercise all powers of the Company to allot relevant securities (as defined for the purposes of Section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount of €3,495,109.76 provided that this authority shall expire upon the termination of the Annual General Meeting of the Company to be held in 2005 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired."

#### AS A SPECIAL RESOLUTION:

"That, subject to the passing of the previous resolution, the Directors be and they are hereby empowered pursuant to Section 24 of the Companies (Amendment) Act, 1983 to

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

- (a) to the allotment of equity securities in connection with a rights issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them, and
- (b) to the allotment (otherwise than pursuant to subparagraph (a) above) of equity securities up to an aggregate nominal value of €545,245.

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

There have been no changes to the Directors and Secretary Interests in the shares of Abbey plc as disclosed in the Directors' report dated 14 July 2004 at the date of this Notice of Meeting 6 September 2004.

*By order of the Board*  
6th September 2004  
David J. Dawson, Secretary

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

**Notes:**

1. Any member entitled to attend and vote at the above meeting may appoint a proxy to attend, speak and vote.
2. A proxy need not be a member of the Company.
3. Proxies should reach the Company's Registrars, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not less than 48 hours before the time appointed for the holding of the meeting.
4. The final dividend on the ordinary shares will, if approved, be paid on 6 October 2004 to members registered as Ordinary Shareholders at the close of business on 23 July, 2004.
5. There will be available for inspection by members at 25/28 North Wall Quay, Dublin 1, during usual business hours from the date of this notice and at The Conrad Dublin, Dublin 2, for fifteen minutes prior to and until the conclusion of the Annual General Meeting, copies of contracts of service of Directors with the Company, or any of its subsidiaries.
6. The registers required to be maintained by the Company under Section 60 and 80 of the Companies Act, 1990 shall be available for inspection to any person attending the Annual General Meeting for fifteen minutes prior to and until the conclusion of the said meeting.



