
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the course of action to be taken, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser being, in the case of Shareholders in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) or Investment Intermediaries Act 1995 and, in the case of Shareholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000 of the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares in Abbey, please send this document and the accompanying Form of Proxy, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Davy Corporate Finance, which is regulated in Ireland by the Central Bank of Ireland, has been appointed to advise the Independent Shareholders and no-one else in connection with certain of the proposals described in this document and accordingly will not be responsible to anyone other than the Independent Shareholders for providing the protections afforded to customers of Davy Corporate Finance, or for providing advice in relation thereto.



(Incorporated and Registered in Ireland, Registered Number 9245)

AUTHORITY TO PURCHASE OWN SHARES

Approval for waiver of obligation under
Rule 37 of the Irish Takeover Rules
and

NOTICE OF EXTRAORDINARY GENERAL MEETING

Your attention is drawn to the letter from the Executive Chairman of Abbey set out on pages 6 to 9 of this document and to the letter from Davy Corporate Finance set out on page 10 of this document.

Notice of an Extraordinary General Meeting of Abbey to be held at Dunboyne Castle Hotel, Dunboyne, Co. Meath, Ireland at 9.30 a.m. on 17 November 2010 is set out at the end of this document.

A Form of Proxy for use at the Extraordinary General Meeting is enclosed which, to be valid, should be completed, signed and returned, in accordance with the instructions printed thereon, to the Company's registrars, Computershare Investor Services (Ireland) Limited at P.O. Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand), as soon as possible but in any event so as to be received by Computershare Investor Services (Ireland) Limited, no later than 9.30 a.m. on 15 November 2010.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy for the EGM	9.30 a.m. on 15 November 2010
Extraordinary General Meeting	9.30 a.m. on 17 November 2010

DEFINITIONS

In this document the following expressions have the following meanings, unless the context otherwise requires or unless it is otherwise specifically provided:

“1990 Act”	the Companies Act 1990;
“Abbey” or “the Company”	Abbey plc;
“Abbey Group” or “the Group”	Abbey and its subsidiaries;
“Abbey Concert Party”	for the purposes of the Waiver in respect of 48.77%, the Gallagher Concert Party, together with the Directors and such other persons as are deemed, for so long as Abbey is proposing to, or is in the process of, repurchasing its own securities or during the course of any offer for Abbey, under Rule 3.3(b)(vi) of Part A of the Takeover Rules to be acting in concert with them;
“Abbey Concert Party Shareholding”	the Gallagher Concert Party Shareholding and the shareholding of the other members of the Abbey Concert Party comprising in aggregate 10,210,684 Ordinary Shares 41.46% of the Existing Issued Share Capital;
“Act”	the Companies Act 1963 (as amended);
“AIM”	the Alternative Investment Market of the London Stock Exchange;
“Articles”	the Articles of Association of the Company;
“Board” or “Directors” or “Abbey Directors”	the directors of Abbey, whose names are set out in Part 1 on page 6 of this document;
“Business Day”	any day (other than a Saturday or Sunday) on which lending banks in Dublin and London are open for business;
“Central Bank of Ireland”	the Central Bank of Ireland established pursuant to the Central Bank Acts 1942 to 2010;
“Circular”	this document dated 22 October 2010;
“Davy”	J&E Davy of Davy House, 49 Dawson Street, Dublin 2, Ireland, trading as Davy;
“Davy Corporate Finance”	Davy Corporate Finance, a wholly owned subsidiary of J & E Davy;
“EGM”	the Extraordinary General Meeting of the Company to be held at Dunboyne Castle Hotel, Dunboyne, Co. Meath, Ireland at 9.30 a.m. on 17 November 2010, notice of which is set out at the end of this document, or any adjournment thereof;
“ESM”	the Enterprise Securities Market of the Irish Stock Exchange;
“Existing Issued Share Capital”	24,626,992 Ordinary Shares in issue on 21 October 2010 (being the latest practicable date prior to the publication of this document);
“Form of Proxy”	the form of proxy for use at the EGM, which accompanies this document;
“Gallagher Concert Party”	for the purposes of the Waiver in respect of 48.76%, Gallagher Holdings and persons deemed to be acting in concert with it under Rule 3.3(b)(ii) of Part A of the Takeover Rules;

“Gallagher Concert Party Shareholding”	the Gallagher Holdings Shareholding and the shareholding of the other members of the Gallagher Concert Party in Abbey, comprising in aggregate 10,207,684 Ordinary Shares, representing 41.45% of the Existing Issued Share Capital;
“Gallagher Holdings” or “Gallagher”	Gallagher Holdings Limited;
“Gallagher Holdings Shareholding” or “Gallagher Shareholding”	the shareholding of Gallagher Holdings in Abbey, comprising 10,166,544 Ordinary Shares, representing 41.28% of the Existing Issued Share Capital;
“Gallagher Directors”	members of the Gallagher family who are directors of Abbey, being Mr Charles Gallagher (Executive Chairman of Abbey) and Mr David Gallagher (a Non-Executive Director of Abbey);
“Independent Shareholders”	Shareholders other than members of the Abbey Concert Party or the Gallagher Concert Party;
“Irish Stock Exchange”	The Irish Stock Exchange Limited;
“London Stock Exchange”	the London Stock Exchange plc;
“Market Purchase(s)”	purchase(s) by the Company of Ordinary Shares pursuant to the authority provided under the Market Purchases Resolution;
“Market Purchases Resolution”	Resolution 2 in the Notice, a special resolution authorising the Company to make market purchases of up to 3,691,586 Ordinary Shares, representing 14.99% of the Existing Issued Share Capital, to be proposed at the EGM;
“Notice”	the notice of EGM set out at the end of this document;
“Ordinary Shares”	ordinary shares of nominal value €0.32 each in the capital of Abbey;
“Panel”	the Irish Takeover Panel established under the Irish Takeover Panel Act 1997;
“Rule 37”	Rule 37 of the Takeover Rules which imposes an obligation on any person or persons acting in concert who acquire or consolidate control of a relevant company, wholly or partly by reason of the redemption or purchase by that company of any of its own securities, to extend offers to the holders of each class of equity share capital and each other class of transferable voting securities in the relevant company;
“Shareholders”	holders of Ordinary Shares;
“Stock Exchanges”	the Irish Stock Exchange and the London Stock Exchange;
“Takeover Rules” or “the Rules”	the Irish Takeover Panel Act 1997, Takeover Rules, 2007 (as amended);
“Treasury Shares”	Ordinary Shares purchased or redeemed by the Company which instead of being cancelled upon their purchase or redemption are held by the Company as treasury shares in accordance with the provisions of the 1990 Act;
“Waiver(s)” or “Whitewash(es)”	the waivers of Rule 37 granted by the Panel, further details in relation to which are set out in the section of Part 1 of this document entitled “ <i>Waivers of Obligation to make a General Offer under Rule 37 of the Takeover Rules</i> ”; and

“Waiver Resolution”

Resolution 1 in the Notice, an ordinary resolution which, in compliance with the conditions of the Waivers imposed by the Panel, approves the increase, arising pursuant to Market Purchases, in the percentage of the issued share capital of the Company held by the Abbey Concert Party and the Gallagher Concert Party without any of the members thereof being obliged under the Takeover Rules to make an offer to Shareholders for the balance of the issued Ordinary Shares.

Notes:

- (i) Unless otherwise stated in this document, all reference to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) The symbols “€” and “c” refer to euro and euro cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic & Monetary Unit Act 1998. The symbols “Stg£” or “£” or “p” refer to sterling pounds and sterling pence respectively.
- (iii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

PART 1 – LETTER FROM THE EXECUTIVE CHAIRMAN OF ABBEY



(Incorporated and Registered in Ireland, Registered Number 9245)

Directors

Charles H. Gallagher (*Executive Chairman*)
Brian R. Hawkins
Robert N. Kennedy
Lorenzo G. Fraquelli
J. Roger Humber*
David A. Gallagher*
John F. Hogan*

Registered Office

25/28 North Wall Quay,
Dublin 1,
Ireland.

Head Office

Abbey House,
2 Southgate Road,
Potters Bar,
Herts EN6 5DU,
United Kingdom.

* denotes Non-Executive

22 October 2010

To holders of Ordinary Shares

Dear Shareholder,

INTRODUCTION

The Board of Abbey has determined that it would be in the Company's best interests to put in place the authority to repurchase a proportion of the Company's own shares. The authority being sought would be utilised only when appropriate financial and stock market conditions prevail and when the Board determine that share repurchases are in the interests of the Company and its Shareholders as a whole. The Company does not currently have any routine repurchase authority in place, and last repurchased shares in April 2008 under the authority sought and received in November 2007.

The purpose of this letter and the rest of this document is to set out the background to this proposal, brief details of the conditions and mechanism for share purchases, the authority being sought from Shareholders, and the action you are required to take to facilitate implementation of the Company's proposals.

The Company is seeking approval to buy back up to 14.99% of its issued share capital over an eighteen month period. For illustrative purposes, based on the existing market price of €4.25 per Ordinary Share (the last dealt price on the Irish Stock Exchange on 21 October 2010) maximum utilisation of this authority would represent a return of capital of approximately €16.47 million (assuming the repurchase price paid for each Ordinary Share repurchased was 105% of the market price). Whether or not this amount of capital is returned, and the timing of such returns will depend, *inter alia*, on market conditions (in particular Shareholder appetite) and the discretion of the Board.

You will find set out at the end of this document a notice convening an extraordinary general meeting of the Company to be held at 9.30 a.m. on 17 November 2010. Two resolutions are being proposed for consideration at the EGM in connection with the proposed share buy back, further information in relation to each of which is set out in this letter.

BACKGROUND

As shown in the last audited consolidated financial statements for the Company, as at 30 April 2010, Abbey had €51.8 million in cash and cash equivalents, and €52.1 million in financial investments on the balance sheet.

The Company has examined the merits of a share buy back programme and has concluded that it would be in the interests of Shareholders as a whole to provide such a programme. Having a share buy back authority in place would mean that the Company would be in a position to respond to volatile market conditions and enhance liquidity in the Company's shares, whilst enhancing earnings per share. A share buy back programme would also provide Shareholders with the flexibility, but without any compulsion, to realise value in respect of all or some of their shareholdings and is a tax efficient method of returning surplus cash to Shareholders.

PURCHASE OF OWN SHARES THROUGH BUY BACK AUTHORITY

To enable the Company to purchase its own shares on market, Shareholder authority must be received in accordance with section 215 of the 1990 Act.

Resolution 2 is to be proposed for this purpose (and is referred to in this document as the Market Purchases Resolution). The authority conferred on the Board by the Market Purchases Resolution is limited to the purchase of 3,691,586 Ordinary Shares (representing just under 15% of the Existing Issued Share Capital). The minimum price payable per Ordinary Share is €0.32 (the nominal value of each share) and the maximum price (exclusive of expenses) is 105% of the average middle market price per Ordinary Share for the five business days immediately preceding any purchase.

This authority to purchase Ordinary Shares will be used by the Directors with discretion. Any purchases will be made only from funds not required for other purposes and in the light of prevailing market conditions. No purchase will be made unless the Directors are of the opinion that it will result in an increase in earnings per Ordinary Share and unless the Directors are of the opinion that it would be in the best interests of the remaining Shareholders generally. The Directors will also take into account the Company's cash resources and available bank and other financing facilities and other possible investment opportunities before deciding whether to exercise this authority.

Any purchase of Ordinary Shares pursuant to this authority will be made on market (that is on the Irish Stock Exchange) in accordance with section 215 of the 1990 Act. Ordinary Shares purchased are expected to be cancelled and if so, will not be available for re-issue, although Resolution 2 does allow for Ordinary Shares purchased, representing up to 10% of the issued share capital of the Company, to be held as Treasury Shares.

Details of any Ordinary Shares purchased pursuant to the Market Purchases Resolution will be notified to the Irish Stock Exchange and the London Stock Exchange no later than 7.30 a.m. on the Business Day following the purchase. Details will also be included in the Company's Annual Report in respect of the financial period in which any such purchase takes place.

The authority to purchase Ordinary Shares pursuant to the Market Purchases Resolution will expire on 31 May 2012. It is envisaged that renewal of the authority may, if not utilised by that date, be sought at the subsequent annual general meeting of the Company.

SOURCE OF FUNDS FOR THE PURCHASE OF ORDINARY SHARES

The Company will source the funds required to effect any purchase of Ordinary Shares from part or all of its reserves of cash and other liquid resources. The specific sources of funds for each purchase will be determined by the Directors based on availability and market rates prevailing at the time the funds are required.

WAIVERS OF OBLIGATION TO MAKE A GENERAL OFFER UNDER RULE 37 OF THE TAKEOVER RULES

Under Rule 37 of the Takeover Rules, when any person or persons acting in concert, holds more than 30% but less than 50% of the voting rights exercisable at general meeting of a relevant company, and the percentage represented by the voting rights in the company conferred by the securities held by that person or persons acting in concert, increases by more than 0.05% in any twelve month period wholly or partly by reasons of the redemption or purchase by that company of any of its own securities, such person or, in the case of persons acting in concert, such one or more of those persons as the Panel shall direct, would normally be required to extend a general offer to all shareholders to purchase their shares.

Gallagher Holdings currently holds 10,166,544 Ordinary Shares, representing 41.28% of the Existing Issued Share Capital. In addition, certain persons who are presumed under the Takeover Rules to be

acting in concert with Gallagher Holdings (being the directors of Gallagher Holdings, the spouses, parents, brothers, sisters or children of such directors and any trustee of a trust of which any such person is a beneficiary or potential beneficiary and every company which is controlled by any one or more of such persons) currently hold, in aggregate, 41,140 Ordinary Shares, representing 0.17% of the Existing Issued Share Capital.

Under the Takeover Rules there is a further presumption that the Abbey Directors are acting in concert with each other and with the Gallagher Concert Party for so long as Abbey is proposing to, or is implementing, share repurchases. The Abbey Directors, other than the Gallagher Directors whose holdings in Abbey are included in the Gallagher Concert Party hold, in aggregate, 3,000 Ordinary Shares in Abbey representing 0.01% of the Existing Issued Share Capital. Accordingly the aggregate holding of the Abbey Concert Party is 10,210,684 Ordinary Shares representing 41.46% of the Existing Issued Share Capital.

Implementation of the Market Purchases will result in a maximum of 3,691,586 Ordinary Shares being purchased by the Company. Therefore, in the event that the Company utilised the authority in the Market Purchases Resolution in full and assuming that none of the members of either the Abbey Concert Party nor the Gallagher Concert Party disposed of any Ordinary Shares, the Abbey Concert Party Shareholding, while remaining the same in number of shares, would increase as a percentage of the issued share capital from 41.46% to **48.77%** and the Gallagher Concert Party Shareholding while remaining the same in number of shares, would increase as a percentage of the issued share capital from 41.45% to **48.76%**. As a result, Gallagher Holdings and/or any other member of the Abbey or Gallagher Concert Parties as the Panel may direct, would become obliged under Rule 37 of the Takeover Rules to make a general offer for the balance of the issued Ordinary Shares in the Company, unless such obligation was waived by the Panel.

The Panel has agreed to waive this obligation subject to the following conditions:

- (i) that the Independent Shareholders approve, on a poll, the Waiver Resolution; and
- (ii) that a circular is prepared by Abbey in accordance with the Whitewash Guidance Note in the Takeover Rules and such circular is approved by the Panel. This Circular has been so approved.

Your attention is drawn to the letter from Davy Corporate Finance set out in Part 2 of this document which provides independent advice in relation to the Waiver Resolution.

INFORMATION ON GALLAGHER HOLDINGS

Gallagher Holdings is a private company incorporated in England whose principal activity is that of holding shares in a number of trading companies. The voting share capital of Gallagher Holdings is held by Matthew Homes Limited, a private company incorporated in England, and Matthew Homes Limited is indirectly controlled by members of the Gallagher family.

FURTHER INFORMATION

Your attention is drawn to the further information set out in Parts 2 to 4 of this document.

EXTRAORDINARY GENERAL MEETING

Implementation of any Market Purchases requires the approval by Independent Shareholders of the Waiver Resolution and by Shareholders of the Market Purchases Resolution. The Market Purchases Resolution is conditional on the Waiver Resolution being passed.

You will find set out at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at 9.30 a.m. on 17 November 2010 at Dunboyne Castle Hotel, Dunboyne, Co. Meath, Ireland, at which the following two resolutions will be proposed:

- (1) the Waiver Resolution, which is an ordinary resolution; and
- (2) the Market Purchases Resolution, which is a special resolution.

Only Independent Shareholders will be eligible to vote on Resolution 1 which, in accordance with the requirements of the Takeover Rules, will be conducted by way of a poll. All Shareholders on the register at the requisite time will be eligible to vote on Resolution 2.

ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the EGM.

Whether or not you intend to be present at the EGM, you are requested to complete the accompanying Form of Proxy in accordance with the instructions printed thereon and to return it as soon as possible and, in any event, so as to be received by Computershare Investor Services (Ireland) Limited, P.O. Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) not later than 9.30 a.m. on 15 November 2010. Completion and return of the Form of Proxy will not preclude Independent Shareholders from attending the meeting and voting in person on both Resolutions, should they wish to do so.

RECOMMENDATIONS

Waiver Resolution

In relation to any proposed buyback under the Takeover Rules, the Abbey Directors are presumed to be acting in concert with each other and their potential obligation under Rule 37 of the Takeover Rules, as described on pages 7 and 8 of this document, is, *inter alia*, the subject of the Waiver Resolution. Accordingly the Abbey Directors are not in a position to advise the Independent Shareholders in relation to the Waiver Resolution and will abstain from voting on it.

Shareholders are therefore referred to the letter from Davy Corporate Finance, who have been appointed by the Directors to advise the Independent Shareholders, which contains advice in relation to the Waiver Resolution, set out on page 10 of this document.

Market Purchases Resolution

The Directors consider the proposed grant of authority to the Board to make market purchases of Ordinary Shares pursuant to the Market Purchases Resolution to be in the best interests of the Company and its Shareholders as a whole. Accordingly the Directors unanimously recommend that Shareholders vote in favour of Resolution 2 at the EGM, as they intend to do in respect of their own beneficial holdings, being in aggregate 31,500 Ordinary Shares, representing approximately 0.13% of the Existing Issued Share Capital.

Yours faithfully,

CHARLES GALLAGHER
Executive Chairman

PART 2 – LETTER FROM DAVY CORPORATE FINANCE TO THE INDEPENDENT SHAREHOLDERS

Davy Corporate Finance

Davy House, 49 Dawson Street, Dublin 2, Ireland www.davy.ie
T +353 1 679 6363 F +353 1 679 6366 dcf@davy.ie



22 October 2010

To Independent Shareholders in Abbey

Dear Shareholder,

We refer to certain of the proposals in the letter from the Executive Chairman of Abbey, contained in Part 1 of this document. In particular, we refer to the potential increase to **48.77%** in the percentage of the Company's issued share capital which the Abbey Concert Party could hold and the potential increase to **48.76%** in the percentage of the Company's issued share capital which the Gallagher Concert Party could hold. These potential increases would arise pursuant to the purchase by the Company of up to 3,691,586 Ordinary Shares (which is the maximum number of Ordinary Shares which can be acquired under the Market Purchases Resolution). As a result of these increases, the Abbey Concert Party or the Gallagher and/or any members thereof, would become obliged under Rule 37 of the Takeover Rules to make an offer for the balance of the issued share capital of the Company unless the Panel waived that obligation.

As described on pages 7 and 8 of this document, the Panel has agreed, subject to the approval by Independent Shareholders on a poll of the Waiver Resolution and to the other conditions specified in Part 1, to waive the obligation of the Abbey Concert Party and the Gallagher Concert Party to make a general offer for the balance of the issued Ordinary Shares in the Company which could arise pursuant to Market Purchases.

Davy Corporate Finance, which has been appointed by the Company to advise the Independent Shareholders, considers the approval of the Waiver Resolution, which is a condition to the implementation of any Market Purchases, to be in the best interests of the Company and the Independent Shareholders as a whole, and recommends Independent Shareholders to vote in favour of that resolution.

Yours faithfully

**For and on behalf of
Davy Corporate Finance**

**IVAN MURPHY
Director**

CAPITAL MARKETS | CORPORATE FINANCE | PRIVATE CLIENTS | RESEARCH

Directors: Des Carville, J. Brian Davy, John Frain,
Hugh McCutcheon, Kyran McLaughlin, Eugénée Mulhern,
Ivan Murphy.

DAVY CORPORATE FINANCE is registered in Ireland no. 127823.
Registered office as above. VAT Registered no. 4850231V.

Davy Corporate Finance is regulated by the Financial Regulator.

PART 3 – FINANCIAL INFORMATION

A: ANNUAL FINANCIAL INFORMATION ON ABBEY FOR THE THREE YEARS ENDED 30 APRIL 2010

Nature of Financial Information

The following financial information does not constitute full group accounts within the meaning of Regulation 40(2) of the European Communities (Companies: Group Accounts) Regulations, 1992 and has been extracted, without material adjustment, from the audited financial statements of Abbey for the three years ended 30 April 2010. Copies of the consolidated financial statements have been delivered to the Registrar of Companies in Ireland for each of the three financial years ended 30 April 2010. The auditors of Abbey have made reports under section 193 of the Companies Act 1990 in respect of each such set of statutory consolidated financial statements and each such report was an unqualified and unmodified audit report within the meaning of section 193(4) of that Act.

GROUP INCOME STATEMENT

	Note	2010 €'000	2009 €'000	2008 €'000
Revenue	7	97,165	99,852	180,334
Cost of sales				
operating		(79,050)	(82,334)	(132,881)
impairment charge on inventories	8	–	(58,054)	(20,599)
Gross profit/(loss)		18,115	(40,536)	26,854
Administrative expenses		(5,556)	(12,252)	(13,228)
Gain on property disposal	8	273	–	1,306
Impairment of properties	8	–	(2,952)	–
Share of joint venture profit before taxation		–	–	144
Operating profit/(loss)		12,832	(55,740)	15,076
Finance income	9	2,406	1,465	1,818
Finance costs	9	(76)	(119)	(100)
Profit/(loss) before taxation	10	15,162	(54,394)	16,794
Income tax (expense)/credit	12	(2,867)	3,769	(4,713)
Profit/(loss) attributable to equity shareholders of the parent	28	12,295	(50,625)	12,081
Earnings/(loss) per share – basic	14	49.92c	(205.57c)	42.93c
Earnings/(loss) per share – diluted	14	49.92c	(205.57c)	42.93c

GROUP STATEMENT OF COMPREHENSIVE INCOME

	2010 €'000	2009 €'000
Profit/(loss) for the year	12,295	(50,625)
Foreign currency translation	1,988	(9,665)
Unrealised (loss)/gain on fair value of available-for-sale financial assets	(473)	620
Actuarial (loss)/gain on Group defined benefit pension obligations	(5,731)	3,101
Deferred tax movement relating to actuarial (loss)/gain on Group defined benefit pension obligations	1,604	(869)
Other comprehensive loss for the year, net of tax	(2,612)	(6,813)
Total comprehensive income/(loss) for the year, net of tax, attributable to equity shareholders of the parent	9,683	(57,438)

GROUP STATEMENT OF CHANGES IN EQUITY**Year Ended 30 April 2010**

	<i>Issued Capital €'000</i>	<i>Share Premium €'000</i>	<i>Revaluation Reserve €'000</i>	<i>Capital Redemption Reserve Fund €'000</i>	<i>Currency Translation €'000</i>	<i>Retained Earnings €'000</i>	<i>Total €'000</i>
Attributable to equity holders of the parent at 1 May 2009	7,881	13,321	4,807	4,502	(21,912)	142,138	150,737
Profit for the year	–	–	–	–	–	12,295	12,295
Other comprehensive income/(loss), net of tax	–	–	120	–	1,868	(4,600)	(2,612)
Total comprehensive income, net of tax, attributable to equity shareholders of the parent	–	–	120	–	1,868	7,695	9,683
Movement in revaluation surplus	–	–	(379)	–	–	379	–
At 30 April 2010	<u>7,881</u>	<u>13,321</u>	<u>4,548</u>	<u>4,502</u>	<u>(20,044)</u>	<u>150,212</u>	<u>160,420</u>

GROUP STATEMENT OF CHANGES IN EQUITY**Year Ended 30 April 2009**

	<i>Issued Capital €'000</i>	<i>Share Premium €'000</i>	<i>Revaluation Reserve €'000</i>	<i>Capital Redemption Reserve Fund €'000</i>	<i>Currency Translation €'000</i>	<i>Retained Earnings €'000</i>	<i>Total €'000</i>
Attributable to equity holders of the parent at 1 May 2008	7,881	13,321	7,729	4,502	(12,839)	187,346	207,940
Loss for the year	–	–	–	–	–	(50,625)	(50,625)
Other comprehensive (loss)/income, net of tax	–	–	(592)	–	(9,073)	2,852	(6,813)
Total comprehensive loss, net of tax, attributable to equity shareholders of the parent	–	–	(592)	–	(9,073)	(47,773)	(57,438)
Movement in revaluation surplus	–	–	(2,330)	–	–	2,565	235
At 30 April 2009	<u>7,881</u>	<u>13,321</u>	<u>4,807</u>	<u>4,502</u>	<u>(21,912)</u>	<u>142,138</u>	<u>150,737</u>

GROUP STATEMENT OF CHANGES IN EQUITY**Year Ended 30 April 2008**

	<i>Issued Capital €'000</i>	<i>Share Premium €'000</i>	<i>Revaluation Reserve €'000</i>	<i>Capital Redemption Reserve Fund €'000</i>	<i>Currency Translation €'000</i>	<i>Retained Earnings €'000</i>	<i>Total €'000</i>
Attributable to equity holders of the parent at 1 May 2007	9,270	13,321	8,673	3,113	1,517	209,159	245,053
Foreign currency translation	–	–	(757)	–	(14,356)	–	(15,113)
Movement in revaluation surplus	–	–	(187)	–	–	187	–
Actuarial gain on Group defined benefit pension obligations	–	–	–	–	–	2,012	2,012
Deferred tax liability relating to actuarial gain on Group defined benefit pension obligations	–	–	–	–	–	(517)	(517)
Purchase of company shares	(1,389)	–	–	1,389	–	(25,452)	(25,452)
Total income and expense for the year recognised directly in equity	(1,389)	–	(944)	1,389	(14,356)	(23,770)	(39,070)
Profit for the year	–	–	–	–	–	12,081	12,081
Total income and expense for the year	(1,389)	–	(944)	1,389	(14,356)	(11,689)	(26,989)
Dividends paid (note: 13)	–	–	–	–	–	(10,124)	(10,124)
At 30 April 2008	<u>7,881</u>	<u>13,321</u>	<u>7,729</u>	<u>4,502</u>	<u>(12,839)</u>	<u>187,346</u>	<u>207,940</u>

GROUP BALANCE SHEET

	Note	2010 €'000	2009 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	20,795	23,016
Investment property	16	2,128	2,101
Investment in joint venture	17	2,512	2,512
Investments	18	6	6
Defined benefit pension scheme surplus	33	1,743	6,893
		<u>27,184</u>	<u>34,528</u>
Current assets			
Trade and other receivables	19	6,492	5,587
Inventories	20	64,162	75,251
Income tax receivable	23	–	3,127
Financial investments	18	52,085	29,904
Restricted cash	21	4,444	6,305
Cash at bank equivalents	21	51,828	37,529
		<u>179,011</u>	<u>157,703</u>
TOTAL ASSETS		<u>206,195</u>	<u>192,231</u>
LIABILITIES			
Current liabilities			
Trade and other payables	22	(40,670)	(37,198)
Income tax payable	23	(1,752)	–
Provisions	24	(2,233)	(1,814)
		<u>(44,655)</u>	<u>(39,012)</u>
NET CURRENT ASSETS		<u>134,356</u>	<u>118,691</u>
Non-current liabilities			
Deferred taxation	25	(1,055)	(2,419)
Provisions	24	(65)	(63)
		<u>(1,120)</u>	<u>(2,482)</u>
TOTAL LIABILITIES		<u>(45,775)</u>	<u>(41,494)</u>
NET ASSETS		<u>160,420</u>	<u>150,737</u>
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital	26	7,881	7,881
Share premium	27	13,321	13,321
Revaluation reserve	27	4,548	4,807
Other reserves			
– Capital redemption reserve fund	26	4,502	4,502
– Currency translation	27	(20,044)	(21,912)
Retained earnings	28	150,212	142,138
TOTAL EQUITY		<u>160,420</u>	<u>150,737</u>
TOTAL EQUITY AND LIABILITIES		<u>206,195</u>	<u>192,231</u>

GROUP CASH FLOW STATEMENT

	Note	2010 €'000	2009 €'000
Cash flows from operating activities			
Profit/(loss) before tax		15,162	(54,394)
Adjustment to reconcile profit/(loss) before tax to net cash flows			
Non cash:			
Depreciation	15	4,339	5,675
Other non cash items		(1,085)	948
Movement in pension benefit asset		(468)	(482)
Impairment charge on inventories	8	–	58,054
Impairment charge on properties	8	–	2,952
Profit on disposal of property, plant and equipment		(645)	(850)
Profit on disposal of financial asset		(237)	(107)
Finance income	9	(1,879)	(1,465)
Finance costs	9	76	119
Working capital adjustments:			
Decrease in inventories		12,572	25,429
(Increase)/decrease in trade and other receivables		(801)	3,845
Increase/(decrease) in creditors and provisions		1,618	(4,982)
Income taxes refunded/(paid)		2,228	(611)
Net cash inflow from operating activities		30,880	34,131
Cash flows from investing activities			
Purchase of plant, property and equipment	15	(1,721)	(3,662)
Sale of plant, property and equipment		2,217	2,131
Investment in Government bonds		(31,547)	(29,266)
Disposal of Government bonds		10,102	–
Finance income	9	1,879	1,465
Net cash outflow from investing activities		(19,070)	(29,332)
Cash flows from financing activities			
Movement in restricted cash	21	1,861	(3,848)
Finance costs	9	(76)	(119)
Net cash inflow/(outflow) from financing activities		1,785	(3,967)
Net increase in cash and cash equivalents		13,595	832
Cash and cash equivalents at start of year	21	37,529	37,350
Net foreign exchange differences		704	(653)
Cash and cash equivalents at end of year	21	51,828	37,529

NOTES TO THE GROUP FINANCIAL STATEMENTS

1. AUTHORISATION OF FINANCIAL STATEMENTS

The Consolidated Financial Statements of Abbey plc for the year ended 30 April 2010 were authorised for issue in accordance with a resolution of directors on 14 July 2010. Abbey plc is a public limited company incorporated in 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 International Financial Reporting Interpretations Committee (IFRIC) 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. In certain cases, they did however give rise to additional disclosures.

- IFRS 2 Share-based Payment – Vesting Conditions and Cancellations (amendments)
- IFRS 7 Financial Instruments Disclosures (amended)
- IFRS 8 Operating Segments
- IAS 23 Borrowing Costs (Revised)
- IAS 27 Consolidated and Separate Financial Statements – Cost of Investment in a Subsidiary Jointly Controlled Entity or Associate (amendments)
- IAS 1 Presentation of Financial Statements (revised)
- IAS 32 Financial Instruments Presentation
 - IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (amendments)
- IFRIC 9 Reassessment of Embedded Derivatives and IAS 39 Financial Instruments
- IFRIC 13 Customer Loyalty
- IFRIC 15 Agreement for Construction of Real Estate
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation
- IFRIC 18 Transfers of Assets from Customers

The principal effects of these changes are as follows:

IFRS 7 Financial Instruments Disclosures (amended)

The standard has been amended to enhance disclosure about fair value measurement and liquidity risk. Instruments measured at fair value are to be disclosed by the source of inputs in determining fair value, using a three-level hierarchy. This amendment will have no impact on the measurement of the Group's result or net assets.

IFRS 8 Operating Segments

This standard adopts a full management approach to identifying, measuring and disclosing the results of operating segments. IFRS 8 has no impact on this disclosure of information.

IAS 1 Presentation of Financial Statements (revised)

This amendment will have no impact on the measurement of the Group's result or net assets.

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, which comprise standards and interpretations approved by the International Accounting Standards Board (IASB).

3. STATEMENT OF COMPLIANCE (CONTINUED)

IFRS as adopted by the European Union differ in certain respects from IFRS as issued by the IASB. However, consolidated financial statements for the financial years presented would be no different had IFRS as issued by the IASB been applied. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

4. BASIS OF PREPARATION

The Group financial statements have been prepared on the historical cost basis except for land and buildings and investment property which has 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 2010.

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 and the Group's share of the profits of the joint venture. 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. The results of the joint venture relate to the year ended 31 March 2010.

6. ACCOUNTING POLICIES

Interests in joint venture

The Group has a contractual arrangement with a third party which represents a joint venture. This takes the form of an agreement to share control over another entity.

The joint venture is established through an interest in a company and the Group recognises its interest in the entity's assets and liabilities using the equity method of accounting. Under the equity method, the interest in the joint venture is carried in the balance sheet at cost plus post acquisition changes in the group's share of its net assets, less distributions received. The Group income statement reflects the share of the jointly controlled entity's results after tax.

There has been no goodwill arising from the joint venture.

Financial statements of the jointly controlled entity are prepared within the time period around the Group's balance sheet date permitted by IAS 31 'Interests in Joint Ventures'. The Group ceases to use the equity method on the date from which it no longer has joint control over, or significant influence in, the joint venture.

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.

6. ACCOUNTING POLICIES (CONTINUED)

Property rental

Revenue is recognised in the period the rent is due from third parties, net of value added tax. All intra group transactions having been eliminated.

Interest income

Revenue is recognised as interest accrues in the period.

Inventories

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

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.

The Group assesses at each balance sheet date whether building land 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, net of outstanding bank overdrafts.

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:

6. ACCOUNTING POLICIES (CONTINUED)

- In respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, where 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 deductible 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 assets 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 functional and presentation currency. 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 the income statement. Differences on monetary assets and liabilities that form part of the Group's net investment in a foreign operation are taken directly to the 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 of foreign subsidiaries.

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 50 years
- Plant, machinery and transport 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.

6. ACCOUNTING POLICIES (CONTINUED)

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.

Impairment of 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 is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those 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 treated as a revaluation increase. 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 Property

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 as 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 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 assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as such. After initial recognition, available-for-sale financial assets 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 income statement.

6. ACCOUNTING POLICIES (CONTINUED)

The Group's only available-for-sale financial assets 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 the 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 revenue 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 pension scheme in the balance sheet comprises the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less any past service cost not directly recognised and less the fair value of the scheme assets out of which obligations are to be settled directly. Fair value is based on the market price information and in the case of bonds the published bid price.

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 expect 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:

6. ACCOUNTING POLICIES (CONTINUED)

Inventory valuation

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

The Group assesses at each reporting date whether there is an indication that inventories may be impaired. If such indication exists, or when annual impairment testing for inventories are required, the Group makes an estimate of the inventories recoverable amount. Where 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 IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS/IFRSs)	Effective Date*
IFRS 2 Group Cash-settled Share-based Payment Arrangements	1 January 2010
IFRS 3 Business Combinations (revised)	1 July 2009
IAS 27 Consolidated and Separate Financial Statements (amendment)	1 July 2009
IAS 39 Financial Instruments: Recognition and Measurement-Eligible hedged items (amendment)	1 July 2009
IFRIC 17 Distributions on Non-cash Assets to Owners	1 July 2009

International Financial Reporting Interpretations Committee (IFRIC)

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 their 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 adopt early standards.*

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.

	<i>Building & Property Development</i>		<i>Plant Hire</i>	<i>Property Rental</i>	<i>Ireland & United Kingdom</i>	<i>Unallocated</i>	<i>GROUP</i>
	<i>Ireland</i>	<i>United Kingdom</i>	<i>Czech Republic</i>	<i>United Kingdom</i>			
	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>	<i>€'000</i>
30 April 2010							
<i>Income Statement Information</i>							
Revenue	22,129	57,979	6,485	10,098	474	–	97,165
Cost of Sales – operating	(18,203)	(46,253)	(5,321)	(9,273)	–	–	(79,050)
Administrative expenses	451	(3,784)	(618)	(1,605)	–	–	(5,556)
Gain on property disposal	–	–	–	273	–	–	273
Operating profit/(loss)	4,377	7,942	546	(507)	474	–	12,832
Finance income/(costs)	2,034	46	192	58	–	–	2,330
Income tax expense	(574)	(2,293)	–	–	–	–	(2,867)
Profit/(loss) after taxation	5,837	5,695	738	(449)	474	–	12,295
<i>Balance Sheet Information</i>							
Segment Assets	19,385	37,540	16,947	20,202	1,246	–	95,320
Segment Liabilities	(12,430)	(25,541)	(4,256)	(3,548)	–	–	(45,775)
Segment Net Assets	6,955	11,999	12,691	16,654	1,246	–	49,545
Investment in Joint Venture	2,512	–	–	–	–	–	2,512
	9,467	11,999	12,691	16,654	1,246	–	52,057
Investments	–	6	–	–	–	–	6
Financial investments	18,776	33,309	–	–	–	–	52,085
Cash and cash equivalents	20,632	28,944	6,452	197	–	47	56,272
TOTAL NET ASSETS	48,875	74,258	19,143	16,851	1,246	47	160,420
<i>Other Segmental Information</i>							
Depreciation	131	128	–	4,080	–	–	4,339
Profit on disposal of fixed assets	(16)	(3)	–	(626)	–	–	(645)
Capital expenditure	–	52	–	3,108	–	–	3,160
30 April 2009							
<i>Income Statement Information</i>							
Revenue	31,954	53,760	–	13,642	496	–	99,852
Cost of Sales – operating	(28,050)	(42,743)	(86)	(11,455)	–	–	(82,334)
– impairment charge on inventories	(41,618)	(16,436)	–	–	–	–	(58,054)
Administrative expenses	(3,702)	(5,522)	(409)	(2,619)	–	–	(12,252)
Impairment of property	(1,154)	–	–	(652)	(1,146)	–	(2,952)
Operating loss	(42,570)	(10,941)	(495)	(1,084)	(650)	–	(55,740)
Finance income/(costs)	1,160	192	3	(9)	–	–	1,346
Income tax credit	477	2,883	–	409	–	–	3,769
Loss after taxation	(40,933)	(7,866)	(492)	(684)	(650)	–	(50,625)

7. SEGMENTAL INFORMATION (CONTINUED)

	Building & Property Development			Plant Hire	Property Rental	Unallocated €'000	GROUP €'000
	Ireland €'000	United Kingdom €'000	Czech Republic €'000	United Kingdom €'000	Ireland & United Kingdom €'000		
30 April 2009							
Balance Sheet Information							
Segment Assets	29,676	46,066	17,168	21,819	1,246	–	115,975
Segment Liabilities	(13,663)	(19,235)	(6,664)	(1,932)	–	–	(41,494)
Segment Net Assets	16,013	26,831	10,504	19,887	1,246	–	74,481
Investment in Joint Venture	2,512	–	–	–	–	–	2,512
	18,525	26,831	10,504	19,887	1,246	–	76,993
Investments	–	6	–	–	–	–	6
Financial investments	9,015	20,889	–	–	–	–	29,904
Cash and cash equivalents	36,032	1,432	6,372	(56)	–	54	43,834
TOTAL NET ASSETS	63,572	49,158	16,876	19,831	1,246	54	150,737
Other Segmental Information							
Depreciation	241	170	–	5,264	–	–	5,675
Loss/(profit) on disposal of fixed assets	49	8	–	(907)	–	–	(850)
Capital expenditure	–	691	–	2,971	–	–	3,662
30 April 2008							
Income Statement Information							
Turnover	64,467	94,747	–	20,621	499	–	180,334
Cost of Sales – operating	(48,174)	(69,793)	(60)	(14,854)	–	–	(132,881)
– impairment charge on land	(18,138)	(2,461)	–	–	–	–	(20,599)
Administrative expenses	(3,288)	(6,615)	(330)	(2,995)	–	–	(13,228)
Gain on property disposal	–	–	–	1,306	–	–	1,306
Share of joint venture profit	144	–	–	–	–	–	144
Operation (loss)/profit	(4,989)	15,878	(390)	4,078	499	–	15,076
Finance income/(costs)	666	1,021	31	–	–	–	1,718
Income tax credit/(expense)	350	(4,240)	–	(715)	(108)	–	(4,713)
(Loss)/profit after taxation	(3,973)	12,659	(359)	3,363	391	–	12,081
Balance Sheet Information							
Segment Assets	83,602	83,237	13,984	33,203	2,393	–	216,419
Segment Liabilities	(14,498)	(28,437)	(2,602)	(5,167)	(100)	–	(50,804)
Segment Net Assets	69,104	54,800	11,382	28,036	2,293	–	165,615
Investment in Joint Venture	2,512	–	–	–	–	–	2,512
	71,616	54,800	11,382	28,036	2,293	–	168,127
Investments	–	6	–	–	–	–	6
Cash and cash equivalents	35,990	463	2,550	(94)	–	898	39,807
TOTAL NET ASSETS	107,606	55,269	13,932	27,942	2,293	898	207,940
Other Segmental Information							
Depreciation	277	224	–	6,559	–	–	7,060
Profit on disposal of fixed assets	(41)	(6)	–	(2,799)	–	–	(2,846)
Capital expenditure	169	428	–	8,749	–	–	9,346

8. EXCEPTIONAL ITEMS

	2010 €'000	2009 €'000	2008 €'000
Cost of sales			
The cost of sales charge for the year is arrived at after charging:			
Write down of inventories to net realisable value	–	58,054	20,599

Over the financial year the Group has continued to monitor the carrying value of our inventories in Ireland and the United Kingdom as a result of the continuing difficult market environment. Arising from these considerations we estimated that the original cost of certain developments suffered impairment in the previous year of €58,054,000 (2008: €20,599,000). As such, in accordance with IAS 2 Inventories the Group have recorded an impairment write down to bring the carrying value of inventories recorded in the balance sheet to the lower of cost and net realisable value.

Gain on disposal of property

During the year a gain resulted from the disposal of a property	273	–	1,306
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Impairment of investment properties and land and buildings

Impairment charge	–	2,952	–
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At the previous year end, a review of the fair value of investment properties and land and buildings was undertaken and this resulted in an impairment charge to the income statement.

9. FINANCE INCOME

	2010 €'000	2009 €'000	2008 €'000
Bank interest receivable	278	887	1,818
Government bond interest receivable	1,744	471	–
Other interest receivable	147	–	–
Realised gains on available-for-sale financial assets	237	107	–
	<u>2,406</u>	<u>1,465</u>	<u>1,818</u>

FINANCE COSTS

Interest payable on bank overdraft	(5)	(6)	(29)
Other finance on defined benefit pension scheme (note 33)	(71)	(113)	(71)
	<u>(76)</u>	<u>(119)</u>	<u>(100)</u>

10. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010 €'000	2009 €'000	2008 €'000
The profit/(loss) on ordinary activities before taxation is arrived at after (crediting)/charging:			
Profit on disposal of tangible fixed assets	(645)	(850)	(2,846)
Write down of inventories to net realisable value	–	58,054	20,599
Impairment of properties	–	2,952	–
Foreign currency (gains)/losses	(1,903)	2,382	534
Operating lease rentals:			
Rent of building	71	99	135
Hire of plant and machinery	283	333	535
Depreciation	4,339	5,675	7,060
Amortisation of Government bonds	89	–	–
Auditors' remuneration:			
Statutory audit of the Group and subsidiaries	110	115	133
Further advisory services	–	–	38
Taxation services	42	52	24

11. EMPLOYMENT

The average number of persons employed by the Group, including executive directors, in the financial year was 179 (2009: 220; 2008: 262) and is analysed by class of business as follows:

	2010 Number	2009 Number	2008 Number
<i>Building and property development</i>			
Ireland	19	28	39
United Kingdom	48	51	66
<i>Plant hire and rental</i>			
United Kingdom	112	141	157
	<u>179</u>	<u>220</u>	<u>262</u>

Employment costs comprise:

	2010 €'000	2009 €'000	2008 €'000
Wages and salaries	7,428	9,785	12,661
Social welfare costs	797	1,011	1,317
Other pension costs	478	764	600
	<u>8,703</u>	<u>11,560</u>	<u>14,578</u>

Included in other pension costs are €212,000 (2009: €241,000; 2008: €420,000) in respect of defined benefit schemes and €266,000 (2009: €523,000; 2008: €180,000) in respect of defined contribution schemes.

12. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2010 €'000	2009 €'000	2008 €'000
The tax charge/(credit) based on the profit/(loss) on ordinary activities comprises:			
Irish Corporation Tax at 12.50%			
Current	174	(189)	(350)
United Kingdom Corporation Tax at 28.00% (2009: 28.00%; 2008: 29.84%)			
Current	2,494	775	5,486
Prior year loss carry back	–	(3,464)	–
Total current corporation tax	2,668	(2,878)	5,136
Deferred tax: originating and reversal of temporary differences	199	(891)	(423)
Tax charge/(credit) to the income statement	<u>2,867</u>	<u>(3,769)</u>	<u>4,713</u>
Tax relating to items charged or credited to equity			
Deferred tax on defined benefit pension obligations	1,604	(869)	(517)

Factors affecting current tax charge/(credit)

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/(loss) on ordinary activities before taxation:

	2010 (% of profit/(loss) before taxation)	2009 (% of profit/(loss) before taxation)	2008 (% of profit/(loss) before taxation)
Irish corporation tax rate	12.5	(12.5)	12.5
Higher tax rates on UK profits/(losses) and passive income	10.8	(3.4)	21.8
Tax losses carried forward	–	8.5	–
Tax losses utilised	(3.6)	0.3	–
Loss relief claim	–	–	(2.3)
Rollover relief on gain on property disposal	–	–	(2.3)
Other	(0.8)	0.2	(1.6)
	<u>18.9</u>	<u>(6.9)</u>	<u>28.1</u>

12. TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES (CONTINUED)

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

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

13. DIVIDENDS

	2010	2009	2008
	€'000	€'000	€'000
<i>Paid ordinary</i>			
Dividend of Nil cents per share (2009 : Nil cents per share; 2008: 12.00 cents per share)	–	–	3,171
<i>Paid ordinary</i>			
Dividend of Nil cents per share (2009 : Nil cents per share; 2008: 24.00 cents per share)	–	–	6,953
	–	–	10,124
<i>Ordinary dividends proposed (memorandum disclosure)</i>			
Proposed 5.00 cents per share (2009: Nil cents per share; 2008: Nil cents per share)	1,231	–	–

14. EARNINGS/(LOSSES) PER SHARE: Basic and Diluted

Earnings/(losses) per share has been calculated by reference to the weighted average number of shares in issue of 24,626,992 (2009: 24,626,992; 2008: 28,139,295) and to the profit on ordinary activities after taxation amounting to €12,295,000 (2009: loss €50,625,000; 2008: profit €12,081,000).

15. PROPERTY, PLANT AND EQUIPMENT

	<i>Land and buildings for sale</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Transport</i>	<i>Total</i>
	€'000	€'000	€'000	€'000	€'000
<i>Cost or fair value</i>					
At 1 May 2008	–	12,730	38,447	4,189	55,366
Translation adjustment	–	(1,000)	(4,228)	(423)	(5,651)
Additions	–	1,215	1,513	261	2,989
Disposals	–	–	(6,899)	(839)	(7,738)
Transfer to property for sale	744	(744)	–	–	–
Revaluation	–	(1,806)	–	–	(1,806)
At 30 April 2009	744	10,395	28,833	3,188	43,160
Translation adjustment	9	201	806	79	1,095
Additions	–	–	2,957	203	3,160
Disposals	(753)	–	(4,215)	(556)	(5,524)
At 30 April 2010	–	10,596	28,381	2,914	41,891

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<i>Land and buildings for sale €'000</i>	<i>Land and buildings €'000</i>	<i>Plant and machinery €'000</i>	<i>Transport €'000</i>	<i>Total €'000</i>
Accumulated Depreciation					
At 1 May 2008	21	249	20,894	2,417	23,581
Translation adjustment	–	(26)	(2,374)	(256)	(2,656)
Charge for year	10	111	4,943	611	5,675
Disposals	–	–	(5,762)	(694)	(6,456)
At 30 April 2009	31	334	17,701	2,078	20,144
Translation adjustment	–	7	504	54	565
Charge for year	–	119	3,744	476	4,339
Disposals	(31)	–	(3,431)	(490)	(3,952)
At 30 April 2010	–	460	18,518	2,118	21,096
Net book amounts					
At 30 April 2010	–	10,136	9,863	796	20,795
At 30 April 2009	713	10,061	11,132	1,110	23,016

Plant and machinery includes assets held for hire with a cost of €26,584,000 (2009: €27,057,000) and accumulated depreciation of €16,952,000 (2009: €16,189,000).

	<i>2010 €'000</i>	<i>2009 €'000</i>
Land and buildings comprises:		
Freehold property	9,675	9,614
Long leasehold property	461	447
	<u>10,136</u>	<u>10,061</u>
The historical cost of land and buildings amounts to:		
Land and buildings	<u>6,701</u>	<u>6,731</u>

Land and buildings situated in Ireland were independently valued by Allen & Townsend, Chartered Surveyors on an open market basis. Land and buildings situated in the United Kingdom were valued by Glenny, Chartered Surveyors on an open market basis.

16. INVESTMENT PROPERTY

	<i>2010 €'000</i>	<i>2009 €'000</i>
Fair Value		
At 1 May	2,101	2,392
Translation adjustment	27	(53)
Additions	–	673
Impairment	–	(911)
	<u>2,128</u>	<u>2,101</u>

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. Investment properties situated in the United Kingdom were valued by Glenny, Chartered Surveyors on an open market basis.

17. INVESTMENT IN JOINT VENTURE

Abbey Holdings Limited holds a 50% interest in the allotted share capital of Pontederia Limited, whose registered office is at 9 Abbey House, Main Street, Clonee, Co. Meath. The investment comprises 1 ordinary share of €1.25. The financial statements of Pontederia have been prepared for the year ended 31 March 2010. Pontederia had no active trading activities during 2010 or the prior year.

The share of the assets, liabilities, income and expenses of the jointly controlled entity at 31 March 2010 and for the years there ended are as follows:

	2010 €'000	2009 €'000
Share of joint venture's balance sheet		
Current assets	3,404	3,404
Current liabilities	(892)	(892)
Share of the net assets	<u>2,512</u>	<u>2,512</u>

18. INVESTMENTS

	2010 €'000	2009 €'000
<i>Ordinary shares at cost</i>		
Non-listed company	<u>6</u>	<u>6</u>
<i>Financial assets</i>		
UK Government Sterling Bonds	<u>52,085</u>	<u>29,904</u>

These relate to UK Treasury Stock being available-for-sale. These financial assets are recorded at fair value at the balance sheet date. The interest income on these financial assets during the year was €1,744,000 (2009: €471,000; 2008: Nil).

19. TRADE AND OTHER RECEIVABLES

	2010 €'000	2009 €'000
<i>Amounts falling due within one year</i>		
Trade receivables	3,368	3,353
Other receivables	242	272
Value added tax	744	193
Prepayments and accrued income	<u>2,138</u>	<u>1,769</u>
	<u>6,492</u>	<u>5,587</u>

Trade receivables are generally on 30-90 day terms and are shown net of a provision for impairment. At 30 April 2010 trade receivables amounting to €332,000 (2009: €445,000) were older than the Group's standard credit terms but not deemed to be impaired. At 30 April 2010 trade receivables with a value of €248,000 (2009: €310,000) 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

	2010 €'000	2009 €'000
Building land and roads	41,030	42,806
Work in progress	22,952	32,195
Raw materials	180	250
	<u>64,162</u>	<u>75,251</u>

21. RESTRICTED CASH

	2010	2009
	€'000	€'000
Cash held in escrow accounts	4,444	6,305

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	4,010	11,202
Short-term deposits	47,818	26,327
	<u>51,828</u>	<u>37,529</u>

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 €51,828,000 (2009: €37,529,000). The Group had undrawn borrowing facilities amounting to €4,177,000 at the year end (2009: €4,177,000).

22. TRADE AND OTHER PAYABLES

	2010	2009
	€'000	€'000
<i>Amounts falling due within one year</i>		
Trade creditors	20,355	23,796
Advances received from joint venture	3,297	3,301
Amounts outstanding on land	8,578	1,748
United Kingdom income tax	136	78
Social welfare tax	121	105
Value added tax	733	786
Other creditors	1,965	3,150
Accruals and deferred income	5,485	4,234
	<u>40,670</u>	<u>37,198</u>

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 tax 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)/RECEIVABLE

	2010	2009
	€'000	€'000
Income tax (payable)/receivable	<u>(1,752)</u>	<u>3,127</u>

24. PROVISIONS

	2010 €'000	2009 €'000
Maintenance provisions		
At 1 May	1,877	2,192
Arising during the year	812	758
Utilised	(88)	(9)
Recovered	–	(525)
Released during year	(303)	(539)
At 30 April	<u>2,298</u>	<u>1,877</u>
Analysed as:		
Current liabilities	2,233	1,814
Non-current liabilities	65	63
At 30 April	<u>2,298</u>	<u>1,877</u>

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

	2010 €'000	2010 €'000	2010 €'000	2010 €'000	2009 €'000
		<i>Accelerated Pension Obligation</i>	<i>Capital Allowances</i>	<i>Other</i>	<i>Total</i>
At 1 May	1,930	309	180	2,419	2,751
Translation adjustment	31	8	2	41	(310)
Transferred to income statement	131	(84)	152	199	(891)
Equity movement	(1,604)	–	–	(1,604)	869
At 30 April	<u>488</u>	<u>233</u>	<u>334</u>	<u>1,055</u>	<u>2,419</u>

Unrecognised Deferred Tax Asset

A potential deferred tax asset of €4,334,846 (2009: €4,613,511) has not been recognised as there is uncertainty regarding the availability of future Irish taxable profits against which tax losses may be utilised.

26. ISSUED CAPITAL

Authorised

	2010 €'000	2009 €'000
At 1 May and 30 April 45,000,000 ordinary shares of 32 cents each	<u>14,400</u>	<u>14,400</u>

Allotted, called up and fully paid

	2010 Number'000	2009 Number '000	2010 €'000	2009 €'000
At 1 May and 30 April ordinary shares of 32 cents each	<u>24,627</u>	<u>24,627</u>	<u>7,881</u>	<u>7,881</u>

Capital Redemption Reserve Fund

	2010 €'000	2009 €'000
At 1 May and 30 April	<u>4,502</u>	<u>4,502</u>

27. RESERVES

	<i>Share Premium account €'000</i>	<i>Revaluation reserve €'000</i>	<i>Currency translation €'000</i>
At 1 May 2008	13,321	7,729	(12,839)
Translation adjustment arising in year	–	(592)	(9,073)
Reduction in revaluation surplus	–	(2,330)	–
At 30 April 2009	13,321	4,807	(21,912)
Translation adjustment arising in year	–	120	1,868
Reduction in revaluation surplus	–	(379)	–
At 30 April 2010	13,321	4,548	(20,044)

The revaluation reserve is in respect of:

	<i>2010 €'000</i>
Land and buildings	4,281
Investment properties	267
	<u>4,548</u>

28. RETAINED EARNINGS

	<i>2010 €'000</i>	<i>2009 €'000</i>
Equity at beginning of year	142,138	187,346
Profit/(loss) retained for the financial year	12,295	(50,625)
Reduction in revaluation surplus	379	2,565
Unrealised (loss)/gain on fair value of financial assets	(473)	620
Actuarial (loss)/gain on Group defined benefit obligations	(5,731)	3,101
Deferred tax movement relating to actuarial (loss)/gain on Group defined benefit obligations	1,604	(869)
At 30 April	<u>150,212</u>	<u>142,138</u>

The balance on the available-for-sale financial reserve contained above at the year end is €147,000 (2009: €620,000) and the tax impact on this is €80,000 (2009: €182,000).

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: quoted (unadjusted) prices in active markets for identical assets or liabilities;

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

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

		<i>2010 €'000</i>	<i>2009 €'000</i>
<i>Available-for-sale financial assets (refer note 18)</i>			
Non-listed company shares at cost	Level 3	6	6
UK Government Sterling Bonds	Level 1	52,085	29,904

There were no transfers between Level 1 and Level 3 fair value measurements. There were no investments measured at Level 2 fair value measurement.

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.

	<i>Increase/decrease In UK sterling rate</i>	<i>Effect on profit/ (loss) before tax €'000</i>	<i>Effect on Equity €'000</i>
2009	+5%	575	(3,175)
	-5%	(634)	3,509
2010	+5%	(407)	(3,385)
	-5%	450	3,741

31. CAPITAL COMMITMENTS

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

32. OPERATING LEASE COMMITMENTS

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

	<i>2010 €'000</i>	<i>2009 €'000</i>
Leases on land and buildings expiring:		
Within one year	-	39
Between one and five years	37	36
	<u>37</u>	<u>75</u>

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 Pension and Life Assurance Scheme was carried out as at 1 May 2009 using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those made in respect of the rate of return on investment and the rate of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 4.25% per annum and that the rates of pension increase would be 3.00% per annum.

The cost 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 2009, the total value placed on the Group's pension plan for the purposes of the valuations amounted to €21.7 million and was sufficient to cover 91% of the scheme's liabilities. The Group is making contributions into the scheme at a contribution rate of 14.50% plus €36,000 per month to eliminate the deficit over four years from 1 May 2010. The employer expects to make contributions of €665,000 in the coming financial year.

33. PENSIONS (CONTINUED)

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 Schemes

Actuarial valuations in accordance with IAS 19 were carried out at 30 April 2010 by a qualified independent actuary. The actuarial reports are available to the pension scheme members only.

The major assumptions used by the actuary were:

	2010	2009
Pensionable salary growth	Nil% pa	Nil% pa
Pension escalation in payment	3.70% pa	3.00% pa
Discount rate	5.50% pa	6.90% pa
Inflation assumption	3.70% pa	2.90% pa
Post-retirement mortality (in years)		
Current pensioners at 65 – males	21.9	21.7
Current pensioners at 65 – female	24.1	24.0
Future pensioners at 65 – males	23.9	23.8
Future pensioners at 65 – female	25.3	25.3

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

Bonds	4.44%	4.24%
Cash and short term deposits	2.00%	2.00%

Fair value of defined benefit assets are as follows:

	2010	2009
As at 30 April	€'000	€'000
Bonds	21,809	20,207
Cash and short term deposits	582	842
Fair value of assets	22,391	21,049
Present value of scheme liabilities in respect of active and deferred members	(20,648)	(14,156)
Defined benefit pension scheme surplus	1,743	6,893

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 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:

	2010	2009
	€'000	€'000
Recognised in income statement		
Current service cost	(212)	(241)
Recognised in arriving at operating profit	(212)	(241)
Actual return on scheme assets	903	923
Interest cost on scheme liabilities	(974)	(1,036)
Other finance cost	(71)	(113)

33. PENSIONS (CONTINUED)

	2010 €'000	2009 €'000
Taken to the statement of changes in comprehensive income		
Actual return on scheme assets less expected return on scheme assets	(232)	933
Other actuarial losses and gains	(71)	31
Changes in assumptions underlying the present value of the scheme liabilities	(5,428)	2,137
Actuarial (losses)/gains recognised in statement of changes in comprehensive income	(5,731)	3,101
Changes in the fair value of defined benefit pension obligations:		
As at 1 May	14,156	17,414
Current service cost	212	241
Member contributions	62	72
Interest costs	974	1,036
Benefits paid	(779)	(406)
Exchange translation	524	(2,033)
Actuarial loss/(gains)	5,499	(2,168)
As at 30 April	<u>20,648</u>	<u>14,156</u>

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

<i>Assumption</i>	<i>Change in assumption</i>	<i>Impact on scheme liabilities</i>
Discount rate	Decrease by 0.5%	Increase by 9.8%
Rate of inflation	Increase by 1 year	Increase by 4.7%
Rate of mortality	Increase by 1 year	Increase by 2.5%

Changes in the fair value of defined benefit pension assets:

As at 1 May	21,049	21,402
Expected return on scheme assets	903	923
Employer contributions	751	836
Member contributions	62	72
Benefits paid	(779)	(406)
Exchange translation	637	(2,711)
Actuarial (loss)/gains	(232)	933
As at 30 April	<u>22,391</u>	<u>21,049</u>

Amounts for the current and previous periods

	2010 €'000	2009 €'000	2008 €'000	2007 €'000	2006 €'000
Fair value of scheme assets	22,391	21,049	21,402	23,142	22,403
Present value of defined benefit obligation	(20,648)	(14,156)	(17,414)	(20,709)	(19,791)
Surplus in scheme	<u>1,743</u>	<u>6,893</u>	<u>3,988</u>	<u>2,433</u>	<u>2,612</u>
Experience adjustments arising on scheme liabilities	(71)	31	(305)	(393)	799
Experience adjustments arising on scheme assets	(232)	933	48	(728)	(501)

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 as described in note 7 and investment in a joint venture as described in note 17.

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.

B: ANNUAL FINANCIAL INFORMATION ON GALLAGHER HOLDINGS FOR THE TWO YEARS ENDED 30 SEPTEMBER 2009**Nature of Financial Information**

The financial information on Gallagher Holdings contained in this Section B of Part 3, does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 (as amended) of England and Wales. The information in this section, which is presented herein in accordance with the requirements of the Irish Takeover Rules, has been extracted without material adjustment from the audited accounts of Gallagher Holdings for the financial year ended 30 September 2009, and 30 September 2008, which were approved by the directors of Gallagher Holdings on 29 April 2010 and 5 March 2009 respectively. The auditors, Gilberts, Chartered Accountants and Registered Auditors of Pendragon House, 65 London Road, St. Albans, Hertfordshire AL1 1LJ, England have reported without qualification for each of these two financial years.

PROFIT AND LOSS ACCOUNT

	<i>Year ended 30 September 2009 £</i>	<i>Year ended 30 September 2008 £</i>
Turnover	2,629,811	2,590,350
Administrative expenses	(748,838)	(676,890)
Other operating income	1,729,406	816,340
Operating profit	<u>3,610,379</u>	<u>2,729,800</u>
Income from participating interests	–	2,658,608
Interest receivable and similar income	1,940,466	1,943,859
Interest payable and similar charges	(196,575)	(29,973)
Profit on ordinary activities before taxation	5,354,270	7,302,294
Tax on profit on ordinary activities	(1,499,181)	(1,322,398)
Profit for the financial year	<u><u>3,855,089</u></u>	<u><u>5,979,896</u></u>

All of the activities of the company are classed or continuing.

The company has no recognised gains and losses other than the results for the year as set out above.

BALANCE SHEET

	<i>As at</i> <i>30 September</i> <i>2009</i> £	<i>As at</i> <i>30 September</i> <i>2008</i> £
Fixed assets		
Tangible assets	19,667,489	19,718,228
Investments	54,547,849	36,474,729
	<u>74,215,338</u>	<u>56,192,957</u>
Current assets		
Debtors	292,018	2,591,741
Cash at bank	1,727,167	6,349,961
	<u>2,019,185</u>	<u>8,941,702</u>
Creditors: Amounts falling due within one year	<u>(11,877,276)</u>	<u>(4,177,052)</u>
Net current assets	<u>(9,858,091)</u>	<u>4,764,650</u>
Total assets less current liabilities	64,357,247	60,957,607
Provisions for liabilities		
Deferred taxation	(344,949)	(350,398)
	<u>64,012,298</u>	<u>60,607,209</u>
Capital and reserves		
Called up equity share capital	100,000	100,000
Revaluation reserve	1,931,835	1,931,835
Profit and loss account	61,980,463	58,575,374
Shareholders' funds (including non-equity interests)	<u>64,012,298</u>	<u>60,607,209</u>

PART 4 – ADDITIONAL INFORMATION

(1) RESPONSIBILITY

- (a) The Directors of Abbey (whose names are set out in Part 1 on page 6 of this document) accept responsibility for the information contained in this document other than the information relating to the Gallagher Concert Party for which responsibility is accepted as set out in sub-paragraph (b) below. To the best of the knowledge and belief of the Directors of Abbey (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with facts and does not omit anything likely to affect the import of such information.
- (b) The directors of Gallagher Holdings, whose names are set out in section (3) below, accept responsibility for the information contained in this document relating to the Gallagher Concert Party. To the best of the knowledge and belief of the directors of Gallagher Holdings (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

(2) BUSINESS OF THE COMPANY

The Company is engaged in housebuilding in the UK, Ireland and the Czech Republic and plant hire in the UK.

(3) BUSINESS OF GALLAGHER HOLDINGS

Gallagher Holdings is a private company incorporated in England and it has its registered office at 65 London Road, St. Albans, Hertfordshire, AL1 1LJ, United Kingdom. Gallagher Holdings principal activity is that of holding shares in trading companies. The voting share capital of Gallagher Holdings is held by Matthew Homes Limited, a private company incorporated in England, and Matthew Homes Limited is indirectly controlled by members of the Gallagher family. The directors of Gallagher Holdings are Mrs Ellen P. Gallagher, Mr Charles H. Gallagher, Mr Brian J. Gallagher, Mr David A. Gallagher and Mr Daniel P. Gallagher.

(4) INTERESTS AND DEALINGS

(a) Directors of Abbey

- (i) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), the interests (all of which are beneficial) of each Director and their respective connected parties in the relevant securities of the Company which (i) are required to be notified to the Company pursuant to section 53 or 64 of the Companies Act 1990, (ii) are required pursuant to section 59 of that Act to be entered in the register referred to therein and the existence of which is known to or could with reasonable diligence be ascertained by that Director are as follows:

<i>Name of Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Percentage of share capital after a repurchase of 14.99% of the existing issued share capital</i>
Charles H. Gallagher ⁽¹⁾	25,500	0.104	0.122
David A. Gallagher ⁽¹⁾	3,000	0.012	0.014
John F. Hogan	3,000	0.012	0.014

(1) Messrs. Charles and David Gallagher are both Gallagher family members who, together with other members of the Gallagher family, indirectly control Matthew Homes Limited and therefore Gallagher Holdings.

- (ii) Save as disclosed in this paragraph 4, as at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), no Director or person(s) connected to the Directors nor any member of the Concert Party was interested, or held any short positions, in any class of relevant securities of the Company.
- (iii) During the period of 12 months preceding the date of this document, none of the Directors, their immediate families or persons connected with them, have dealt for value in the relevant securities of the Company.

- (iv) During the period of 12 months preceding the date of this document, neither Abbey nor any of the Directors, their immediate families or persons connected with them, have dealt for value in the relevant securities of Gallagher Holdings.

(b) Gallagher Holdings

- (i) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), the interests of Gallagher Holdings in the relevant securities of the Company (all of which are beneficial unless otherwise stated) were as follows:

	<i>Number of Ordinary Shares</i>	<i>Percentage of Existing Issued Share Capital</i>	<i>Percentage of share capital after a repurchase of 14.99% of the existing issued share capital</i>
Gallagher Holdings	10,166,544	41.28	48.56

- (ii) During the period of 12 months preceding the date of this document, Gallagher Holdings has not dealt for value in the relevant securities of the Company and as at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document) Gallagher Holdings did not hold a short position in the relevant securities of the Company.

- (iii) None of the Directors of Abbey (save for Mr. Charles Gallagher) have any interest in or hold short positions in the relevant securities of Gallagher Holdings. Mr. Charles Gallagher is a trustee of a settlement trust that has an interest in the relevant securities of Gallagher Holdings. Mr. Charles Gallagher and Mr. David Gallagher are members of the Gallagher family who indirectly control Matthew Homes Limited.

- (iv) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document) the interests of the directors of Gallagher Holdings (other than those of Messrs Charles Gallagher and David Gallagher whose holdings are addressed in section (a) above) in the relevant securities of the Company (all of which are beneficial unless otherwise stated) were as follows:

<i>Name of Director</i>	<i>Number of Ordinary Shares</i>	<i>% of existing issued share capital</i>
Daniel P. Gallagher ⁽¹⁾	3,000	0.012
Brian J. Gallagher ⁽¹⁾	1,500	0.006
Ellen P. Gallagher ⁽¹⁾	3,450	0.014

- (1) Messrs. Daniel and Brian Gallagher and Mrs Ellen Gallagher are all Gallagher family members who, together with other members of the Gallagher family, indirectly control Matthew Homes Limited and therefore Gallagher Holdings.

- (v) Save as disclosed in this paragraph 4, as at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), no director of Gallagher Holdings were interested, or held any short positions, in any class of relevant securities of the Company.

- (vi) During the period of 12 months preceding the date of this document, the directors of Gallagher Holdings have not dealt for value in the relevant securities of the Company.

- (vii) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), the interest of persons deemed or presumed under the Takeover Rules to be acting in concert with Gallagher Holdings for the purposes of the Waiver (other than the directors of Gallagher Holdings whose holdings are addressed in section (d) above) in the relevant securities of the Company (all of which are beneficial) were as follows:

<i>Name</i>	<i>Number of Ordinary Shares</i>	<i>% of existing issued share capital</i>
Andrew J. Gallagher ⁽²⁾	3,000	0.012
Yvonne M. Bailey ⁽²⁾	1,500	0.006
Peter Gallagher ⁽²⁾	190	n/m

- (2) Messrs. Andrew and Peter Gallagher and Mrs Yvonne M. Bailey are all Gallagher family members.

No person deemed or presumed under Takeover Rules to be acting in concert with Gallagher Holdings has dealt for value in the relevant securities of the Company during the period of 12 months preceding the date of this document or held any short position in the relevant securities of the Company as at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document)

(c) Davy

- (i) At the close of business on 20 October 2010 (being the latest practicable date prior to the publication of this document for this purpose), Davy Corporate Finance and persons controlling, controlled by or under the same control as Davy Corporate Finance were interested in the following relevant securities of the Company:

<i>Name</i>	<i>Number of Ordinary Shares</i>
J&E Davy (Discretionary clients)	51,950
J&E Davy (Own account)	175,860

At the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), neither Davy Corporate Finance nor persons controlling, controlled by or under the same control as Davy Corporate Finance held any short positions in the relevant securities of the Company.

Save as disclosed in this paragraph 4, as at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), no fund manager (other than exempt fund managers) connected with the Company was interested, or held any short positions, in any class of relevant securities of the Company nor were there any dealings for value in such securities in the 12 months preceding the date of this document.

References in this Part 4 to “relevant securities” shall have the meaning assigned by Rule 2.1 of Part A of the Takeover Rules, meaning:

- (i) securities which confer voting rights;
- (ii) equity share capital; and/or
- (iii) securities or any other instruments conferring on their holders rights to convert into or subscribe for any new securities of any of the foregoing categories of securities.

References in this Part 4 to “an interest in a relevant security” or “interested in relevant securities” means a person who has a long position in a relevant security and a person who has only a short position in a relevant security shall be deemed not to have an interest nor to be interested in that security and “interests in” and “interested in” shall be construed accordingly in relation to relevant securities in the Company.

(5) MATERIAL CONTRACTS

There are no contracts (being contracts other than those entered into in the ordinary course of business) which are or may be material which have been entered into by the Company and its subsidiaries within the two years immediately preceding the date of this document.

(6) SIGNIFICANT CHANGE

There has been no significant change in the financial or trading position of Abbey since 30 April 2010, being the date to which the last audited report and accounts of Abbey have been drawn up.

(7) DIRECTORS SERVICE CONTRACTS

Save as disclosed in this section (7), there are no service contracts having more than twelve months to run between any Directors and Abbey or any of its subsidiaries or associated companies and no such contracts have been entered into, replaced or amended within the six months preceding the date of this document.

- (a) Abbey and its subsidiary Abbey Group Limited entered into an employment agreement with Mr Charles Gallagher in respect of his employment on 15 October 1991. Mr Gallagher was appointed to the Board on 16 January 1986. This agreement, which has been subsequently

amended by supplemental agreements from time to time may be terminated on two years notice by either party. Mr Gallagher's current salary is £560,000 per annum (subject to annual review by the remuneration committee of Abbey). The agreement anticipates Mr Gallagher retiring at age 60.

Under the terms of the agreement Mr Gallagher is entitled to a motor car and is entitled to membership in the Company defined benefit non-contributory pension schemes and life assurance scheme and to participation in the permanent health insurance scheme operated by the Company.

(b) Abbey entered into an employment agreement with Mr Brian Hawkins in respect of his employment on 28 September 2009. This agreement is scheduled to expire on 31 October 2010. Mr Hawkins' current salary is £40,000 per annum.

(c) Abbey and its subsidiary M&J Engineers Limited entered into an employment agreement with Mr Robert Kennedy in respect of his employment on 1 November 1996. Mr Kennedy was appointed to the Board on 16 December 1997. This agreement, which has been subsequently amended by supplemental agreements from time to time may be terminated on twelve months notice by either party. Mr Kennedy's current salary is £147,000 per annum (subject to annual review by the remuneration committee of Abbey). The agreement anticipates Mr Kennedy retiring at age 65.

Under the terms of the agreement Mr Kennedy is entitled to a motor car and is entitled to membership in the Company defined benefit contributory pension schemes and life assurance scheme and to participation in the permanent health insurance scheme operated by the Company.

(d) Abbey and its subsidiary Abbey Developments Limited entered into an employment agreement with Mr Lorenzo Fraquelli in respect of his employment on 1 January 2007. Mr Fraquelli was appointed to the Board on 2 November 2009. This agreement may be terminated on nine months notice by either party. Mr Fraquelli's current salary is £187,680 per annum (subject to annual review by the remuneration committee of Abbey). The agreement anticipates Mr Fraquelli retiring at age 65.

Under the terms of the agreement Mr Fraquelli is entitled to a motor car and is entitled to membership in the Company defined contribution pension schemes and life assurance scheme operated by the Company.

(8) GENERAL

(a) Davy Corporate Finance has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its letter in Part 2 and the references to its letter and its name in the form and context in which they appear.

(b) No agreement, arrangement or understanding exists whereby the relevant securities of the Company acquired by Abbey pursuant to the Market Purchases Resolution will be transferred to any other person.

(c) No agreement, arrangement or understanding (including any compensation arrangement) having any connection with or dependence upon the Waivers exists between Gallagher Holdings or any person acting, or deemed under the Takeover Rules to be acting, in concert with it or any associate of it and any of the Directors, recent directors of the Company or any of the holders or recent holders of, or any persons interested or recently interested in, relevant securities of Abbey.

(d) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), there were no options in respect of the relevant securities of the Company outstanding. Abbey does not operate share option or other employee equity participation schemes.

(e) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), Abbey did not have any interest, or hold any short positions, in the relevant securities of Gallagher Holdings.

(f) As at the close of business on 21 October 2010 (being the latest practicable date prior to the publication of this document), no trustees of any pension scheme (other than an industry wide scheme) in which Abbey or a subsidiary of Abbey participates and no associate of Abbey (as defined in this paragraph 8) held any interest, or any short positions, in the relevant securities of the Company.

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- (g) Neither Gallagher Holdings nor any other member of the Gallagher Concert Party is proposing any changes to the Board and have confirmed that it would not be their intention, following any percentage increase in the Gallagher Concert Party Shareholding as a result of any Market Purchases, to seek any change in the business of the Company or in the manner in which the business is carried on. Gallagher Holdings and the other members of the Gallagher Concert Party have also confirmed that if there is any percentage increase in their combined holding as a result of any Market Purchases, it is their intention that the existing employment rights, including pension rights, of all employees of the Company be fully safeguarded.
- (h) References in this Part 4 to “associate” are to:
- (i) subsidiaries and associated companies of the Company and companies of which any such subsidiaries or associated companies are associated companies;
 - (ii) banks, financial and other professional advisers (including stockbrokers) to the Company or a company covered in (i) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;
 - (iii) the Directors and the directors of any company covered in (i) above (together in each case with their close relatives and related trusts);
 - (iv) the trustees of the pension funds of the Company or a company covered in (i) above; and
 - (v) an investment company, unit trust or other person whose investments an associate (as otherwise covered in this paragraph 8(f)) manages on a discretionary basis, in respect of the relevant investment accounts.

(9) DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company at 25/28 North Wall Quay, Dublin 1, Ireland and at the head office of the Company at Abbey House, 2 Southgate Road, Potters Bar, Herts EN6 5DU, United Kingdom up to and including 17 November 2010 and at the EGM to be held at Dunboyne Castle Hotel, Dunboyne, Co. Meath Ireland on that day:

- (a) the memorandum and articles of association of the Company and Gallagher Holdings;
- (b) the audited consolidated accounts of the Company for the two years ended 30 April 2010 and 30 April 2009;
- (c) the audited consolidated accounts of Gallagher Holdings for the two years ended 30 September 2009 and 30 September 2008;
- (d) the Directors' service contracts referred to in section (7) above;
- (e) the consent letter referred to in section (8(a)) above; and
- (f) the letter from the Panel to Davy Corporate Finance dated 20 October 2010 granting to the Abbey Concert Party and the Gallagher Concert Party, subject to specified conditions, a waiver of their potential obligations under Rule 37(a) to make a general offer for the balance of the Ordinary Shares of the Company.

22 October 2010

NOTICE OF EXTRAORDINARY GENERAL MEETING



(Incorporated and Registered in Ireland, Registered Number 9245)

NOTICE is hereby given that an Extraordinary General Meeting of the Company will be held at Dunboyne Castle Hotel, Dunboyne, Co. Meath Ireland at 9.30 a.m. on 17 November 2010 to consider and if thought fit pass the following resolutions.

(1) Ordinary Resolution (Resolution 1)

That having regard to the provisions of the Irish Takeover Panel Act 1997, Takeover Rules, 2007 (as amended) ("Takeover Rules") and to the conditions attached by the Irish Takeover Panel to the grant of waivers under Rule 37 of the Takeover Rules as described on pages 7 and 8 of the Company's circular ("Circular") to shareholders dated 22 October 2010:

- (a) the increase in the aggregate percentage of the issued share capital of the Company held by the Abbey Concert Party (as defined in the Circular) up to 48.77%; and
- (b) the increase in the aggregate percentage of the issued share capital held by the Gallagher Concert Party (as defined in the Circular) up to 48.76%;

in either case in the circumstances described in the Circular be and is hereby approved on the basis that none of the members of the Abbey Concert Party or the Gallagher Concert Party shall by reason of any such increase become obliged to make an offer to the Company's shareholders pursuant to Rule 37.

(2) Special Resolution (Resolution 2)

"That, subject to and conditionally upon the passing of Resolution 1 as set out in this notice of meeting:

(A) subject to and for the purposes of the Companies Act 1990, the Company and/or any subsidiary, as defined by Section 155 of the Companies Act 1963 be and are hereby generally authorised to make market purchases as defined by Section 212 of the Companies Act, 1990 of Ordinary Shares of €0.32 each of the Company on such terms and conditions and in such manner as the Directors or, as the case may be, the directors of any subsidiary, may from time to time determine but so that:

- (a) the maximum number of Ordinary Shares authorised to be purchased under this resolution shall not exceed 3,691,586 Ordinary Shares of €0.32 each);
- (b) the minimum price which may be paid for any Ordinary Share is its nominal value; and
- (c) the maximum price which may be paid for any Ordinary Share is 105% of the Market Price on the day of purchase.

For the purpose of this resolution:

- the Market Price of any Ordinary Share on a particular day means the average Daily Price over the preceding 5 business days; and
- the Daily Price of any Ordinary Share on a particular day means the higher of:
 - (a) the Irish price, that is to say:
 - (if there is a dealing on the Irish Stock Exchange) the last price; or
 - (if there is no dealing on the Irish Stock Exchange) the market guide price if there shall be only one market guide price published or, as the case may be, the mid point between the high and low market guide prices; and

(b) the London price, that is to say:

- the middle market price; or
- (if there is no middle market price) the market guide price if there shall be only one market grade price published or, as the case may be, the mid point between the high and low market guide prices

in all cases for that day as subsequently published in the Daily Official List of the Irish Stock Exchange or in the Daily Official List of the London Stock Exchange plc (as the case may be) and (if London) converted to euro at the rate published by the European Central Bank for the relevant day in the said list for the Irish Stock Exchange.

The authority hereby conferred will expire at the close of business on 31 May 2012 unless previously varied, revoked or renewed. The Company or any subsidiary may before such expiry make a contract for the purchase of shares which would or might be wholly or partly executed after such expiry and may make a purchase of shares pursuant to any such contract as if the authority hereby conferred had not expired; and

- (B) For the purposes of Section 209 of the Companies Act 1990 the re-issue price range of any treasury share (as defined by the said section 209) for the time being held by the Company which may be re-issued off market shall be a maximum price of an amount equal to 120% of the Market Price on the date of re-issue and a minimum price of an amount equal to 95% of the Market Price on the date of re-issue”.

By order of the Board

DAVID J. DAWSON
Secretary

22 October 2010

Registered Office:

25/28 North Wall Quay,
Dublin 1.

Note:

A member entitled to attend and vote at the above meeting is entitled to appoint a proxy (who need not be a member of the Company) to attend, speak and vote on his/her behalf. A Form of Proxy is enclosed and, if used, should be returned to the Company's registrars, Computershare Investor Services (Ireland) Limited at P.O. Box 954, Sandyford, Dublin 18, Ireland (if delivered by post) or at Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland (if delivered by hand) as soon as possible but in any event so as to be received by Computershare Investor Services (Ireland) Limited not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the Form of Proxy will not preclude Shareholders from attending and voting at the meeting should they wish to do so.

The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996, specifies that only those Shareholders registered in the register of members of the Company as at 6.00 p.m. on 15 November 2010 (or in the case of an adjournment as at close of business on the day which is two days before the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.