

ABBEY plc

DIRECTORS' REPORT AND GROUP  
FINANCIAL STATEMENTS

FOR THE YEAR ENDED  
30 APRIL 2012

---

DIRECTORS' REPORT AND GROUP FINANCIAL STATEMENTS  
for the year ended 30 April 2012

TABLE OF CONTENTS	PAGE
CHAIRMAN'S STATEMENT	2
DIRECTORS' REPORT	5
REMUNERATION REPORT	8
CORPORATE GOVERNANCE REPORT	9
STATEMENT OF DIRECTORS' RESPONSIBILITIES	11
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY PLC	12
GROUP INCOME STATEMENT	13
GROUP STATEMENT OF COMPREHENSIVE INCOME	14
GROUP STATEMENT OF CHANGES IN EQUITY	15
GROUP BALANCE SHEET	16
GROUP CASH FLOW STATEMENT	17
NOTES TO THE GROUP FINANCIAL STATEMENTS	18
COMPANY BALANCE SHEET	36
NOTES TO THE COMPANY FINANCIAL STATEMENTS	37

## **The year ended 30 April 2012 saw more hard won progress as the Group re-stocks for the years ahead.**

The Group reports a profit of €12.1 million before taxation against a profit of €11.5 million in the previous year. The result includes an impairment charge of €1.3 million against property land and work in progress arising from the continuing difficult Irish market. Shareholders' funds of €173.9 million represent €8.05 per share and include cash balances (including restricted cash) of €20.17 million. Earnings for the year were 39.94 cents and the Board is recommending a dividend of 5 cents per share for approval at the Annual General Meeting in October.

### **Housebuilding**

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

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

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

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

---

**CHAIRMAN'S STATEMENT (continued)**

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

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

**Plant Hire**

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

**Rental Income**

Rental income during the year was €549,000.

**Financial Investments**

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

**Share Buyback**

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

**Directors, Management and Staff**

Mr. Michael McNulty was co-opted to the Board on 7 December 2011 and will go forward for election at the Annual General meeting.

The progress of the Group is a result of the combined effort of all the employees. I, on behalf of the shareholders, thank my colleagues on the Board together with all the directors, management and staff for their hard work and efforts during the year.

## **Future**

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

## **Annual General Meeting**

I look forward to seeing you all at our Annual General Meeting on 5 October 2012.

On behalf of the Board

**CHARLES H GALLAGHER**

**EXECUTIVE CHAIRMAN**

**DIRECTORS' REPORT**  
for the year ended 30 April 2012

The directors submit herewith their report and audited financial statements for the year ended 30 April 2012 which are set out on pages 13 to 40.

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

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

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

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

A list of principal undertakings and the nature of their business is contained in note C4 to the Company balance sheet. Geographic and divisional analysis of revenue are given in note 7 to the financial statements.

**KEY PERFORMANCE INDICATORS**

Measurement of the Group's performance is consistently applied and control is exercised by Group and divisional management. The Group uses the following key performance indicators to evaluate its performance:

**1. Financial Performance Compared to Budget**

The Group has a budgeting system in place whereby actual performance is measured against budget, both financial and non-financial, on a monthly reporting timetable.

**2. Unit Reservations**

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

**3. Development Site Profit Margin**

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

**4. Machine Count**

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

**BUSINESS REVIEW**

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

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

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

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

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

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

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

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

**DIRECTORS' REPORT**  
for the year ended 30 April 2012 (Continued)

**FUTURE DEVELOPMENTS**

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

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

**IMPORTANT EVENTS SINCE THE YEAR END**

There have been no important events since the year end.

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

**SUBSTANTIAL SHAREHOLDERS**

Having received the required notifications, the following held more than 3% of the issued ordinary shares as at 9 July 2012:

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

**DIRECTORS**

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

Mr. Michael A. McNulty was appointed to the Board on 7 December 2011 and retires in accordance with Article 87 and, being eligible offers himself for election.

**DIRECTORS' AND SECRETARY'S INTERESTS**

The interests of the directors and secretary and their families in the share capital of the Company and the Group at 30 April 2012 were as follows:

	Number of Shares	
	2012	2011
Charles H. Gallagher	25,500	25,500
David A. Gallagher	<u>3,000</u>	<u>3,000</u>

None of the directors hold shares in a non-beneficial capacity and no changes occurred in the above holdings between 30 April 2012 and 9 July 2012. There have not been any contracts or arrangements with the Company or any subsidiary during the year to which a director of the Company had a material interest and which have been significant in relation to the Group's business.

**DIRECTORS' REPORT**  
for the year ended 30 April 2012 (Continued)

**BOOKS AND RECORDS**

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

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

**CORPORATE SOCIAL RESPONSIBILITY**

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

Employees

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

The average number of employees during the year is set out in note 11 to the financial statements.

Disabled Employees

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

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

Employee Involvement

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

Health and Safety

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

Environment

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

**SPECIAL BUSINESS**

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

**CAPITAL GAINS TAX**

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

**AUDITORS**

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

On behalf of the Board, 9 July 2012

C.H. GALLAGHER      *Chairman*

L.G. FRAQUELLI      *Director*



REMUNERATION REPORT ON BEHALF OF THE BOARD

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

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

The Executive Chairman's service contract contains a notice period of two years which was recommended by the Committee in view of the importance of this role. Mr Kennedy and Mr Fraquelli have a notice period of one year. Mr Hawkins' contract comes to and end on 31 July 2012.

**DIRECTORS' REMUNERATION**

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

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

- (1) Benefits In Kind comprise defined benefit pension contributions and other benefits and emoluments.
- (2) Mr M.A. McNulty was appointed to the Board on 7 December 2011.
- (3) Mr J.F. Hogan resigned from the Board on 7 October 2011.

**PENSIONS**

Three executive directors were members of The Abbey Group Limited Pension and Life Assurance Scheme during the year. Non-executive directors do not participate in the Group's pension scheme. The Chairman became a deferred member of the Group's defined benefit scheme on 5 April 2006 and is paid a taxable allowance, with effect from that date in lieu of future pension benefits as set out below. Mr B R Hawkins is a pensioner member of the defined benefit pension scheme.

There is one (2011: one) director to whom retirement benefits are accruing under a defined benefit scheme at 30 April 2012. One director had contributions to a defined contribution scheme during the year (2011: one).

Directors' pension arrangements are as follows:

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

---

**CORPORATE GOVERNANCE REPORT**

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

**THE BOARD**

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

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

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

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

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

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

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

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

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

The Board has established Audit and Remuneration Committees.

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

**AUDIT AND REMUNERATION COMMITTEES**

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

Both Committees have written terms of reference.

---

**CORPORATE GOVERNANCE REPORT (Continued)****RELATIONS WITH SHAREHOLDERS**

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

**INTERNAL CONTROL**

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

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

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

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

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

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

**GOING CONCERN**

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Director's Report on pages 2 to 4. The position of the Group, its cash flows and liquidity position are detailed on pages 13 and 14. The Group has adequate financial resources together with long term relationships with a number of customers and suppliers and the directors believe that the Group is well placed to manage its business risks successfully, despite the current uncertain economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

---

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS**

Company law in Ireland requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that period.

In preparing those Group financial statements the directors are required to:

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

The considerations set out above for the Group are also required to be addressed by the Directors in preparing the financial statements of the Parent Company (which are set out on pages 33 to 37) in respect of which the applicable accounting standards are those which are generally accepted in the Republic of Ireland.

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

The Directors are responsible for keeping proper books of accounts, which disclose, with reasonable accuracy at any time, the financial position of the Parent Company and which enable them to ensure that the financial statements of the Group are prepared in accordance with applicable international Financial Reporting Standards, as adopted by the European Union, and comply with the provisions of the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABBEY PLC

We have audited the group and company financial statements (the "financial statements") of Abbey plc for the year ended 30 April 2012 which comprise the Group Income Statement, Group Statement of Comprehensive Income, the Group and Company Balance Sheets, the Group Cash Flow Statement, the Group Statement of Changes in Equity and the related notes 1 to 35 (group) and C1 to C11 (company). These financial statements have been prepared under the accounting policies set out therein.

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

**Respective responsibilities of directors and auditors**

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2009. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the company balance sheet is in agreement with the books of account.

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

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

**Basis of audit opinion**

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

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

**Opinion****In our opinion:**

the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the group as at 30 April 2012 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2009; and

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

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

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

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

Frank O'Keefe  
For and on behalf of Ernst & Young

Dublin  
9 July 2012

The maintenance and integrity of the Abbey plc web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Group Income Statement  
For the year ended 30 April 2012

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

Approved by the Board on 9 July 2012

C.H. GALLAGHER *Chairman*

L.G. FRAQUELLI *Director*

Group Statement of Comprehensive Income  
for the year ended 30 April 2012

	2012 €'000	2011 €'000
Profit attributable to equity shareholders of the parent	8,868	8,250
Foreign currency translation	10,582	(2,125)
Unrealised gain on fair value of available-for-sale financial investments	5,553	1,882
Tax movement relating to unrealised gain on fair value of available-for-sale financial investments	(1,327)	(454)
Reclassification of adjustment for disposal of available-for-sale investments	(565)	-
Tax movement relating to reclassification of adjustment for disposal of available-for-sale investments	137	-
Revaluation reserve decrease - land and buildings	-	(547)
Actuarial gain on Group defined benefit pension obligations	2,683	953
Deferred tax movement relating to actuarial gain on Group defined benefit obligations	(644)	(248)
Other comprehensive income / (loss) for the year, net of tax	16,419	(539)
Total comprehensive income for the year, net of tax, attributable to equity shareholders of the parent	25,287	7,711

Group Statement of Changes in Equity  
for the year ended 30 April 2012

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

Group Statement of Changes in Equity  
for the year ended 30 April 2011

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



Group Balance Sheet  
at 30 April 2012

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

Approved by the Board on 9 July 2012

C.H. GALLAGHER *Chairman*

L.G. FRAQUELLI *Director*

Group Cash Flow Statement  
For the year ended 30 April 2012

	Note	2012 €'000	2011 €'000
<b>Cash flows from operating activities</b>			
Profit before taxation		12,052	11,510
<b>Adjustment to reconcile profit before tax to net cash flows</b>			
<b>Non cash:</b>			
Depreciation and amortisation	10	4,542	4,502
Other non cash items		(2,511)	1,601
Movement in pension benefit asset		(951)	(360)
Impairment charge on inventories	8	1,248	815
Net (gain) / loss from fair value adjustment in investment properties	8	(114)	206
Revaluation decrease in land and buildings	8	-	878
Profit on disposal of property, plant and equipment	10	(663)	(647)
Realised gain on disposal of financial investments		(1,117)	(2)
Finance income		(2,490)	(2,336)
Finance costs	9	108	166
<b>Working capital adjustments:</b>			
Increase in inventories		(12,213)	(21,423)
Decrease in trade and other receivables		910	3,352
Decrease in trade and other payables		(878)	(11,500)
Income taxes paid		(4,301)	(3,703)
<b>Net cash outflow from operating activities</b>		<b>(6,578)</b>	<b>(16,941)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(8,561)	(6,246)
Sale of property, plant and equipment		1,594	1,334
Investment in financial investments		-	(4,864)
Disposal of financial investments		13,095	4,866
Disposal of investment in Joint Venture		-	200
Finance income		2,490	2,336
<b>Net cash inflow / (outflow) from investing activities</b>		<b>8,618</b>	<b>(2,374)</b>
<b>Cash flows from financing activities</b>			
Cost of share buy-backs		(7,313)	(8,515)
Equity dividends paid		(1,753)	(1,926)
Movement in restricted cash	21	1,258	2,900
Finance costs	9	(108)	(166)
<b>Net cash outflow from financing activities</b>		<b>(7,916)</b>	<b>(7,707)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,876)</b>	<b>(27,022)</b>
Cash and cash equivalents at start of year	21	24,808	51,828
Net foreign exchange differences		956	2
<b>Cash and cash equivalents at end of year</b>	21	<b>19,888</b>	<b>24,808</b>

## NOTES TO THE GROUP FINANCIAL STATEMENTS

30 April 2012

## 1. AUTHORISATION OF FINANCIAL STATEMENTS

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

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

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

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

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

## 3. STATEMENT OF COMPLIANCE

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

4. BASIS OF PREPARATION

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

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

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

5. BASIS OF CONSOLIDATION

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

6. ACCOUNTING POLICIES

*Revenue Recognition*

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

*Housing*

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

*Plant hire*

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

*Property rental*

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

*Interest income*

Revenue is recognised as interest accrues in the period.

*Segmental Reporting*

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

*Inventories*

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

*Building land and roads*

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

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

*Work in progress*

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

*Raw materials*

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

*Trade and other receivables*

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

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

*Cash and cash equivalents*

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

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

*Trade and other payables*

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

*Taxes*

Current income tax

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

Deferred income tax

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

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

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

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

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

*Foreign Currency*

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

## NOTES TO THE GROUP FINANCIAL STATEMENTS

30 April 2012 (Continued)

**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.

**Leases***Group as a lessor*

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

*Group as a lessee*

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

**Impairment of non financial assets**

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

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

**Investment properties**

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

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

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

*Financial assets*

Recognition and derecognition of financial assets and liabilities

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

Available-for-sale financial investments

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

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

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

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

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

Pensions and other post retirement benefits

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

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

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

The Group has applied IAS 19 to recognise actuarial gains and losses in full in the Statement of Comprehensive Income.

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

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

Provisions

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

Where the Group expects some or all of the provisions to be reimbursed, the reimbursement is recognised as a separate asset but not only when recovery is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

**Accounting Judgements and Estimates**

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

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

Inventory valuation

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

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

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

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

Employee benefits

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

**New Standards and Interpretations Not Applied**

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

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

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

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



NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012

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.

	Building and Property Development			Plant Hire	Property Rental	Unallocated	GROUP
	Ireland	United Kingdom	Czech Republic	United Kingdom	Ireland and United Kingdom		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
<b>30 April 2012</b>							
<b><u>Income Statement Information</u></b>							
Revenue	5,639	47,791	4,388	12,008	549	-	70,375
Cost of Sales							
- operating	(4,081)	(35,143)	(3,437)	(9,878)	-	-	(52,539)
- impairment charge on inventories	(1,248)	-	-	-	-	-	(1,248)
Administrative expenses	(606)	(4,009)	(1,145)	(1,826)	-	-	(7,588)
Net gain from fair value adjustments	114	-	-	-	-	-	114
Operating (loss) / profit	(182)	8,639	(194)	302	549	-	9,114
Finance income net	437	2,509	7	(15)	-	-	2,938
Income tax expense	(118)	(2,846)	(33)	(187)	-	-	(3,184)
Profit / (loss) after taxation	137	8,302	(220)	100	549	-	8,868
<b><u>Balance Sheet Information</u></b>							
Segment Assets	6,768	94,345	16,201	25,562	1,500	-	144,376
Segment Liabilities	(4,906)	(31,517)	(294)	(3,889)	-	-	(40,606)
Segment Net Assets	1,862	62,828	15,907	21,673	1,500	-	103,770
Investments	-	6	-	-	-	-	6
Financial investments	12,170	37,791	-	-	-	-	49,961
Cash and cash equivalents and restricted cash	12,371	5,419	1,767	153	-	464	20,174
TOTAL NET ASSETS	26,403	106,044	17,674	21,826	1,500	464	173,911
<b><u>Other Segmental Information</u></b>							
Depreciation	33	153	-	4,275	-	-	4,461
Profit on disposal of fixed assets	(15)	(2)	-	(846)	-	-	(863)
Capital expenditure	129	161	28	7,354	-	-	7,672
Non-current assets	399	9,595	449	21,932	1,500	-	33,875
<b>30 April 2011</b>							
<b><u>Income Statement Information</u></b>							
Revenue	10,274	39,058	5,059	11,784	449	-	66,624
Cost of Sales							
- operating	(7,950)	(27,712)	(3,913)	(9,936)	-	-	(49,511)
- impairment charge on inventories	(815)	-	-	-	-	-	(815)
Administrative expenses	(1,234)	(2,826)	(636)	(1,564)	-	-	(6,260)
Gain on property disposal	-	-	-	410	-	-	410
Net loss from fair value adjustments	-	-	-	-	(206)	-	(206)
Revaluation decreases	(813)	-	-	(65)	-	-	(878)
Operating (loss) / profit	(538)	8,520	510	629	243	-	9,364
Finance income net	817	1,158	100	71	-	-	2,146
Income tax expense	(236)	(2,373)	(454)	(197)	-	-	(3,260)
Profit after taxation	43	7,305	156	503	243	-	8,250
<b><u>Balance Sheet Information</u></b>							
Segment Assets	11,585	63,311	18,006	20,741	1,000	-	114,643
Segment Liabilities	(6,979)	(23,791)	(1,713)	(3,420)	-	-	(35,903)
Segment Net Assets	4,606	39,520	16,293	17,321	1,000	-	78,740
Investments	-	6	-	-	-	-	6
Financial investments	9,828	42,764	-	-	-	-	52,592
Cash and cash equivalents and restricted cash	11,644	11,416	2,776	248	-	268	26,352
TOTAL NET ASSETS	26,078	93,706	19,069	17,569	1,000	268	157,690
<b><u>Other Segmental Information</u></b>							
Depreciation	91	107	-	4,217	-	-	4,415
Profit on disposal of fixed assets	(55)	(1)	-	(591)	-	-	(647)
Capital expenditure	48	138	-	5,946	-	-	6,132
Non-current assets	2,038	3,944	434	17,808	1,000	-	25,224

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

11. EMPLOYMENT

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

	2012 Number	2011 Number
<i>Building and property development</i>		
Ireland	9	13
United Kingdom	47	44
<i>Plant hire and rental</i>		
United Kingdom	117	113
	173	170

Employment costs comprise:

	2012 €'000	2011 €'000
Wages and salaries	7,158	6,801
Social welfare costs	804	758
Other pension costs	579	526
	8,541	8,085

Included in other pension costs are €314,000 (2011: €264,000) in respect of defined benefit schemes and €265,000 (2011: €262,000) in respect of defined contribution schemes. Details of the Directors' emoluments are set out in the Remuneration Report on page 5.

12.

TAXATION

(a) Tax charged to the income statement

	2012 €'000	2011 €'000
Irish Corporation Tax at 12.5%		
Current	132	238
United Kingdom Corporation Tax at 25.83% (2011: 27.84%)		
Current	2,952	2,894
Czech Republic Corporation Tax at 19.00% (2011: 19.00%)		
Current	58	217
Adjustment in respect of previous years	(54)	239
Total current corporation tax	3,088	3,588
Deferred tax: originating and reversal of temporary differences	96	(326)
Tax charge to the income statement	3,184	3,260
Tax relating to items charged or credited to equity		
Deferred tax on defined benefit pension scheme obligations	(644)	(248)

Factors affecting current tax charge

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

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

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

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

The tax expense in the statement of other comprehensive income of €1,190,000 relates to a current tax charge of €908,000 and a deferred tax charge of €284,000 in respect of the unrealised gains on fair value available-for-sale financial assets.

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

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

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

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

15. **PROPERTY, PLANT AND EQUIPMENT**

<i>Group</i>	Land and buildings €'000	Plant and machinery €'000	Transport €'000	Total €'000
<i>Cost or fair value</i>				
At 1 May 2010	10,596	28,381	2,914	41,891
Translation adjustment	(174)	(753)	(68)	(995)
Additions	-	5,547	585	6,132
Disposals	-	(4,061)	(608)	(4,667)
Revaluation	(1,298)	-	-	(1,298)
At 30 April 2011	9,124	29,114	2,825	41,063
Translation adjustment	775	2,800	255	3,830
Additions	-	6,979	664	7,643
Disposals	-	(3,592)	(486)	(4,078)
Transfer to investment property	(386)	-	-	(386)
At 30 April 2012	9,513	35,301	3,258	48,072
<i>Accumulated depreciation</i>				
At 1 May 2010	460	18,518	2,118	21,096
Translation adjustment	(10)	(468)	(42)	(520)
Charge for the year	122	3,930	363	4,415
Disposals	-	(3,451)	(529)	(3,980)
At 30 April 2011	572	18,529	1,910	21,011
Translation adjustment	49	1,713	159	1,921
Charge for the year	110	3,974	377	4,461
Disposals	-	(2,904)	(444)	(3,348)
At 30 April 2012	731	21,312	2,002	24,045
<i>Net book amounts</i>				
At 30 April 2012	8,782	13,989	1,256	24,027
At 30 April 2011	8,552	10,585	915	20,052

Plant and machinery includes assets held for hire with a cost of €33,505,000 (2011: €27,569,000) and accumulated depreciation of €19,830,000 (2011: €17,221,000).

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

15.	PROPERTY, PLANT AND EQUIPMENT (Continued)	2012 €'000	2011 €'000
	Land and building comprises:		
	Freehold property	8,350	8,157
	Long leasehold property	432	395
		8,782	8,552
	The historical cost of land and buildings amounts to:	2011 €'000	2010 €'000
	Land and buildings	7,060	6,565

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

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

16. INVESTMENT PROPERTIES

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

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

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

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

17. INVESTMENT IN JOINT VENTURE

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

18.	<b>INVESTMENTS</b>	<b>2012</b> <b>€'000</b>	<b>2011</b> <b>€'000</b>
	<i>Ordinary shares at cost</i>		
	Non-listed company	<u>6</u>	<u>6</u>
	<i>Financial investments</i>		
	UK Government Sterling Bonds	<u>49,961</u>	<u>52,592</u>

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

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

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

20.	<b>INVENTORIES</b>	<b>2012</b> <b>€'000</b>	<b>2011</b> <b>€'000</b>
	Building land and roads	73,863	56,197
	Work in progress	30,593	26,783
	Raw materials	<u>240</u>	<u>148</u>
		<u>104,696</u>	<u>83,128</u>

21.	<b>RESTRICTED CASH</b>	<b>2012</b> <b>€'000</b>	<b>2011</b> <b>€'000</b>
	Cash held in escrow accounts	<u>286</u>	<u>1,544</u>

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.

	<b>CASH AND CASH EQUIVALENTS</b>	<b>2012</b> <b>€'000</b>	<b>2011</b> <b>€'000</b>
	Cash at bank and in hand	11,645	16,806
	Short-term deposits	8,243	8,002
		<u>19,888</u>	<u>24,808</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 €19,888,000 (2011: €24,808,000). The Group had no undrawn borrowing facilities at the year end (2011: €4,177,000).

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

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

Terms and conditions of the above financial liabilities:

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

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

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

25.	DEFERRED TAXATION	2012	2012	2012	2012	2011
		Pension	Accelerated	Other	Total	Total
		Obligation	Capital			
		€'000	Allowances	€'000	€'000	€'000
			€'000			
	At 1 May	769	22	250	1,041	1,055
	Translation adjustment	112	1	1	114	(28)
	Recognised in					
	income statement	166	(15)	(55)	96	(328)
	Equity movement	644	-	284	928	342
	At 30 April	1,691	8	480	2,179	1,041

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

Unrecognised Deferred Tax Asset

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

26.	<b>ISSUED CAPITAL</b>		2012	2011
			€'000	€'000
	<i>Authorised</i>			
	At 1 May and 30 April 45,000,000 ordinary shares of 32 cents each		14,400	14,400
			<hr/>	<hr/>
			2012	2011
			€'000	€'000
	<i>Allotted, called up and fully paid</i>			
	2012	2011		
	Number '000	Number '000		
	At 1 May ordinary shares of 32 cents each		7,353	7,881
	Purchase of own shares, cancelled		(444)	(528)
			<hr/>	<hr/>
	At 30 April ordinary shares of 32 cents each		6,909	7,353
			<hr/>	<hr/>
	<i>Capital Redemption Reserve Fund</i>			
			2012	2011
			€'000	€'000
	At 1 May		5,030	4,502
	Purchase of own shares		444	528
			<hr/>	<hr/>
	At 30 April		5,474	5,030
			<hr/>	<hr/>

Capital redemption reserve fund

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

27.	<b>RESERVES</b>		
	<i>Share Premium account</i>	<i>Revaluation reserve</i>	<i>Currency translation</i>
	€'000	€'000	€'000
	At 1 May 2010		
	13,321	4,548	(20,044)
	Translation adjustment arising in year		
	-	(92)	(2,033)
	Reduction in revaluation surplus		
	<hr/>	<hr/>	<hr/>
	-	(738)	-
	At 1 May 2011		
	13,321	3,718	(22,077)
	Translation adjustment arising in year		
	<hr/>	<hr/>	<hr/>
	-	344	10,238
	At 30 April 2012		
	<hr/>	<hr/>	<hr/>
	13,321	4,062	(11,839)

The revaluation reserve is in respect of:

	€'000
Land and buildings	<hr/>
	4,062

Share premium reserve

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

Revaluation reserve

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

Currency translation reserve

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



NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

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

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

29. FINANCIAL INSTRUMENTS  
*Fair value hierarchy*

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

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques other than quoted prices included in level 1.
- Level 3: techniques that use cost as fair value measurement due to the materiality of the investments held.

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

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

30. FINANCIAL RISK MANAGEMENT

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

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

*Interest rate risk*

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

*Foreign Currency Risk*

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

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

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

31. CAPITAL COMMITMENTS

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

32. OPERATING LEASE COMMITMENTS

Future minimum rentals payable under non-cancellable operating leases at 30 April are as follows:

	2012 €'000	2011 €'000
Leases on land and buildings expiring:		
Within one year	-	36
Between two and five years	195	-
After more than five years	270	-
	465	36

Operating leases on plant and machinery carry no future commitments.

33. PENSIONS

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

The most recent annual actuarial valuation of the Abbey Group Limited Pension and Life Assurance Scheme was carried out as at 1 May 2011 using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those made in respect of the rate of return on investments and the rate of increase in salaries and pensions. The assumptions made were that the rates of return on investments would exceed the rates of salary increases by 4.20% per annum and that the rates of pension increase would be 3.25% per annum.

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

As at 1 May 2011, the total value placed on the assets of the Group's pension plan for the purposes of the valuations amounted to €24.0 million and was sufficient to cover 96% of the scheme's liabilities. The Group made additional contributions during the year to 30 April 2012 of €990,000 to eliminate this deficit. The Group will be making contributions into the scheme at a contribution rate of 17.20% from 1 May 2012. The employer expects to make contributions of €276,000 in the coming financial year.

With effect from 1 May 2006 pensionable salaries have been frozen and the scheme has contracted back into the State Earnings Related Pension Scheme. The Irish Scheme was wound up in April 2007.

The actuarial valuations are not available for public inspection.

Defined Benefit Scheme

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

The major assumptions used by the actuary were:

	2012	2011
Pensionable salary growth	Nil % pa	Nil % pa
Pension escalation in payment	3.30 % pa	3.50 % pa
Discount rate	4.70 % pa	5.30 % pa
Inflation assumption - retail price index	3.30 % pa	3.50 % pa
Inflation assumption - consumer price index	2.50 % pa	3.00 % pa
Post-retirement mortality (in years)		
Current pensioners at 65 - males	21.8	22.0
Current pensioners at 65 - female	23.7	24.1
Future pensioners at 65 - males	24.0	24.0
Future pensioners at 65 - female	26.0	25.4

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

	2012	2011
Bonds	3.63%	4.19%
Cash and short term deposits	2.00%	2.00%

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

33. PENSIONS (continued)

Fair value of defined benefit assets are as follows:

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

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

From 25 June 2003 the United Kingdom pension scheme became self-administered. The assets previously held with an insurance company were transferred for cash to the Trustee Company who has subsequently invested the funds in UK Government Bonds. The Trustee Company has an investment policy to look to maximise return, based on an acceptable level of risk and therefore investment in other forms, such as the stock exchange may be potentially viable.

The amounts recognised in the Group Income Statement and in the Group Statement of Comprehensive Income are as follows:	2012 €'000	2011 €'000
---	---------------	---------------

Recognised in income statement

Current service cost	(314)	(264)
Recognised in administrative expenses in the income statement, in arriving at operating profit	<u>(314)</u>	<u>(264)</u>
Actual return on scheme assets	1,050	989
Interest cost on scheme liabilities	<u>(1,158)</u>	<u>(1,155)</u>
Other finance cost	<u>(108)</u>	<u>(166)</u>

Taken to the statement of comprehensive income

Actual return on scheme assets less expected return on scheme assets	3,996	932
Other actuarial losses and gains	(108)	(166)
Changes in assumptions underlying the present value of the scheme liabilities	<u>(1,205)</u>	<u>187</u>
Actuarial gains recognised in statement of comprehensive income	<u>2,683</u>	<u>953</u>

Changes in the fair value of defined benefit pension obligations

As at 1 May	21,051	20,648
Current service cost	314	264
Member contributions	60	61
Interest costs	1,158	1,155
Benefits paid	(692)	(506)
Exchange translation	2,052	(550)
Actuarial loss / (gains)	<u>1,317</u>	<u>(21)</u>
As at 30 April	<u>25,260</u>	<u>21,051</u>

NOTES TO THE GROUP FINANCIAL STATEMENTS  
30 April 2012 (Continued)

33. PENSIONS (Continued)

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 9.7%
Rate of inflation	Increase by 0.5%	Increase by 4.0%
Rate of mortality	Increase by 1 year	Increase by 2.6%

Changes in the fair value of defined benefit scheme assets

As at 1 May		24,008	22,391
Expected return on scheme assets		1,050	989
Employer contributions		1,373	790
Contributions by employees		60	61
Benefits paid		(692)	(506)
Exchange translation		2,512	(649)
Actuarial gains		3,996	932
As at 30 April		<u>32,307</u>	<u>24,008</u>

<u>Amounts for the current and previous periods</u>	2012	2011	2010	2009	2008
	€'000	€'000	€'000	€'000	€'000
Fair value of scheme assets	32,307	24,008	22,391	21,049	21,402
Present value of defined benefit obligation	(25,260)	(21,051)	(20,648)	(14,156)	(17,414)
Surplus in scheme	<u>7,047</u>	<u>2,957</u>	<u>1,743</u>	<u>6,893</u>	<u>3,988</u>
Experience adjustments arising on scheme liabilities	(108)	(166)	(71)	31	(333)
Experience adjustments arising on scheme assets	3,996	932	(232)	933	53

34. RELATED PARTY TRANSACTIONS

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

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

35. SUBSEQUENT EVENTS

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

COMPANY BALANCE SHEET  
30 April 2012

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

Approved by the Board on 9 July 2012

C.H. GALLAGHER *Chairman*

L.G. FRAQUELLI *Director*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

30 April 2012

C1. ACCOUNTING POLICIES

*Basis of preparation*

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

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

The parent company has availed of the exemptions in Section 148(8) of the Companies Act, 1963 from laying its individual profit and loss account before the annual general meeting and the exemption in Section 7(1A) of the Companies (Amendment) Act, 1986 from filing its individual profit and loss account with the Registrar of Companies.

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

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

(a) Foreign currencies

The financial statements are presented in euro, which is the Company's presentational currency. The company has changed its functional currency to sterling effective 1 May 2011 as a result of determining that its assets and liabilities are now primarily held in sterling and that it was a UK tax resident company.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling on the balance sheet date. Exchange gains or losses are dealt with in the profit and loss account. Investments in subsidiary undertaking, including unsecured loan stock denominated in foreign currencies, are translated and recorded at the rate of exchange ruling at the date of the transaction.

(b) Investment in subsidiary undertakings

Investment in subsidiary undertakings are included in the financial statements at the lower of original cost and the directors' estimate of the value to the company of the investment.

(c) Fixed assets

Properties occupied by the company are classified as land and buildings and are revalued triennially by external valuers on an open market value basis. The directors review the valuations of all properties annually. Revaluation gains, if material, are incorporated in the financial statements and are charged to the property revaluation reserve accordingly. Any impairment loss is firstly charged to the revaluation reserve to the extent that a surplus exists and thereafter to the profit and loss account.

(d) Depreciation

Depreciation is provided on all property, other than land, on a straight line basis over the expected useful life as follows: Buildings - 50 years

(e) Available-for-sale financial investments

Available-for-sale financial investments are those non-derivative financial investments that are designated as such. After initial recognition, available-for-sale financial investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

(f) Fair values

The fair value of financial investments is determined by reference to bid prices at the close of business on the balance sheet date.

(g) Impairment of financial investments

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

C2.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2012	2011
		€'000	€'000

This is arrived at after charging:			
Directors' remuneration		163	170
Depreciation		26	26
Auditors' remuneration - audit fees		25	20
- taxation services		3	4
		<hr/>	<hr/>

C3. TANGIBLE ASSETS

Freehold land and buildings	2012	2011
	€'000	€'000
<i>Cost or valuation</i>		
At 1 May	1,399	1,566
Translation adjustment	129	-
Revaluation	-	(167)
	<hr/>	<hr/>
At 30 April	1,528	1,399
	<hr/>	<hr/>

NOTES TO THE COMPANY FINANCIAL STATEMENTS  
30 April 2012 (continued)

C3.	<b>TANGIBLE ASSETS (continued)</b>		
	Freehold land and buildings	2012	2011
	<i>Depreciation</i>	€'000	€'000
	At 1 May	51	25
	Translation adjustment	6	-
	Depreciation	26	26
		<hr/>	<hr/>
	At 30 April	83	51
		<hr/>	<hr/>
	<i>Net book value</i>		
	At 30 April	1,445	1,348
		<hr/>	<hr/>
C4.	<b>FINANCIAL FIXED ASSETS</b>	2012	2011
		€'000	€'000
	Shares in unlisted subsidiary undertakings at cost	23,530	23,530
		<hr/>	<hr/>

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

<i>Incorporated in the Republic of Ireland</i>	<i>Nature of business</i>	<i>Registered office</i>
Abbey Holdings Limited	as above	as above
Kingscroft Developments Limited	Residential housing and land development	as above
<i>Incorporated in the United Kingdom</i>	<i>Nature of business</i>	<i>Registered office</i>
Abbey Group Limited	Investment holding company	Abbey House 2 Southgate Road Potters Bar Hertfordshire EN6 5DU England
Abbey Developments Limited	Residential housing and land development	as above
Abbey Investments Limited	Property investment	as above
M & J Engineers Limited	Plant hire	Cashel House Cadwell Lane Hitchin Hertfordshire SG4 0SQ England
<i>Incorporated in the Czech Republic</i>	<i>Nature of business</i>	<i>Registered office</i>
Abbey, s.r.o.	Residential housing and land development	Terronska 7 160 00 Prague 6 Czech Republic

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

NOTES TO THE COMPANY FINANCIAL STATEMENTS  
30 April 2012 (continued)

C5.	DEBTORS	2012 €'000	2011 €'000
	<i>Amounts falling due within one year</i>		
	Prepayments and accrued income	316	315
	Value Added Tax	1	4
		<u>317</u>	<u>319</u>
		<u>317</u>	<u>319</u>
C6.	FINANCIAL INVESTMENTS	2012 €'000	2011 €'000
	UK Government Sterling Bonds	37,791	42,764
	These relate to UK Treasury Bonds available for sale.	<u>37,791</u>	<u>42,764</u>
		<u>37,791</u>	<u>42,764</u>
C7.	TRADE AND OTHER CREDITORS	2012 €'000	2011 €'000
	<i>Amounts falling due within one year</i>		
	Amounts owed to subsidiary undertakings	4,338	8,573
	Corporation tax	965	239
	Other creditors	491	518
	Accruals and deferred income	147	169
		<u>5,941</u>	<u>9,499</u>
		<u>5,941</u>	<u>9,499</u>
C8.	ISSUED CAPITAL		
	The authorised allotted, called up and fully paid capital is shown in note 26 of the Group Report and Accounts.		
	The capital redemption reserve fund is shown in note 26 of the Group Report and Accounts.		



NOTES TO THE COMPANY FINANCIAL STATEMENTS  
30 April 2012 (continued)

C9.	RESERVES	<i>Share Premium account €'000</i>	
	At 1 May 2011 and 30 April 2012	13,321	
		<hr/>	
		<i>Currency translation €'000</i>	
	At 1 May 2011	(383)	
	Translation adjustment arising on adjustment to presentation currency	2,989	
		<hr/>	
	At 30 April 2012	2,606	
		<hr/>	
C10.	PROFIT AND LOSS ACCOUNT	2012 €'000	2011 €'000
	Profit brought forward at beginning of year	33,895	26,335
	Profit retained for the financial year	2,072	16,969
	Dividends paid	(1,753)	(1,926)
	Purchase of own shares	(7,313)	(8,515)
	Unrealised gain on fair value of financial investments - net of tax	3,062	1,032
	Reclassification of adjustment for disposal of available-financial investments - net of tax	(428)	-
		<hr/>	<hr/>
	At 30 April	29,535	33,895
		<hr/>	<hr/>
C11.	The financial statements were approved and authorised for issue by the Board of Directors on 9 July 2012.		