Cairn Homes plc
Interim Results for the Six Months Ended 30 June 2019
First Interim Dividend and Share Buyback Programme Announced

Dublin / London, 12 September 2019: Cairn Homes Plc ("Cairn", "the Company" or "the Group"), the leading Irish homebuilding company, announces its interim results for the six months ended 30 June 2019.

Financial Highlights **€'m**	**6 months ended June 2019**	**6 months ended June 2018**	**Change**
Revenue	**192.4**	130.2	+48%
Gross profit	**35.7**	26.1	+37%
Gross margin	**18.6%**	20.0%	(140bps)
Operating profit	**27.3**	18.1	+51%
Operating margin	**14.2%**	13.9%	+30bps
Earnings per share	**2.37c**	0.99c	+139%
Cash generated from/(used in) operations	**44.7**	(9.3)	+54.0

	As at 30 June 2019	**As at 31 December 2018**	**Change**
Inventories (development land & construction WIP)	**937.0**	933.4	+3.6
Total equity	**775.2**	756.6	+18.6
Net debt	**96.5**	134.4	(37.9)

Commenting on the results, Michael Stanley, Co-Founder and CEO, said:

"Our business has reached an important milestone today with the commencement of capital returns to shareholders by way of an interim dividend and a share buyback programme. We have executed the plan set out at our IPO. We are delivering high-quality and competitively-priced starter homes at affordable prices for hundreds of Irish families. We are availing of the substantial interest of long-term institutional capital in multifamily PRS apartments. We are realising value for non-core assets. As a consequence, Cairn has delivered good revenue and profit growth and strong cash generation in H1. Given market demand for our product and delivery pipeline, we look forward to the full year with confidence."

HIGHLIGHTS

Financial

- Revenue growth of 48% to €192.4 million (H1 2018: €130.2 million), including €175.3 million revenue from new homes sold (H1 2018: €115.2 million). 390 closed sales in the half year at an average selling price ("ASP") of €449,000[1] (H1 2018: 293 closed sales at an ASP of €393,000). The higher ASP in H1 2019 is largely due to the sale of 120 units at Six Hanover Quay.
- Operating profit increased by 51% to €27.3 million (H1 2018: €18.1 million) and an operating margin of 14.2% (H1 2018: 13.9%), an increase of 30bps.
- Gross profit increased by 37% to €35.7 million (H1 2018: €26.1 million), a gross margin of 18.6% (H1 2018: 20.0%).
- Cash generated from operations of €44.7 million in the half year (H1 2018: cash outflow €9.3 million) resulting in a reduction in net debt to €96.5 million (31 December 2018: €134.4 million) and evidencing the strong cash generating capability of the business.

[1] All ASPs exclude VAT

- The Board has proposed a first interim dividend of 2.5 cent per ordinary share. The interim dividend will be paid on 18 October 2019 to shareholders on the register on the record date of 20 September 2019. This is the commencement of a progressive biannual ordinary dividend.
- Cairn intends to enter into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC to repurchase ordinary shares on our behalf up to a maximum consideration of €25 million in a share buyback programme commencing on 13 September 2019.

Operational

- Over 2,500 customers have chosen a Cairn new home since we started business four years ago with 1,800 of these customers already living in their new homes.
- At half year end, active on 15 sites (31 December 2018: 12 sites) which will deliver c. 5,250 new homes. The Company is currently selling from 12 sites (31 December 2018: nine sites) and the 2019 Autumn selling season has just commenced.
- As announced on 27 August 2019, Cairn contracted to sell 282 apartments at The Quarter in Citywest, Dublin 24 for €94 million (incl. VAT). The Company continues to see significant demand from institutional capital for our multifamily private rental sector ("PRS") apartment sites.
- Annualised build cost inflation in the last 12 months has been c. 2.5%. 95% of 2019 build costs and 68% of 2020 build costs on active sites are fixed at current levels. House price inflation has averaged c. 1.8% in the same period.
- No further land acquisitions following the announcement of a second investment venture agreement with NAMA in January 2019 to build in excess of 550 new homes on a 14.5 acre site adjoining our successful Parkside development.

Outlook

- The supply / demand imbalance continues to be a significant challenge for the Irish housing market and notwithstanding general concerns surrounding Brexit, the Company continues to experience strong demand for our new homes, particularly our competitively-priced and well located starter homes. Cairn recorded our strongest sales period in the year to date in May and June 2019 and this has continued through the Autumn 2019 selling season. The Company's year to date closed sales and current forward sales pipeline has a sales value of €446.6 million (1,250 units) as at 11 September 2019. This compares to €378.0 million (916 units) as at 3 September 2018.
- As in previous years and reflecting our continuing growth, revenue is weighted towards the second half of the year. For the full year, Cairn is increasing guidance marginally to c. 1,100 closed sales at an ASP of c. €370,000 - €380,000 and a gross margin of c. 19.5% based on our contracted forward sales. Non-core site disposals, if completed in H2 2019, would improve this expected margin and profitability for 2019.
- Our current land bank will support the delivery of a further c. 15,400 new homes. As the Company believes that our long-term sustainable land bank should be a c. 4 - 6 years duration, Cairn will continue to increase the number of new homes we build annually without the need to replenish our land bank over the coming years. This will result in significant free cash generation incremental to operating profits. In the initial period to 2022, Cairn expects to generate c. €500 million or c. 60% of our current market capitalisation in free cash. Today, Cairn is pleased to announce the commencement of a progressive capital return policy.

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An analyst and investor call will be hosted by Michael Stanley, Co-Founder and CEO, and Ian Cahill, Head of Finance, today 12 September 2019 at 8.30am (BST). Please use the numbers below, quoting the following Conference ID: 31980538#:

Ireland
- Toll free: 1800 948 241

UK
- Toll free: 0800 358 9473

US
- Toll free: 1855 857 0686

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- Toll: +353 (1) 431 1252

Notes to Editors
Cairn is the leading Irish homebuilder committed to building high-quality, competitively-priced, sustainable new homes in great locations. At Cairn, the homeowner is at the very centre of the design process and we strive to provide an unparalleled customer service throughout each stage of the home-buying journey. A new Cairn home is thoughtfully designed and built to last with a focus on creating shared spaces and environments where communities prosper. Cairn owns a c. 15,400 unit land bank across 33 residential development sites, 90% of which are located in the Greater Dublin Area ("GDA") with excellent public transport and infrastructure links. Cairn is today building on 15 sites in the GDA, which will deliver over 5,250 new homes.

Note regarding forward-looking statements
Some statements in this announcement are forward-looking. They represent our expectations for our business and involve risks and uncertainties. We have based these forward-looking statements on our current expectations and projections about future events. We believe that our expectations and assumptions with respect to these forward-looking statements are reasonable. However, because they involve known and unknown risks, uncertainties and other factors, which are in some cases beyond our control, our actual results or performance may differ materially from those expressed or implied by such forward-looking statements. These forward-looking statements speak only as of the date of this document and no obligation is undertaken, save as required by law, by the Listing Rules of Euronext Dublin or by the Listing Rules of the UK Listing Authority, to reflect new information, future events or otherwise.

CHIEF EXECUTIVE STATEMENT

STRATEGIC OBJECTIVES

The Company's objective is to be the leading Irish homebuilder by building in great locations and creating places and homes where people love to live. By using our low-cost land bank, across our 33 housing and apartment sites, as the foundation for a long-term homebuilding business, the Company is maximising the opportunities that exist in the Irish new homes residential property market and will deliver substantial shareholder returns. This strategy is supported by our vision to be the most trusted, respected and safest homebuilder in Ireland and through operating our business under five strategic pillars:

1. Customers – deliver the best customer experience;
2. Homes – design and build high-quality homes;
3. Places – create places for communities to prosper;
4. People – attract and retain the best talent and trusted partners; and
5. Operational – leverage a high performing commercial operational platform.

These strategic pillars provide a filter for prioritisation for our team; our strategy is cascaded into goals which align across teams, right down to each individual team member across the entire business. Cairn is also committed to developing both our strong culture as a source of competitive advantage and providing a challenging and rewarding working environment for our team. This focus has enabled us to achieve considerable growth in revenue, profitability and cash generation.

The Company's approach to capital allocation, through a timely and well executed acquisition strategy across suburban and commuter belt low-density housing sites (c. 10,800 units at an average historic site cost of €36,000 per unit, including c. 8,000 starter home units at an average historic site cost of €26,000 per unit) and city centre, suburban and commuter belt high-density apartment sites (c. 4,600 units at an average historic site cost of €68,000 per unit), ensures we have broadened our buyer pool of prospective purchasers. The strong location of our sites, our low land costs and the efficiency of our construction operations means that we deliver new homes across the price spectrum to this broad buyer pool, from our starter homes which are priced at levels where first time buyers can get access to mortgages (at sales prices from €250,000) to competitively-priced premium homes for up-sizers and down-sizers and apartments for owner occupiers and multifamily PRS institutional investors.

The breadth and scale of multifamily PRS investment in the Irish residential market continues to grow at pace. The completed sale of Six Hanover Quay (€101 million, incl. VAT) in June 2019 and the forward sale of The Quarter at Citywest (€94 million, incl. VAT) to institutional investors demonstrates the options and significant opportunities available to Cairn across each of our sites over the coming years. The Company estimates that as many as c. 3,300 units from our c. 4,600 apartment units could satisfy more than €1 billion of the capital seeking these multifamily opportunities. Cairn's strategy is to integrate multifamily PRS into our apartment delivery pipeline in a measured and balanced manner to provide us with the flexibility and option to accelerate multifamily PRS delivery plans so as to maximise shareholder returns.

FINANCIAL REVIEW

Revenues in the first six months of 2019 grew by 48% to €192.4 million (H1 2018: €130.2 million). These revenues included €175.3 million from 390 unit sales (H1 2018: €115.2 million from 293 unit sales) and €16.2 million from other development site sales (H1 2018: €14.4 million).

Gross profit increased by 37% to €35.7 million (H1 2018: €26.1 million), with gross margin at 18.6% (H1 2018: 20.0%). The underlying (excluding Six Hanover Quay) gross margin in H1 2019 was 20.5%. The Company delivered a good profit and cash return on the sale of the flagship apartment development at Six Hanover Quay, however the gross margin on the development was less than anticipated primarily due to the unique, one-off nature of this complex city centre project.

Operating profit increased by 51% to €27.3 million (H1 2018: €18.1 million), an increase of €9.2 million. The operating profit margin increased by 30bps to 14.2% (H1 2018: 13.9%).

Finance costs for the six months reduced to €5.5 million (H1 2018: €9.2 million including exceptional costs, and €5.9 million excluding exceptional costs), reflecting lower average cost of funds arising from the H2 2018 debt refinancing. There were no exceptional items during this trading period.

Profit after tax for the period was €18.7 million (H1 2018: €8.0 million), an increase of €10.7 million reflecting strong top-line growth. This robust trading performance delivered earnings per share of 2.37 cent (H1 2018: 0.99 cent).

Inventories as at 30 June 2019 of €937.0 million (31 December 2018: €933.4 million) comprise land held for development of €722.1 million (31 December 2018: €750.7 million), construction work in progress of €214.6 million (31 December 2018: €180.8 million) and development land collateral of €0.4 million (31 December 2018: €1.9 million). The investment in work in progress reflects the continued expansion of development activity during the period.

Net debt of €96.5 million at 30 June 2019 (31 December 2018: €134.4 million) comprised of drawn debt of €242.7 million (net of unamortised arrangement fees and issue costs) (31 December 2018: €196.7 million) and available cash of €146.2 million (31 December 2018: €62.2 million). Since the period end, Cairn repaid the €50.0 million term loan facility with Activate Capital from cash reserves. Through our debt structure, the Company continues to benefit from attractive rates and a medium-term maturity profile. Total spend on construction work in progress for the six-month period amounted to €147.7 million (H1 2018: €107.8 million).

The fourth founder share test period concluded on 30 June 2019. No ordinary shares were issued through conversion of Founder Shares resulting from the performance period (1 March 2019 – 30 June 2019). Under the approved terms of the Founder Share Scheme, the founders are entitled to 20% of total shareholder return generated each year up to and including 30 June 2022, subject to achieving a 12.5% annual compounding hurdle rate.

On 29 April 2019, the High Court approved a capital reorganisation to reduce the Company's share premium account by €550.0 million and the resulting reserves from this cancellation have been treated as realised profits. The capital reorganisation took effect on 1 May 2019 and resulted in retained earnings of €562.6 million as at 30 June 2019 (31 December 2018: retained losses of €6.1 million).

Commencing with the interim dividend declared today, the Board has adopted a policy of progressive biannual ordinary dividends. The Board will regularly review the capital structure and requirements of the Company. The distribution of surplus capital above ordinary dividends will be in the form of share buybacks or special dividends. In addition to the interim dividend announced today, Cairn intends to enter into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC to repurchase ordinary shares on our behalf up to a maximum consideration of €25 million in a share buyback programme commencing on 13 September 2019.

OPERATIONS REVIEW

Cairn delivered 390 closed sales in H1 2019 across seven developments at an ASP of €449,000 comprising 228 houses at an ASP of €337,000 and 162 apartments at an ASP of €608,000 (H1 2018: 293 closed sales across six developments at an ASP of €393,000 comprising 221 houses at an ASP of €326,000 and 72 apartments at an ASP of €599,000). The Company delivered 55 Part V homes across our various sites to local authorities in H1 2019 at an ASP of €223,000 (H1 2018: 5 units at an ASP of €167,000), including the accelerated delivery of Part V units in Shackleton Park (Lucan). The ASP in H1 2019 across our starter home sites was €302,000 (H1 2018: €314,000). The reduced starter homes ASP is due to mix impacts as 52% of units closed in the period were two and three bedroom starter homes, compared to 40% in H1 2018. Starter homes are our core product offering and are priced to sell at volume and at price points where first time buyers can access mortgages. House price inflation has averaged c. 1.8% across our active sites in the last 12 months.

Cairn's year to date closed sales and current forward sales pipeline is strong with a sales value of €446.6 million (1,250 units) as at 11 September 2019, which underpins our 2019 completions. The Company had a busy Spring 2019 selling season with four new selling sites launched during the period: Mariavilla (Maynooth) in Q1 2019 and Oak Park (Naas), Gandon Park (Lucan) and Edenbrook (Dublin 24) in Q2 2019. We are reopening 11 selling schemes for the 2019 Autumn selling season and sales have been strong to date. In addition to this, the first launch of our premium apartments at Donnybrook Gardens (Dublin 4) is scheduled for Q4 2019.

Cairn completed the sale of our first multifamily PRS development, 120 apartments at Six Hanover Quay (Dublin 2), in H1 2019. Separately, in August 2019 we contracted to sell 282 apartments at The Quarter in Citywest (Dublin 24) to Urbeo for €94 million (incl. VAT). These suburban apartment units, which were forward sold following a formal sales process which attracted significant institutional interest, are currently under construction with a phased delivery commencing in late 2020. With a land bank containing c. 4,600 apartment units and strong demand from domestic and international institutional investors for new, well designed apartment blocks in city centre, suburban and commuter belt locations, the Company continues to see significant demand from the multifamily PRS sector for our well located apartment and housing sites.

The breadth of Cairn's construction activities continues to expand and we are now active on 15 sites which will deliver over 5,250 residential units. The Company is supporting over 2,500 jobs across our active sites, including direct employees, subcontractors and other sector professionals. Cairn has commenced construction on three new sites in 2019: a starter home housing site at

Edenbrook (Dublin 24) and apartment sites at The Quarter in Citywest (Dublin 24) and Griffith Avenue (Dublin 9). In addition, the construction of new phases commenced at our Marianella (Rathgar) and Mariavilla (Maynooth) sites. Up to nine new site commencements are anticipated over the next 6 – 12 months across our housing and apartment sites reflecting the continued expansion of our business. The Company completed the construction of our premium apartment development at Six Hanover Quay (Dublin 2), in addition to Phase 1 at Shackleton Park (Lucan) and Phase 2 at Churchfields (Ashbourne) in H1 2019.

Cairn has a current committed procurement order book of €300 million on active sites (orders placed and prices fixed on labour and materials) and our top 20 subcontractors account for 67% of all procurement since IPO, working across an average of six developments each. The Company has an established and loyal pool of subcontractor partners with whom we collaborate across our large scale, multi-phase, multi-year developments and the many advantages of partnering with Cairn ensures that we enjoy strong subcontractor retention rates. The Company has fixed price contracts in place across all of our active construction sites – 95% of our 2019 and 68% of our 2020 construction costs on these active sites are fixed. Our experience of build cost inflation in the last 12 months is c. 2.5%.

Cairn's 33 sites have an average size of c. 465 units, all in great locations with proven demand. Over 90% of our land bank units were acquired within 9 months of IPO at a low historic cost (average unit cost €45,000), and our total land cost as a percentage of net development value is 12.2% (IPO target 20%). Some 98% of these units have the benefit of full planning permission, are residentially zoned or are within a Strategic Development Zone ("SDZ"). Our internal planning expertise and the ongoing success which we have demonstrated in bringing sites through planning provides a constant conversion of sites into active development sites.

The Company obtained full planning permission for 755 units in H1 2019 (H1 2018: 808 units) from 10 separate successful grants of planning and currently has eight planning applications, comprising c. 3,500 residential units, in the single-step Strategic Housing Development ("SHD") planning process, and one application (184 units) in the SDZ fast-track process. Six further SHD and SDZ planning submissions (c. 1,600 units) are being progressed through detailed design and local authority engagement, with a view to lodging each application over the course of the next six months.

Cairn continues to materially enhance the value of existing sites through the planning process and in addition to c. 3,000 incremental units previously gained, we expect to deliver an extra c. 500 units on our existing sites. These planning gains will be margin enhancing over the coming years.

The Company's site acquisition strategy has evolved following the acquisition of our land bank. Our focus remains on strategic opportunities, including acquiring land adjoining existing sites and exploring further joint development and investment opportunities. Expenditure on site acquisitions amounted to €9.0 million in the first half of the year (H1 2018: €27.8 million), including our second investment venture development with NAMA, announced in January 2019, when we acquired a 14.5 acre site adjoining our successful Parkside development where we will build in excess of 550 new homes.

ECONOMY

Notwithstanding general concerns surrounding Brexit, Ireland's rapid economic expansion continued at pace into 2019 with GDP growing by 6.3% in the year to Q1 2019 (source: CSO). The Central Bank of Ireland ("CBI") forecasts GDP growth of 4.9% in 2019 and 4.1% in 2020, reducing to 4.5% in 2019 and 0.7% in 2020 as a result of a hard Brexit (Source: CBI Quarterly Bulletin 3 – July 2019). Cairn believes this economic outlook underpins the medium-term annual demand for new homes in Ireland, estimated at 35,000 units (source: ESRI). The industry response to the housing crisis remains muted with 19,388 new homes built nationally in the 12 months to June 2019, of which only 14,389 new homes were built in multi-unit developments. In the GDA, 10,879 new homes were built, including 2,198 apartments and 920 one off homes (source all: CSO New Dwelling Completions Q2 2019).

In an industry lacking scaled homebuilders, the significant constraints and challenges presently facing the broader sector will likely intensify from a lower level of house price inflation over the coming years in the event of a hard Brexit. We acknowledge that a hard Brexit will have an impact on the Irish economy, however the GDA, which is Cairn's core market area, has benefited from increased foreign direct investment and strong employment levels in recent years. In response to potentially less favourable economic conditions, Cairn is the best positioned homebuilder in Ireland to continue to expand and grow our operations as an equity led homebuilder of scale, with our low land cost and operational efficiencies ensuring we can build at volume, manage our price points and sell at prices where first time buyers can access mortgages.

The Irish mortgage market is growing and is now witnessing more noticeable competition on fixed and variable interest rates amongst mortgage providers. The value of mortgage drawdowns grew by 13.8% in the 12 months to June 2019 to €9.1 billion (12 months to June 2018: €8.0 billion) and mortgage approval values increased by 8.2% to €10.6 billion in the same period (12 months to June 2018: €9.8 billion) (source: BPFI Mortgage Approvals June 2019 and BPFI Mortgage Drawdowns Q2 2019). The mortgage market continues to be driven by first time buyers who accounted for 61% of all loan drawdowns in the 12 months to June 2019.

GOVERNMENT INITIATIVES

The Government has implemented a number of supportive initiatives in response to the housing crisis and two of the most impactful, the SHD fast-track planning process for residential developments in excess of 100 units and the first time buyer Help to Buy income tax rebate scheme, are currently under review.

Cairn has been the most active and successful proponent of the SHD process, accounting for 12% of all units granted planning permission and 28% of all site commencements under this process since its introduction. The SHD legislation was enacted in July 2017 for the period until 31 December 2019, and subject to review, may be extended until 31 December 2021. The Company has made a strong submission in favour of an extension of the SHD process until 2021 and we would welcome the extension of this successful fast track planning process.

The current Help to Buy income tax rebate scheme expires at the end of 2019. The supply of new homes, and in particular affordable starter homes, remains more difficult for many in the industry who do not benefit from many of Cairn's advantages. The Company understands that the Government are considering an extension of the scheme and are aware that Help to Buy acts as an important counterbalance to the CBI's macroprudential mortgage lending rules in allowing first time buyers access mortgages. In Dublin, over 65% of all new homes sold in H1 2019 were sold above Cairn's starter home ASP of €302,000 excluding VAT (Source: Property Price Register). Increasing the supply of affordable starter homes needs to be proactively encouraged through initiatives like Help to Buy.

PRINCIPAL RISKS & UNCERTAINTIES

Details of the principal risks and uncertainties facing the Company can be found in the 2018 Annual Report. These risks, including economic conditions, mortgage availability and affordability, health and safety, availability and strength of subcontractors, Brexit, programme risk and project planning and availability and quality of materials, remain the most likely to affect Cairn in the second half of the current year. The Company actively identifies, assesses, monitors and manages these and all other risks through its control and risk management processes.

OUTLOOK

With strong market demand for our product and delivery pipeline, the Company continues to look forward to the full year with confidence.

CAIRN HOMES PLC
STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT
For the six month period ended 30 June 2019

The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 ("the Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

In preparing the condensed set of financial statements included within the half-yearly financial report, the Directors are required to:
- prepare and present the condensed set of financial statements in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland;
- ensure the condensed set of financial statements has adequate disclosures;
- select and apply appropriate accounting policies; and
- make accounting estimates that are reasonable in the circumstances.

The Directors are responsible for designing, implementing and maintaining such internal controls as they determine are necessary to enable the preparation of the condensed set of financial statements that is free from material misstatement whether due to fraud or error.

We confirm that to the best of our knowledge:

(1) the condensed set of consolidated financial statements included within the half-yearly financial report of Cairn Homes plc ("the Company") for the six months ended 30 June 2019 ("the interim financial information") which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes, have been presented and prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency Directive, and the Transparency Rules of the Central Bank of Ireland.

(2) The interim financial information presented, as required by the Transparency Directive, includes:
   a. an indication of important events that have occurred during the first 6 months of the financial year, and their impact on the condensed set of consolidated financial statements;
   b. a description of the principal risks and uncertainties for the remaining 6 months of the financial year;
   c. related party transactions that have taken place in the first 6 months of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period; and
   d. any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first 6 months of the current financial year.

On behalf of the board

Michael Stanley
Chief Executive Officer

John Reynolds
Chairman

CAIRN HOMES PLC

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the six month period ended 30 June 2019

	Note	For six month period ended 30 June 2019	For six month period ended 30 June 2018		
			Before Exceptional Items	Exceptional Items (Note 16)	Total
		€'000	€'000	€'000	€'000
Continuing operations					
Revenue	2	**192,355**	130,214	-	**130,214**
Cost of sales		**(156,651)**	(104,137)	-	**(104,137)**
Gross profit		**35,704**	26,077	**-**	**26,077**
Administrative expenses		**(8,372)**	(7,979)	-	**(7,979)**
Operating profit		**27,332**	18,098	-	**18,098**
Finance income		**-**	4	-	**4**
Finance costs	3	**(5,548)**	(5,900)	(3,250)	**(9,150)**
Profit before taxation		**21,784**	12,202	(3,250)	**8,952**
Tax charge	4	**(3,115)**			**(946)**
Profit for the period		**18,669**			**8,006**
Other comprehensive income		**-**			**-**
Total comprehensive income for the period		**18,669**			**8,006**
Profit attributable to:					
Owners of the Company		18,672			7,508
Non-controlling interests		(3)			498
Profit for the period		**18,669**			**8,006**
Basic earnings per share	14	**2.37 cent**			**0.99 cent**
Diluted earnings per share	14	**2.37 cent**			**0.95 cent**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2019

Assets	Note	30 June 2019 Unaudited €'000	31 Dec 2018 Audited €'000
Non-current assets			
Property, plant and equipment		1,782	1,358
Right of use asset	5	1,263	-
Intangible assets		738	855
		3,783	**2,213**
Current assets			
Inventories	6	937,016	933,355
Trade and other receivables	7	4,760	8,033
Cash and cash equivalents	8	146,222	62,232
		1,087,998	**1,003,620**
Total assets		**1,091,781**	**1,005,833**
Equity			
Share capital	9	828	828
Share premium	9	199,616	749,616
Share-based payment reserve		8,132	7,782
Retained earnings		562,584	(6,088)
Equity attributable to owners of the Company		**771,160**	**752,138**
Non-controlling interests	12	4,065	4,418
Total equity		**775,225**	**756,556**
Liabilities			
Non-current liabilities			
Loans and borrowings	10	192,709	147,338
Lease liabilities	11	957	-
Deferred taxation	4	5,313	5,856
		198,979	**153,194**
Current liabilities			
Loans and borrowings	10	50,000	49,333
Lease liabilities	11	334	-
Trade and other payables	13	60,855	40,820
Current taxation		6,388	5,930
		117,577	**96,083**
Total liabilities		**316,556**	**249,277**
Total equity and liabilities		**1,091,781**	**1,005,833**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2019

	Attributable to owners of the Company						
	Share Capital	**Share Premium**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2019	**828**	**749,616**	**7,782**	**(6,088)**	**752,138**	**4,418**	**756,556**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	18,672	18,672	(3)	**18,669**
	-	**-**	**-**	**18,672**	**18,672**	**(3)**	**18,669**
Transactions with owners of the Company							
Equity-settled share-based payments	-	-	350	-	**350**	-	**350**
Dividend paid to non-controlling shareholder	-	-	-	-	**-**	(350)	**(350)**
Capital reorganisation - reduction of share premium and transfer to distributable reserves (Note 9)	-	(550,000)	-	550,000	**-**	-	**-**
	-	**(550,000)**	**350**	**550,000**	**350**	**(350)**	**-**
As at 30 June 2019	**828**	**199,616**	**8,132**	**562,584**	**771,160**	**4,065**	**775,225**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2018

	Attributable to owners of the Company						
	Share Capital	**Share Premium**	**Share-Based Payment Reserve**	**Retained Earnings**	**Total**	**Non-Controlling Interests**	**Total Equity**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 1 January 2018	**828**	**749,616**	**14,222**	**(44,741)**	**719,925**	**1,795**	**721,720**
Total comprehensive income for the period							
Profit for the period	**-**	**-**	**-**	7,508	**7,508**	498	**8,006**
	-	**-**	**-**	**7,508**	**7,508**	**498**	**8,006**
Transactions with owners of the Company							
Equity-settled share-based payments	-	-	550	-	**550**	-	**550**
	-	**-**	**550**	**-**	**550**	-	**550**
As at 30 June 2018	**828**	**749,616**	**14,772**	**(37,233)**	**727,983**	**2,293**	**730,276**

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six month period ended 30 June 2019

	For the six month period ended 30 June 2019 €'000	For the six month period ended 30 June 2018 €'000
Cash flows from operating activities		
Profit for the period	18,669	8,006
Adjustments for:		
Share-based payments expense	350	550
Finance costs	5,548	9,150
Finance income	-	(4)
Depreciation and amortisation	389	158
Taxation	3,115	946
	28,071	**18,806**
Increase in inventories	(3,446)	(39,128)
Decrease/(increase) in trade and other receivables	3,273	(13)
Increase in trade and other payables	20,051	11,286
Tax paid	(3,200)	(287)
Net cash from/(used in) operating activities	**44,749**	**(9,336)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(729)	(227)
Purchases of intangible assets	-	(104)
Net cash used in investing activities	**(729)**	**(331)**
Cash flows from financing activities		
Proceeds from borrowings, net of debt issue costs	45,000	5,294
Repayment of loans	-	(11,896)
Dividend paid to non-controlling shareholder	(350)	-
Payment of lease liabilities	(172)	-
Settlement of contingent consideration for Argentum acquisition	-	(3,250)
Interest paid	(4,508)	(2,861)
Net cash from/(used in) financing activities	**39,970**	**(12,713)**
Net increase/(decrease) in cash and cash equivalents in the period	**83,990**	**(22,380)**
Cash and cash equivalents at beginning of period	62,232	68,803
Cash and cash equivalents at end of period	**146,222**	**46,423**

1. Basis of preparation

Cairn Homes plc ("the Company") is a company domiciled in Ireland. The Company's registered office is 7 Grand Canal, Grand Canal Street Lower, Dublin 2. The Company and its subsidiaries (together referred to as "the Group") is predominantly involved in the development of residential property for sale.

These unaudited condensed interim consolidated financial statements and the information set out in this report cover the six month period ended 30 June 2019 and have been prepared in accordance with IAS 34 *"Interim Financial Reporting"* as adopted by the European Union.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements prepared in accordance with IFRS as adopted by the European Union. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since 31 December 2018. They should be read in conjunction with the statutory consolidated financial statements of the Group, which were prepared in accordance with IFRS as adopted by the European Union, as at and for the year ended 31 December 2018. Those statutory financial statements have been filed with the Registrar of Companies and are available at www.cairnhomes.com. The audit opinion on those statutory financial statements was unqualified and did not contain any matters to which attention was drawn by way of emphasis.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2019 have not had a material impact on the Group's reported profit or net assets in these interim financial statements. Details of the impact of IFRS 16 are set out below and in notes 3, 5 and 11.

IFRS 16, Leases, is effective for the first time in the financial year ending 31 December 2019. IFRS 16 has replaced IAS 17 Leases. The Group has initially adopted IFRS 16 Leases from 1 January 2019. IFRS 16 introduced a single, on-balance sheet accounting model for lessees under which the distinction between operating leases and finance leases is removed for lessees.

Under IFRS 16, all assets held by the Group under lease agreements which are greater than twelve months in duration are recognised as right-of-use assets within the statement of financial position representing its rights to use the underlying asset. The present value of future payments to be made under those lease agreements are recognised as a liability representing its obligation to make lease payments. Rental expenses are removed from profit or loss and replaced with finance costs on the lease liability and depreciation of the right-of-use assets.

The Group has applied IFRS 16 using the modified retrospective approach, under which the right-of-use asset and related lease liability have been determined by discounting the lease payments over the expected term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate. Accordingly, the comparative information presented for 2018 has not been restated and it is presented, as previously reported, under IAS 17 and related interpretations.

The policy applicable up to 31 December 2018 under IAS 17 is that payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. The Group had no finance leases under IAS 17.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently increased by the interest costs on the lease lability and decreased by the lease payments made.

The right-of-use asset and lease liability recognised under IFRS 16 represents the Group's lease on the central support office, which is the only lease impacted by IFRS 16.

1. Basis of Preparation *(continued)*

Impacts on transition
On transition to IFRS 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 €'000
Right-of-use assets presented in property, plant and equipment	1,443
Lease liabilities	1,443

When measuring lease liabilities for lease that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate of 2.6% at 1 January 2019.

	1 January 2019 €'000
Operating lease commitments at 31 December 2018 as disclosed in the Group's consolidated financial statements	1,510
Discounted using the incremental borrowing rate at 1 January 2019	1,443
Lease liabilities recognised at 1 January 2019	**1,443**
Lease liabilities recognised at 30 June 2019	**1,291**

Impacts for the period
As a result of initially applying IFRS 16, in relation to the leases that were previously classified as operating leases, the Group recognised €1.3 million of right-of-use assets and €1.3 million of lease liabilities as at 30 June 2019. In addition, the Group has recognised depreciation and interest costs, instead of an operating lease expense. During the six months ended 30 June 2019, the Group recognised €0.180 million of depreciation charges and €0.018 million of interest costs from these leases.

The Group's other accounting policies, presentation and method of computations adopted in the preparation of the condensed interim financial statements are consistent with those followed in the preparation of the Group's financial statements for the year ended 31 December 2018.

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results could differ materially from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The key judgements and estimates impacting these interim financial statements are the carrying value of inventories and allocations from inventories to cost of sales (note 6). The interim condensed consolidated financial statements are presented in Euro, which is the functional currency of the Company and presentation currency of the Group, rounded to the nearest thousand.

The interim condensed consolidated financial statements were approved by the Directors on 11 September 2019.

2. Revenue

	For six month period ended 30 June 2019 €'000	For six month period ended 30 June 2018 €'000
Residential property sales	175,341	115,159
Site sales	16,191	14,377
Income from property rental	823	678
	192,355	**130,214**

	For six month period ended 30 June 2019 €'000	For six month period ended 30 June 2018 €'000
Residential property sales		
Houses	76,811	72,006
Apartments	98,530	43,153
	175,341	**115,159**

3. Finance costs

	For six month period ended 30 June 2019 €'000	For six month period ended 30 June 2018 €'000
Interest expense on financial liabilities measured at amortised cost	5,530	5,900
Settlement of contingent consideration – exceptional item	-	3,250
Interest of lease liabilities	18	-
	5,548	**9,150**

Finance costs for the period to 30 June 2019 include interest and amortised transaction costs on the drawn Term Loans and revolving credit facility, plus commitment fees on the undrawn element of the Revolving Credit Facility during the period. Following the adoption of IFRS 16 *Leases*, the Group has also recognised interest in relation to the lease liability for the period to 30 June 2019.

In the prior period, in accordance with IFRS 3 *Business Combinations*, a contingent consideration settlement of €3.25 million was charged to profit or loss in the period ended 30 June 2018 in relation to the Swords site which was acquired as part of the Argentum acquisition in 2016. This was a non-routine transaction and was classified as an exceptional item (note 16).

4. Taxation

	For six month period ended 30 June 2019 €'000	For six month period ended 30 June 2018 €'000
Current tax charge for the period	3,658	1,284
Deferred tax credit for the period	(543)	(338)
Total tax charge	**3,115**	**946**

Deferred tax

The deferred tax liability is comprised of the following:

	For six month period ended 30 June 2019 €'000	For Year ended 31 December 2018 €'000
Opening balance	5,856	5,611
(Credited)/charged to profit or loss	(543)	245
Closing balance	**5,313**	**5,856**

5. Right-of-use asset

	30 June 2019 €'000	31 Dec 2018 €'000
Cost		
At 1 January 2019 on initial application of IFRS 16	1,443	-
Additions	-	-
At 30 June 2019	**1,443**	**-**
Accumulated depreciation		
At 1 January 2019	-	-
Depreciation	(180)	-
At 30 June 2019	**(180)**	**-**
Net book value		
At 30 June 2019	**1,263**	**-**

Following the adoption of IFRS 16, the Group has recognised a right-of-use asset in respect of the lease of its central support office property. On initial application of IFRS 16, the asset and related lease liability were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate.

6. Inventories

	30 June 2019 €'000	31 Dec 2018 €'000
Land held for development	722,102	750,653
Construction work in progress	214,550	180,833
Development land collateral (for loans in the foreclosure process)	364	1,869
	937,016	**933,355**

The Directors consider that all inventories are essentially current in nature although the Group's operational cycle is such that a considerable proportion of inventories will not be realised within 12 months. It is not possible to determine with accuracy when specific inventories will be realised as this will be subject to a number of factors such as consumer demand and the timing of planning permissions.

As the build costs on each site can take place over a number of reporting periods the determination of the cost of sales to release on each sale is dependent on up to date cost forecasting and expected profit margins across the various developments. There is a risk that one or all of the assumptions may require revision as more information becomes available, with a resulting impact on the carrying value of inventory or the amount of profit recognised. The risk is managed through ongoing site profitability reforecasting with any necessary adjustments being accounted for in the relevant reporting period. The Directors considered the evidence from impairment reviews and profit forecasting models across the various sites and are satisfied with the carrying values of inventories (development land and work in progress), which are stated at the lower of cost and net realisable value, and with the methodology for the release of costs on the sale of inventory.

7. Trade and other receivables

	30 June 2019 €'000	31 Dec 2018 €'000
Construction bonds	3,711	3,963
Other receivables	1,049	4,070
	4,760	**8,033**

The carrying value of all trade and other receivables is approximate to their fair value.

8. Cash and cash equivalents

	30 June 2019 €'000	31 Dec 2018 €'000
Current		
Cash and cash equivalents	146,222	62,232

Cash deposits are made for varying short-term periods depending on the immediate cash requirements of the Group. All deposits can be withdrawn without significant changes in value and accordingly the fair value of current cash and cash equivalents is identical to the carrying value.

9. Share capital and share premium

	30 June 2019		31 Dec 2018	
	Number	**€'000**	**Number**	**€'000**
Authorised				
Ordinary shares of €0.001 each	1,000,000,000	1,000	1,000,000,000	1,000
Founder shares of €0.001 each	100,000,000	100	100,000,000	100
Deferred shares of €0.001 each	120,000,000	120	120,000,000	120
A Ordinary shares of €1.00 each	20,000	20	20,000	20
Total authorised share capital		**1,240**		**1,240**

As at 30 June 2019	**Number**	**Share Capital €'000**	**Share Premium €'000**	**Total €'000**
Issued and fully paid				
Ordinary shares of €0.001 each	788,783,171	789	199,597	200,386
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
A Ordinary shares of €1.00 each	-	-	-	-
		828	**199,616**	**200,444**

As at 31 December 2018	**Number**	**Share Capital €'000**	**Share Premium €'000**	**Total €'000**
Issued and fully paid				
Ordinary shares of €0.001 each	788,783,171	789	749,597	750,386
Founder shares of €0.001 each	19,182,149	19	19	38
Deferred shares of €0.001 each	19,980,000	20	-	20
A Ordinary shares of €1.00 each	-	-	-	-
		828	**749,616**	**750,444**

Capital Reorganisation

On 29 April 2019, the High Court approved a capital reorganisation to reduce the Company's share premium account by €550 million and the resulting reserves from this cancellation have been treated as realised profits. The capital reorganisation took effect on 1 May 2019.

Long Term Incentive Plan

The Group operates an equity settled Long Term Incentive Plan ("LTIP"), which was approved at the May 2017 Annual General Meeting, under which conditional awards of 4,961,440 (31 December 2018: 3,121,413) shares have been made to senior executives. The shares will vest on satisfaction of service and performance conditions attaching to the LTIP. Vesting of 80% of the awards will be based on Earnings per Share ("EPS") performance and 20% will be based on Total Shareholder Return ("TSR") over a 3 year period. The Group recognised an expense of €0.350 million related to the LTIP in profit or loss during the period ended 30 June 2019 (period ended 30 June 2018: €0.550 million).

10. Loans and borrowings

	30 June 2019 €'000	31 Dec 2018 €'000
Current liabilities		
Bank loans		
Repayable within one year	50,000	49,333
	50,000	**49,333**
Non-current liabilities		
Bank loans		
Repayable as follows:		
Between one and two years	-	-
Between two and five years	120,398	75,058
Greater than five years	72,311	72,280
	192,709	**147,338**
Total borrowings	**242,709**	**196,671**

The Group has an undrawn revolving credit facility of €149 million available as at 30 June 2019.

The amount presented in the financial statements is net of related unamortised arrangement fees and transaction costs.

11. Lease liabilities

	30 June 2019 €'000	31 Dec 2018 €'000
Current liabilities		
Lease liabilities		
Repayable within one year	334	-
	334	**-**
Non-current liabilities		
Lease liabilities		
Repayable as follows:		
Between one and two years	334	-
Between two and five years	623	-
	957	**-**
Total lease liabilities	**1,291**	**-**

11. Lease liabilities (continued)

Following the adoption of IFRS 16, the Group has recognised a lease liability in respect of the lease of its central support office property. On initial application of IFRS 16 the lease liability and related right-of-use asset were determined by discounting the lease payments over the expected remaining term of the lease at a discount rate of 2.6% reflecting the Group's incremental borrowing rate.

The undiscounted remaining contractual cash flows at 30 June 2019 are as follows:

	Contractual cash flows				
	Total	**6 months of less**	**6-12 months**	**1-2 year**	**2-5 years**
As at 30 June 2019	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Lease liability	**(1,373)**	(172)	(172)	(343)	(686)

12. Non-controlling interests

The non-controlling interests at 30 June 2019 of €4.1 million (31 December 2018: €4.4 million) relate to the 35% share of the net assets of a subsidiary, Balgriffin Cells P13-P15 Designated Activity Company ("DAC"), and the 25% share of the net assets of a subsidiary, Balgriffin Investment No. 2 HoldCo DAC, both of which are held by National Asset Management Agency ("NAMA"). Cairn Homes plc holds the respective 65% and 75% of the equity share capital in these subsidiaries, which are involved in the development of residential property. Balgriffin Cells P13-P15 DAC has ceased trading and a summary approval procedure was completed in July 2019 in order to return remaining surplus funds to shareholders in advance of winding up that company.

13. Trade and other payables

	30 June 2019 €'000	**31 Dec 2018 €'000**
Trade payables	23,562	16,064
Accruals	19,006	15,662
VAT liability	17,446	7,828
Other creditors	841	1,266
	60,855	**40,820**

Other creditors represent amounts due for payroll taxes and Relevant Contracts Tax.

The carrying value of all trade and other payables is approximate to their fair value.

14. Earnings per share

The basic EPS for the period ended 30 June 2019 is based on the earnings attributable to ordinary shareholders of €18.7 million and the weighted average number of ordinary shares outstanding for the period.

	For six month period ended 30 June 2019	For six month period ended 30 June 2018
Profit attributable to owners of the Company (€'000)	18,672	7,508
Numerator for basic and diluted earnings per share	**18,672**	**7,508**
Weighted average number of ordinary shares for period (basic)	788,783,171	761,672,549
Dilutive effect of options	113,015	27,337,398
Denominator for diluted earnings per share	788,896,186	789,009,947
Earnings per share		
- Basic	2.37 cent	0.99 cent
- Diluted	2.37 cent	0.95 cent

There is no dilution in respect of founder shares as no ordinary shares were issued through conversion of founder shares in the period.

The diluted earnings per share calculation reflects the impact of share options.

Additional ordinary shares may be issued under the founder share scheme in future periods up to and including 2022 if the performance condition under the rules of the scheme is reached.

15. Dividends

There were no dividends paid by the Company during the reporting period. Subsequent to the period-end, the Board has proposed a first interim dividend (Note 20). These interim financial statements do not reflect this dividend.

A dividend of €0.350 million was paid during the period by the Company's subsidiary, Balgriffin Cells P13-P15 DAC, to NAMA in respect of its 35% shareholding.

16. Exceptional items

Six month period ended 30 June 2019
There were no exceptional items during the period.

Six month period ended 30 June 2018
The terms of the agreements for the Argentum acquisition in 2016 included contingent consideration which could be payable in certain circumstances in relation to the Swords site. The exceptional finance cost of €3.25 million (note 3) in the prior period relates to the settlement of this contingent consideration which was agreed with the Argentum vendors during that period. This was required to be charged to profit or loss in the consolidated financial statements in accordance with IFRS 3 *Business Combinations*. As this was a material non-routine transaction it was been classified as an exceptional item.

17. Related party transactions

There were no related party transactions during the period other than Directors' remuneration.

18. Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, and the Group's objectives, policies and processes for measuring and managing risk.

(a) Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

(b) Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables and cash and cash equivalents. The carrying amount of financial assets represents the maximum credit exposure.

Exposure to credit risk
The Group's principal financial assets comprise cash and short term deposits. Group management in conjunction with the Board manage risk associated with cash and short term deposits by depositing funds with a number of Irish financial institutions and AAA rated international institutions. At 30 June 2019, the Group's deposits were held in three Irish financial institutions with a minimum credit rating of BBB-.

	30 June 2019 €'000	31 Dec 2018 €'000
Carrying amount – amortised cost		
Construction bonds and other receivables	4,760	8,033
Cash and cash equivalents - current	146,222	62,232
	150,982	**70,265**

Construction bonds and other receivables of €4.8 million at 30 June 2019 were all neither past due nor impaired.

(c) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors the level of expected cash inflows from trade and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables (€60.9 million) at 30 June 2019 are considered current with the expected cash outflow equivalent to their carrying value.

Management monitors the adequacy of the Group's liquidity reserves (comprising undrawn borrowing facilities as detailed in note 10 and cash and cash equivalents as detailed in note 8) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short term and long term cash flow forecasts.

18. Financial risk management (continued)

(d) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) Currency risk
The Group is not exposed to significant currency risk. The Group operates only in the Republic of Ireland.

(ii) Interest rate risk
At 30 June 2019, the Group had the following facilities:
(a) term loan and revolving credit facilities with Allied Irish Bank plc, Ulster Bank Ireland DAC and Barclays Bank Ireland plc that had a principal drawn balance of €122.5 million at a variable interest rate of 3-month Euribor (with a 0% floor), plus a margin of 2.6%. The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates;
(b) a €72.5 million private placement of loan notes with Pricoa Capital which have a fixed coupon of 3.36%; and
(c) a €50 million term loan facility with Activate Capital at a variable interest rate of 1-month Euribor (with 0% floor), plus a margin of 6%. This facility was repaid in July 2019.

(e) Fair value of financial assets and financial liabilities
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
For financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: valuation techniques for which the lowest level of inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: valuation techniques for which the lowest level of inputs that have a significant effect on the recorded fair value are not based on observable market data.

The following table shows the Group's financial assets and liabilities and the methods used to calculate fair value.

Asset/ Liability	Carrying value	Level	Method	Assumptions
Borrowings	Amortised cost	2	discounted cash flow	Valuation based on future repayment and interest cash flows discounted at period end market interest rates.

18. Financial risk management (continued)

Fair value of financial assets and financial liabilities (continued)

The following table shows the carrying values of financial assets and liabilities including their values in the fair value hierarchy. The table does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	30 June 2019	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets measured at amortised cost				
Construction bonds and other receivables	4,760			
Cash and cash equivalents	146,222			
	150,982			
Financial liabilities measured at amortised cost				
Trade payables and accruals	42,568			
Borrowings	242,709		242,709	
	285,277			

	31 Dec 2018	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial assets measured at amortised cost				
Construction bonds and other receivables	8,033			
Cash and cash equivalents	62,232			
	70,265			
Financial liabilities measured at amortised cost				
Trade payables and accruals	31,726			
Borrowings	196,671		196,671	
	228,397			

19. Commitments and contingent liabilities

At 30 June 2019, the Group had a contingent liability in respect of construction bonds in the amount of €3.1 million.

The Group is not aware of any other commitments or contingent liabilities that should be disclosed in these financial statements.

20. Events after the reporting period

On 12 July 2019, the Group fully repaid the €50 million term loan with Activate Capital.

On 27 August 2019, Cairn contracted to sell 282 apartments at The Quarter in Citywest, Dublin 24 for €94 million (incl. VAT). These apartments are currently under construction with a phased delivery commencing in late 2020.

The Board has announced its intention to enter into irrevocable, non-discretionary arrangements with Goodbody Stockbrokers UC to repurchase ordinary shares on behalf of the Company up to a maximum consideration of €25 million in a share buyback programme commencing on 13 September 2019.

The Board has proposed a first interim dividend of 2.5 cent per ordinary share. This interim dividend will be paid on 18 October 2019 to shareholders on the register on the record date of 20 September 2019. This is the commencement of a progressive biannual ordinary dividend. Based on the ordinary shares in issue at 30 June 2019, the amount of dividends proposed is €19.7 million.

21. Approval of financial statements

These financial statements were approved by the Board on 11 September 2019.

Independent Review Report to Cairn Homes plc

Introduction

We have been engaged by Cairn Homes plc ("the Company") to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2019 which comprises the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of financial position, condensed consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related explanatory notes. Our review was conducted having regard to the Financial Reporting Council's ("FRC's") International Standard on Review Engagements ("ISRE") (UK and Ireland) 2410, *'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'*.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of consolidated financial statements in the half-yearly report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the Transparency (Directive 2004/109/EC) Regulations 2007 ("the Transparency Directive"), and the Transparency Rules of the Central Bank of Ireland.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the EU. The Directors are responsible for ensuring that the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of consolidated financial statements in the half-yearly financial report based on our review.

Scope of review

We conducted our review having regard to the Financial Reporting Council's International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We read the other information contained in the half-yearly financial report to identify material inconsistencies with the information in the condensed set of consolidated financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the review. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Transparency Directive and the Transparency Rules of the Central Bank of Ireland. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

KPMG — 11 September 2019
Chartered Accountants
1 Stokes Place
St. Stephen's Green, Dublin 2

CAIRN HOMES PLC
COMPANY INFORMATION

Directors
John Reynolds (Non-Executive Chairman)
Michael Stanley (Chief Executive Officer)
Tim Kenny (Group Finance Director)
Alan McIntosh (Non-Executive)
Andrew Bernhardt (Non-Executive)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive)
David O'Beirne (Non-Executive) (appointed 1 March 2019)
Jayne McGivern (Non-Executive) (appointed 1 March 2019)
Linda Hickey (Non-Executive) (appointed 12 April 2019)

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