Press Release 25 August 2016

Cairn Homes plc
Interim Results for the six months ended 30 June 2016

Dublin/London 25 August 2016: Cairn Homes Plc (LSE: CRN) ("Cairn" or "the Company"), the Irish homebuilding company, today announced the Company's interim results for the six months ended 30 June 2016.

KEY HIGHLIGHTS

- Total revenues of €16 million, generating gross profits of €2.6 million and a gross profit margin of 16.5%.
- Profit before tax (and exceptional items) of €0.5 million.
- The core land-bank portfolio now consists of 27 separate sites, on which the Company will develop in excess of 11,500 units, with 90% of those units located in Dublin and the Dublin commuter belt.
- Active on five sites (Parkside, Albany, Marianella, Ashbourne and Hanover Quay), which will deliver in excess of 1,150 units.
- Sales continue to progress well at Parkside and Albany, with 112 houses now sale agreed and 64 of those sales completed, with 39 of those completions taking place during the first six months of 2016.
- Continued strong progress on the Project Clear portfolio – with proceeds of €32.0m realised from settlements and asset sales and nine sites (€126.1 million) transferred to direct ownership.
- Successful firm placing and placing and open offer, concluded in April, raising gross proceeds of €176.5 million.
- Acquired the Argentum business and sites in Hanover Quay, Cherrywood and Maynooth.
- Available liquidity of €167.1 million, comprised of cash of €117.1 million and undrawn facilities of €50 million.

Key Financial Highlights	**Jun 2016 €'000**	**Jun 2015 €'000**
Revenue	16,003	51
Gross Profit	2,643	51
Operating Profit/(Loss) (before exceptional items)	2,843	(897)
Profit/(Loss) Before Tax (before exceptional items)	511	(1,048)
Loss Before Tax (after exceptional items)	(701)	(33,092)
Basic and Diluted Loss Per Share	(€0.001)	(€0.85)

Commenting on the results, Michael Stanley, CEO, said:
"Having executed our successful site acquisition phase, Cairn continues to accelerate its home-building operations. We have assembled a talented and experienced team to drive forward with our plans. We are currently building new homes on five sites, with a further five developments commencing within the next 12 months. By mid 2017, we will support over 1,000 construction jobs, including apprentices, leveraging the substantial economies that that we will benefit from as a home-builder of significant scale."

For further information, contact:
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There will be an Analyst and Investor call today (25 August 2016) at 8.30am hosted by Michael Stanley, CEO and Eamonn O'Kennedy, Finance Director.

Ireland

- Toll - 01 696 8154
- Toll free - 1800 936 842

UK

- Toll – 0203 1394 830
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Notes to Editors
Cairn Homes is a well-capitalised Irish homebuilder, with an experienced management team, who are clearly focused on being a significant contributor in the delivery of much needed new homes in Ireland. The Company constructs high quality new houses and apartments with an emphasis on design, innovation and customer service. Cairn acquires greenfield and brownfield sites in Ireland that are suitable for residential development, with an emphasis on Dublin and the Dublin commuter belt, as well as in other major urban centres. www.cairnhomes.com

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 or by the Listing Rules of the UK Listing Authority, to reflect new information, future events or otherwise.

CHIEF EXECUTIVE STATEMENT

Operations Review

The Company is now building new homes on five separate sites, including the recently commenced Marianella, Ashbourne and Hanover Quay sites. These five sites will deliver in excess of 1,150 units. The 20 unit scheme at Albany, South Dublin is nearing completion, whilst the first phase of Parkside is also substantially complete. Sales continue to progress well, with 112 houses now sale agreed and 64 of those sales completed, with 39 of those completions taking place during the first six months of 2016. Sales in Parkside during the summer have been stronger than expected, which will positively impact on second half completion targets. The Company expects to have the first launch of its Ashbourne 350 unit development in October of this year. The Company's operational activities will continue to accelerate over the coming months and Cairn will be building on a further five schemes within twelve months, delivering an additional 2,750 units. The Company remains confident of achieving its previously guided annual sales completion targets and its targeted EBIT margin of 20%, as it matures.

The Company has had eight successful planning grants to date, a 100% success rate and has five further applications currently under consideration by the relevant planning authorities. The Company's planning and development teams will continue to add value by amending existing planning consents, where appropriate, and designing new schemes, in order to ensure optimum delivery and enhanced returns across the portfolio. In particular, the recently granted revised planning consent for 122 units for the prime located site in Hanover Quay, Dublin 2 represents a planning gain of 22 units on the original grant.

The Company's loan to own strategy post the Project Clear acquisition continues to progress well, with proceeds of €32.0 million realised from settlements and asset sales in line with expectations and €152.2m of assets (12 sites) transferred to its direct ownership, including €126.1 million (9 sites) transferred to its direct ownership during the first six months of 2016. The Company is confident of realising full value on all Project Clear core sites converted to its direct ownership and on achieving targeted profit levels on its smaller non-core site disposals.

The successful acquisition phase continued during the first six months of the year, with the acquisition of sites at Cherrywood, Hanover Quay and Maynooth. In addition, following the completion of the successful placing and open offer in April, the Company acquired the Argentum business and its six sites at Naas, Greystones, Griffith Avenue, Dollymount, Swords and Ashbourne.

Residential Property Market

The ongoing supply/demand imbalance is a key factor in the continued upward trajectory in house price inflation, which was up 6.6% and 4.5% nationally and in Dublin respectively in the 12 months to the end of June 2016. Dublin prices still remain 35% back from their peak 2007 levels, whilst rents are now back above their peak levels.

Housing supply continues to fall well short of the accepted long-term requirement of 25,000 to 30,000 homes per annum nationally, with a requirement of 8,000 to 10,000 homes in Dublin. Against this national requirement, there were just 12,666 completions in 2015 (a deficit of c. 50% against the long-term requirement), with only a modest increase on this number expected in 2016 (as evidenced by the fact that in 2016 to date, there has only been an increase of 1,000 units on the 2015 supply level), which underlines the worsening, rather than improving demand/supply imbalance.

Rising rent levels across the country and in Dublin in particular are a continuing feature of the residential housing market, illustrating the worsening demand/supply imbalance. A recent industry report (*source: Daft*) highlighted the continued rise in rents across the country, with national rents up 11% and Dublin rents up between 10% and 12.5% in the twelve months to June 2016. These continued rent increases are directly related to an acute shortage of housing availability, which is evidenced by the fact that there are just 3,600 properties available to rent nationally in August 2016, compared to 4,600 in August 2015 and almost 16,000 five years ago. In Dublin, there are less than two weeks supply, or 1,100 homes, available to rent currently.

Government Initiatives

The Government support for the housing sector has been confirmed by the recently published Action Plan for Housing and Homelessness, which will have a positive impact on the industry. In particular, Cairn is focused on the initiatives outlined in Pillar 3, Build More Homes, which are most relevant to its business, with the key benefits likely to flow from:

- the local Infrastructure Housing Activation Fund (LIHAF) for €200m, which will help to fast-track much needed infrastructure in order to facilitate more efficient delivery of much needed homes;
- prioritising large pathfinder sites in key urban locations to release housing more quickly;
- planning reforms – large housing development applications will now be subject to a one-step, rather than a two-step planning process, thereby significantly shortening the planning cycle; and
- measures to support construction innovation and skills.

In addition, the details of the previously announced Government Help to Buy initiative, which are expected to be included in Budget 2017, due to be announced in October, will provide assistance to first time buyers in particular.

Economy
The Irish macro-economic backdrop remains positive, with Ireland now experiencing its highest levels of GDP growth since the mid-2000s. Recent forecasts (*source: Goodbody*) for the Irish economy are now predicting GDP growth of 4.1% in 2016 and 2.8% in 2017. Consumer confidence remains high with the recovery in consumer spend accelerating during 2015, at 4.5% and forecast to grow 3.9% in 2016. The labour market continues to improve, with unemployment down to 8.4% in July 2016, down from 9.2% in July 2015 and is forecast to fall further during the remainder of 2016. There has also been strong employment growth, with 56,200 new jobs created in the twelve months to June 2016, an increase of 2.9% on the twelve month period to June 2015. This strong employment market is resulting in a return to wage growth, with an increase of 1.6% during 2016, with expectations of an increase in growth during 2016, which will reinforce a strengthening residential housing market. This improving economic backdrop is key to improving affordability, an important ingredient in underpinning housing demand.

Whilst it is too early to fully assess the impact of Brexit, Cairn believes that Brexit may result in increased FDI, which would further add to the demand for housing. Given the Dublin focus of our land-bank, this will potentially have a positive impact on Cairn's business in the future.

OUTLOOK
The recent improvement in mortgage approvals and drawdowns is encouraging, as is more recent evidence of increasing competition on mortgage rates and the upcoming review of the CBI macro-prudential rules due to be published in November. Affordability is improving, an important ingredient in underpinning housing demand, with wage growth returning and the likely downward trend on personal tax rates. In addition, the regulatory environment remains positive. The recently announced Government Action Plan for Housing and Homelessness combined with the Government Help to Buy initiative, which is expected to be included in Budget 2017, will help to further improve the environment in which the Company operates. Stronger than expected sales levels in Parkside over the summer months will also positively impact on second-half completion targets.

CAIRN HOMES PLC
PRINCIPAL RISKS AND UNCERTAINTIES

The principal operating risks and our approach to mitigating those risks is set out in more detail below.

Risk Description	Mitigation
Economic Conditions Cairn's business is particularly sensitive to the performance of the wider economy and particularly changes in interest rates, employment and general consumer confidence. Changes in economic conditions in Ireland (which are linked to the performance of the broader global economy, given Ireland's open economy) are likely to impact on house prices and house sales rates.	Cairn's business strategy reflects the cyclical nature of the industry. The Board and the management team closely monitor economic indicators for indications of weakness in the economy. Internal process in place to track margin impact of reduction in sales prices. Regular impairment reviews.
Mortgage Availability & Affordability The availability of mortgage finance, particularly the deposit and income requirements set by the Regulator on mortgage lending, is a significant factor in customer demand.	The Group monitors mortgage availability including any impact from regulations on mortgage lending and rates on an ongoing basis and it is a standing item at Board meetings for discussion. The Group also considers the benefits of products used in other jurisdictions to stimulate supply in the market and considers whether such an approach is appropriate for the Irish market.
Health & Safety Health and Safety breaches can result in injuries to Cairn staff or sub-contractors operating on Cairn sites and/or result in delays in construction or increased costs, in addition to reputational damage and potential litigation.	The Health & Safety department operates independently of the construction division and reports directly to Head Office in order to maintain independence. Reportable and non-reportable incidents are measured across sites and reported to management and the Board on a regular basis in order to track trends across and within sites. A strong Health & Safety culture exists across the organisation. A formalised (industry standard) Safety Cert system has been introduced, which includes a robust management system and includes regular safety audits and scoring of results.
Availability and Strength of Sub-Contractors The risk that the Group is unable to attract the right quantity and quality of sub-contractors, which are critical to delivery of the Group's homes, due to the outsourced business model applied by the Group.	Supply agreements are fixed for all, or a significant portion of a scheme, in order to ensure that supply is guaranteed. Given the size of the Group's land-bank and its position in the market-place, it is a very attractive client for sub-contractors. Senior and middle management have many years of experience in the industry and strong relationships with and knowledge of key suppliers. The Group ensures payments are made on time to key suppliers in order to maximise their liquidity as they scale their operations in conjunction with the Group. Approved sub-contractors are circulated on all relevant tenders.
Succession Planning A risk that the loss of key staff will result in a loss of key corporate knowledge and consequential impact on operations.	Ensuring that a strong number two is in place across all key functional areas. Regular interaction across the various departments in order to ensure strong knowledge transfer. Performance monitoring of key individuals. Active talent management and staff development. Ensure that remuneration policy is robust enough to meet market demands.

CAIRN HOMES PLC
PRINCIPAL RISKS AND UNCERTAINTIES *(continued)*

Risk Description	Mitigation
Recruitment and Retention of Key Personnel The risk that the Group does not have a sufficiently robust HR strategy in place in order to ensure the Group's recruitment policy/plans are delivered and that key staff are retained.	The Group's ambitious growth plans make it an attractive place of employment for high calibre staff. The Group has a remuneration policy in place that is competitive in the marketplace. The Group is putting a HR policy in place in order to ensure a more positive work environment is in place. Performance reviews are performed to keep staff motivated.
Financial Controls Framework The risk or failure to adhere to agreed policies, procedures and processes due to a lack of financial controls in place, leading to potential financial misstatement, fraudulent behaviour or a potential financial loss to the Group.	Policies are in place across the Group in order to minimise risks in key areas. The Group only commenced its principal activities from the date of IPO in June 2015, as a result the financial control environment continues to be developed in conjunction with the growth in the underlying business. Head Office personnel with direct site operational knowledge monitor site activity.
Liquidity Management The risk the Company does not maintain sufficient liquidity headroom to ensure that it can always meet its working capital requirements as they fall due. Risk that slower than expected sales impact on the Company's liquidity position. The risk that failure to comply with the Group's banking covenants results in the withdrawal of funding lines.	The Group will ensure that it always has sufficient liquidity in place to meet its cash flow requirements for the next 18 months. The Group prepares regular forecasts that look at both its short-term and longer-term requirements. Regular monitoring, forecasting and reporting of banking covenants. Speed of delivery on individual schemes takes account of sales absorption rates across each individual scheme.
Loan To Own The risk that the Group does not manage the loan foreclosure process arising from the original acquisition of the Project Clear portfolio, which could have legal, operational and/or financial implications for the Group.	The Group has appointed Hudson Advisors, who are an experienced Central Bank approved loan servicing agent and are operating to the business plans that the Group put in place to manage the foreclosure process. Regular meetings with the Group's loan service agent and all relevant advisors in order to ensure that the Group is fully briefed on the implementation of its loan to own strategy.
Planning Regulations Inability to adhere to the complex and stringent regulatory environment that applies to the building industry. Risk that the Government will introduce new legislation that results in material cost, or time delays for the Group.	Group monitors all policy changes through its planning department and the experienced team is well placed to interpret regulatory changes. The Group uses external advisors who advise it on any changes to relevant legislation. Rigorous design standards for the homes that the Group develops. Participation in industry advocacy groups.
Programme Risk/Project Planning The risk that the Group incurs costs which are higher than expected or experiences delays in construction due to poor planning	Robust project plans and controls are in place. Monthly reporting of all project costs, with variances and explanations highlighted in monthly reports. Key oversight personnel in place across all projects.

CAIRN HOMES PLC
STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE HALF-YEARLY FINANCIAL REPORT
For the six month period ended 30 June 2016

Each of the directors, whose names and functions are listed in on page 25, confirm our responsibility for preparing the half year financial report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the Transparency Rules of the Central Bank of Ireland and with IAS 34 *Interim Financial Reporting*, as adopted by the EU, and to the best of each person's knowledge and belief:

(a) the condensed interim financial statements comprising the condensed consolidated statement of comprehensive income, the condensed consolidated statement of financial position, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and related notes 1 to 19 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU.

(b) the interim management report includes a fair review of the information required by:

(I) *Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(ii) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

Signed on behalf of the Board

John Reynolds	Michael Stanley
Chairman	Chief Executive Officer

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For the six month period ended 30 June 2016

		For six month period ended 30 June 2016			For the period from incorporation on 12 Nov 2014 to 30 June 2015		
	Note	Before Exceptional Items €'000	Exceptional items (Note 15) €'000	Total €'000	Before Exceptional Items €'000	Exceptional items €'000	Total €'000
Continuing operations							
Revenue	2	16,003	-	**16,003**	51	-	**51**
Cost of sales		(13,360)	-	**(13,360)**	-	-	**-**
Gross profit		2,643	**-**	**2,643**	**51**	**-**	**51**
Other income	3	3,531	-	**3,531**	-	-	**-**
Administration expenses		(3,331)	(1,212)	**(4,543)**	(948)	(1,086)	**(2,034)**
Fair value charge relating to Founder Shares		-	-	**-**	-	(29,100)	**(29,100)**
Operating profit/(loss)		2,843	(1,212)	**1,631**	(897)	(30,186)	**(31,083)**
Finance income		21	-	**21**	8	-	**8**
Finance costs	4	(2,353)	-	**(2,353)**	(159)	(1,858)	**(2,017)**
Profit/(Loss) before taxation		511	(1,212)	**(701)**	(1,048)	(32,044)	**(33,092)**
Income tax credit	5			**122**			**213**
Loss for the period attributable to owners of the Company				**(579)**			**(32,879)**
Other comprehensive income				**-**			**-**
Total comprehensive loss for the period attributable to owners of the Company				**(579)**			**(32,879)**
Basic loss per share	12			**(€0.001)**			**(€0.85)**
Diluted loss per share	12			**(€0.001)**			**(€0.85)**

The notes to the interim consolidated financial statements on pages 13 to 23 form an integral part of this financial information.

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

Assets	Note	30 Jun 2016 Unaudited €'000	31 Dec 2015 Audited €'000
Non-current assets			
Property, plant & equipment		540	130
Intangible assets		208	130
Restricted cash	9	27,000	27,000
		27,748	**27,260**
Current assets			
Loan assets	6	16,000	382,951
Inventories	7	657,122	149,331
Deposits paid	8	2,225	5,000
Trade and other receivables		11,104	2,962
Cash and cash equivalents	9	117,082	6,551
		803,533	**546,795**
Total assets		**831,281**	**574,055**
Equity			
Share capital	10	794	637
Share premium	10	697,733	521,390
Share-based payment reserve		29,134	29,118
Retained earnings		(61,601)	(53,155)
Total equity		**666,060**	**497,990**
Liabilities			
Non-current liabilities			
Loans and borrowings	11	148,419	63,543
Derivative liability		-	514
Deferred taxation	5	6,120	815
		154,539	**64,872**
Current liabilities			
Trade and other payables		10,682	11,193
Total liabilities		**165,221**	**76,065**
Total equity and liabilities		**831,281**	**574,055**

The notes to the interim consolidated financial statements on pages 13 to 23 form an integral part of this financial information.

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six month period ended 30 June 2016

	Share Capital							
	Ordinary Shares	**A Ordinary Shares**	**Deferred Shares**	**Founder Shares**	**Share Premium**	**Share-based payment Reserve**	**Retained Earnings**	**Total**
	€'000	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
As at 01 January 2016	**517**	**-**	**20**	**100**	**521,390**	**29,118**	**(53,155)**	**497,990**
Total comprehensive loss for the period								
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**(579)**	**(579)**
	-	**-**	**-**	**-**	**-**	**-**	**(579)**	**(579)**
Transactions with owners of the company								
Issue of ordinary shares for cash	157	-	-	-	176,343	-	-	**176,500**
Share issue costs	-	-	-	-	-	-	(7,867)	**(7,867)**
Equity-settled share-based payments	-	-	-	-	-	16	-	**16**
	157	**-**	**-**	**-**	**176,343**	**16**	**(7,867)**	**168,649**
As at 30 June 2016	**674**	**-**	**20**	**100**	**697,733**	**29,134**	**(61,601)**	**666,060**

The notes to the interim consolidated financial statements on pages 13 to 23 form an integral part of this financial information.

CAIRN HOMES PLC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period from incorporation 12 Nov 2014 to 30 June 2015

	Share Capital							
	Ordinary Shares	A Ordinary Shares	Deferred Shares	Founder Shares	Share Premium	Share-based payment Reserve	Retained Earnings	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
As at 12 November 2014	-	-	-	-	-	-	-	-
Total comprehensive loss for the period								
Loss for the period	-	-	-	-	-	-	(32,879)	(32,879)
	-	-	-	-	-	-	(32,879)	(32,879)
Transactions with owners of the company								
Issue of ordinary shares for cash	443	-	-	-	442,617	-	-	**443,060**
Share issue costs	-	-	-	-	-	-	(14,605)	**(14,605)**
Issue of founder shares for cash	-	-	-	100	100	-	-	**200**
Issue of ordinary shares for business combination	27	-	-	-	26,630	-	-	**26,657**
Issue of A ordinary shares for cash	-	20	-	-	-	-	-	**20**
Conversion of A ordinary shares to deferred shares	-	(20)	20	-	-	-	-	**-**
Equity-settled share-based payments	-	-	-	-	-	29,101	-	**29,101**
	470	**-**	**20**	**100**	**469,347**	**29,101**	**(14,605)**	**455,567**
As at 30 June 2015	**470**	**-**	**20**	**100**	**469,347**	**29,101**	**(47,484)**	**451,554**

The notes to the interim consolidated financial statements on pages 13 to 23 form an integral part of this financial information.

CAIRN HOMES PLC
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
For the six month period ended 30 June 2016

	Note	For the six month period ended 30 June 2016 €'000	For the period from incorporation on 12 Nov 2014 to 30 June 2015 €'000
Cash flows from operating activities			
Loss for the period		(579)	(32,879)
Adjustments for:			
Share-based payments expense		16	29,101
Non-cash expense in relation to the acquisition of Emerley Holdings Limited		-	2,944
Finance costs		2,353	159
Finance income		(21)	(8)
Depreciation		37	-
Taxation		(122)	(213)
		1,684	**(896)**
Increase in inventories		(77,660)	(41,834)
Decrease in loan assets		26,768	-
Increase in deposits paid		(625)	(5,095)
Increase in trade and other receivables		(2,344)	(402)
(Decrease)/Increase in trade and other payables		(1,469)	1,819
Net cash used in operating activities		**(53,646)**	**(46,408)**
Cash flows from investing activities			
Acquisition of Argentum	15	(86,074)	-
Cash acquired on acquisition of Argentum	15	818	-
Cash acquired on acquisition of Emerley Holdings Limited		-	1,963
Purchases of property, plant and equipment		(410)	(3)
Purchases of intangible assets		(68)	-
Net cash used in investing activities		**(85,734)**	**1,960**
Cash flows from financing activities			
Proceeds from issue of share capital, net of issue costs paid	10	168,018	433,375
Proceeds from borrowings, net of debt issue costs	11	99,527	-
Repayment of loans	11	(15,500)	-
Interest paid		(2,134)	-
Net cash from financing activities		**249,911**	**433,375**
Net increase in cash and cash equivalents in the period		**110,531**	**388,927**
Cash and cash equivalents at beginning of period		**6,551**	**-**
Cash and cash equivalents at the end of period		**117,082**	**388,927**

The notes to the interim consolidated financial statements on pages 13 to 23 form an integral part of this financial information.

CAIRN HOMES PLC
NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

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 2016, have been prepared in accordance with *IAS 34 "Interim Financial Reporting"* as adopted by the European Union.

The Group condensed interim financial statements do not include all of 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 2015. 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 period ended 31 December 2015. 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 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 period from incorporation on 12 November 2014 to 31 December 2015.

The new IFRS standards, amendments to standards or interpretations that are effective for the first time in the financial year ending 31 December 2016 have not had a significant impact on the Group's reported profit or net assets in these interim financial statements.

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:

- carrying value of inventories and allocations from inventories to cost of sales (Note 7)
- transfer of loan assets to development land collateral within inventories (Notes 6 and 7)
- acquisition accounting, including allocation of fair value of consideration (Note 15)

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 24 August 2016.

2. Revenue

	For six month period ended 30 June 2016 €'000	For the period from incorporation on 12 Nov 2014 to 30 June 2015 €'000
Residential property sales	15,390	-
Income from property rental	613	51
	16,003	**51**

Residential property sales includes €3.8 million from the sale of residential properties acquired in Project Clear (Note 7).

3. Other income

	For six month period ended 30 June 2016	For the period from incorporation on 12 Nov 2014 to 30 June 2015
	€'000	€'000
Gains on settlement of loans	1,443	-
Other gains	2,088	-
	3,531	**-**

During the period, gains of €1.4 million were made from the settlement of certain loans from the Project Clear distressed loan portfolio (Note 6), relating to development sites which the Group will not develop itself.

Other gains includes a benefit of €2.1 million relating to the release of a liability which had been assumed for certain expected payments to third parties, arising on the Project Clear distressed loans acquisition, that are no longer payable.

4. Finance costs

	For six month period ended 30 June 2016	For the period from incorporation on 12 Nov 2014 to 30 June 2015		
	Total	Before Exceptional items	Exceptional items	Total
	€'000	€'000	€'000	€'000
Finance Costs				
Interest expense on financial liabilities measured at amortised cost	**(2,226)**	(159)	(1,858)	**(2,017)**
Other finance costs	**(127)**	-	-	**-**
	(2,353)	**(159)**	**(1,858)**	**(2,017)**

The above interest expense for the period to 30 June 2016 relates to interest on the drawn Term Loan and Revolving Credit Facility, net of amortised finance costs and transaction costs, plus commitment fees on the undrawn facility during the period.

5. Current and deferred taxation

	For six month period ended 30 June 2016 €'000	For the period from incorporation on 12 Nov 2014 to 30 June 2015 €'000
Current tax charge for the period	-	-
Deferred tax credit for the period	(122)	(213)
Total income tax credit	**(122)**	**(213)**

Deferred tax
The deferred tax liability is comprised of the following:

	30 Jun 2016 €'000	31 Dec 15 €'000
Opening balance	815	-
Liability on acquisition of Emerley Holdings Limited	-	1,127
Liability on acquisition of Argentum (Note 15)	5,427	-
Credited to profit or loss	(122)	(312)
As at period end	**6,120**	**815**

6. Loan assets

	30 Jun 2016 €'000	31 Dec 2015 €'000
Loan receivables	16,000	378,681
Construction bonds	-	4,270
	16,000	**382,951**

The loan receivables were acquired at a substantial discount to their nominal value reflecting their distressed state at the time of acquisition. The fair value of the loan receivables at acquisition was based on the value of the secured real estate collateral. Direct transaction costs incurred relating to the acquisition of these loans were capitalised.

During the period the Group realised proceeds of €28.2 million from the settlement of loans. At 30 June 2016, loans with a carrying value of €16 million are expected to be repaid.

During the period, the Group has commenced the foreclosure process, whereby the substantial majority of loans will be recovered by obtaining the underlying collateral. Accordingly, the loans in foreclosure have been derecognised as financial assets, and the related collateral assets have been transferred to inventory, as detailed further in Note 7, which reflects the substance of these assets.

As a consequence, the related construction bonds have been transferred to trade and other receivables. The carrying value of construction bonds as at 30 June 2016 was €3.8 million.

7. Inventories

	30 Jun 2016 €'000	31 Dec 2015 €'000
Land held for development	420,407	132,074
Construction work in progress	24,560	17,257
Development land collateral (for loans in the foreclosure process)	212,155	-
	657,122	**149,331**

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.

Having considered the current market conditions and development potential, the directors do not consider there to be any factors that give rise to concern in relation to the net realisable value of the Group's inventories as at 30 June 2016. Consequently, the directors believe that the carrying value of inventories is stated at the lower of cost and net realisable value.

Following the end of the sub-participation period in February 2016, as further detailed in Note 6, the Group has commenced the foreclosure process of transferring development land collateral into its direct ownership. Consequently, the cost of the development land collateral attaching to the relevant Project Clear distressed loan assets is now shown within inventories. The carrying value of this collateral property at 30 June 2016 was €212.2 million.

During the period, assets attached to 9 of the original distressed loans acquired, with a total cost of €126.1 million, have transferred from development land collateral to directly owned land held for development. In addition, the Group realised proceeds of €3.8 million from the sale of residential properties acquired in Project Clear, which are included in revenue (Note 2).

8. Deposits Paid

	30 Jun 2016 €'000	31 Dec 2015 €'000
Deposits paid	2,225	5,000
	2,225	**5,000**

Deposits paid at 30 June 2016 represent booking deposits paid on purchase agreements relating to two separate development properties. As at 30 June 2016, these acquisitions had not closed. One of these deposits relates to a contract to purchase a site, which formed part of the Argentum transaction (Note 15), which is expected to complete in the coming weeks.

9. Restricted Cash and Cash and Cash Equivalents

	30 Jun 2016 €'000	31 Dec 2015 €'000
Non-current		
Restricted cash	27,000	27,000

€27 million of restricted cash is required to be maintained in an interest-bearing blocked deposit for the duration of the Group's senior debt facilities (Note 11), as part of the collateral for those facilities. The estimated fair value of restricted cash at 30 June 2016 is €27 million.

	30 Jun 2016 €'000	31 Dec 2015 €'000
Current		
Cash and cash equivalents	117,082	6,551

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.

10. Share Capital and Share Premium

	30 Jun 2016		31 Dec 2015	
	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 2016	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary Shares of €0.001 each	674,252,686	674	697,633	698,307
Founder Shares of €0.001 each	100,000,000	100	100	200
Deferred Shares of €0.001 each	19,980,000	20	-	20
A Ordinary Shares of €1.00 each	-	-	-	-
		794	**697,733**	**698,527**

10. Share Capital and Share Premium *(continued)*

As at 31 December 2015	Number	Share Capital €'000	Share Premium €'000	Total €'000
Issued and fully paid				
Ordinary Shares of €0.001 each	516,663,977	517	521,290	521,807
Founder Shares of €0.001 each	100,000,000	100	100	200
Deferred Shares of €0.001 each	19,980,000	20	-	20
A Ordinary Shares of €1.00 each	-	-	-	-
		637	**521,390**	**522,027**

Share Issues

On 19 April 2016, the Company issued 48,875,000 Ordinary Shares at €1.12 each through a Firm Placing and 110,713,709 Ordinary Shares at €1.12 each through a Placing and Open Offer, raising gross proceeds of €176.5 million.

Share issue costs of €7.9 million have been charged directly in equity to retained earnings.

11. Loans and Borrowings

	30 Jun 2016 €'000	31 Dec 2015 €'000
Non-current liabilities		
Bank loans		
Repayable as follows:		
Between one and two years	-	-
Between two and five years	148,419	63,543
Total Borrowings	**148,419**	**63,543**

On 8 February 2016, €42 million was drawn down on the Term Loan by the Group. A further €8 million was drawn on 11 March 2016, with a further €50 million drawn on 3 May 2016, in line with the terms of the Term Loan.

On 9 June 2016, the Group repaid the Revolving Credit Facility of €15.5 million. The Group has an undrawn Revolving Credit Facility of €50 million available as at 30 June 2016.

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

12. Earnings per Share

The basic loss per share for the period ended 30 June 2016 is based on the loss attributable to ordinary shareholders of €0.579 million and the weighted average number of ordinary shares outstanding for the period. There is no difference between basic and diluted loss per share. The potential ordinary shares from share-based payment arrangements are not dilutive in view of the loss made in the period.

	30 Jun 2016	30 Jun 2015
Loss attributable to ordinary shareholders (€'000)	(579)	(32,879)
Weighted average number of ordinary shares for period	579,351,198	38,677,150
Basic and diluted loss per share	0.1 cents	85 cents

13. Dividends

There were no dividends declared and paid by the Company during the reporting period and there were no dividends proposed by the directors in respect of the reporting period up to the date of authorisation of these interim financial statements.

14. Related Party Transactions

Edward Square Limited, an entity directly owned by Alan McIntosh, a director, recharged €0.105 million in the period to the Group for professional services and expenses incurred on behalf of the Group.

15. Business Combination

On 21 April 2016, the Company acquired 100% of the share capital of Argentum Property Holdco Limited ("Argentum") for a consideration of €91.2 million. This acquisition had been conditional on the successful completion of the Company's Firm Placing and Placing and Open Offer. The purpose of the acquisition was to acquire Argentum's business of the development of residential properties at Ashbourne, Naas, Greystones, Griffith Avenue, Dollymount and Swords.

The fair value of recognised amounts of assets acquired and liabilities assumed were as follows:

	€'000
Inventories	94,324
Receivables	1,050
Deposit paid	1,600
Cash and cash equivalents	818
Current liabilities	(1,178)
Deferred tax liability	(5,427)
Total Fair Values of Net Assets Acquired	**91,187**
Consideration satisfied by:	
Cash paid to date (including €5 million deposit paid in 2015)	91,074
To be paid	113
Consideration Fair Value	**91,187**

15. Business Combination (continued)

The total fair value of assets acquired was €91.2 million, which has been satisfied by the cash consideration of €91.2 million. Inventories of €94.3 million reflect the fair value, as at the date of acquisition, of development properties owned by Argentum and a conditional purchase contract to acquire the Greystones site. The completion of the acquisition of the Greystones sites is expected to take place in the coming days at a cost of €14.4 million, which is payable to the vendors of the Greystones site. The combined total of the consideration paid for Argentum and the payment to complete the Greystones site purchase is €105.6 million.

Transaction costs of €1.2 million have been charged to the profit or loss in accordance with IFRS 3. As the acquisition of a business is a non-routine transaction, these have been classified as an exceptional item.

From the acquisition date to 30 June 2016, this acquisition contributed revenue and operating profit of nil to the consolidated results of the Group. If the acquisition had occurred with effect from the beginning of the period, it would have contributed revenue and operating profit of nil to the consolidated results of the Group for the period.

16. Financial Risk Management

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

- credit risk
- liquidity risk
- 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.

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

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 loan assets, 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 2016, the Group's deposits were held in three Irish financial institutions with a minimum credit rating of BBB-.

	30 Jun 2016	**31 Dec 2015**
	€'000	**€'000**
Carrying amount		
Loan receivables (Note 6)	16,000	378,681
Other receivables **	6,239	5,131
Restricted cash – non current	27,000	27,000
Cash and cash equivalents - current	117,082	6,551
	166,321	**417,363**

**Other receivables includes construction bonds and excludes VAT receivables.

16. Financial Risk Management (continued)

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 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 on trade and other receivables together with expected cash outflows on trade and other payables and commitments. All trade and other payables (€10.7 million) at 30 June 2016 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 11 and cash and cash equivalents as detailed in note 9) against rolling cash flow forecasts. In addition, the Group's liquidity risk management policy involves monitoring short term and long term cash flow forecasts.

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.

Currency risk

The Group is not exposed to currency risk. The Group operates only in the Republic of Ireland.

Interest rate risk

At 30 June 2016, the Group had Term Loan and Revolving Credit facilities with AIB and Ulster Bank that had a principal drawn balance of €150 million, with a variable interest rate of Euribor (with a 0% floor), plus a margin of 3%. The Group has an exposure to cash flow interest rate risk where there are changes in Euribor rates.

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;

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
Loan assets – as at 30 June 2016	Amortised cost	3	Discounted Cash Flow	Valuation based on discounted cash flows from expected settlement proceeds.
Loan assets – as at 31 December 2015	Amortised cost	3	Assessed in relation to collateral value	Valuation of collateral is subjective based on agents' guide sales prices and market observation of similar property sales where available, expected scale of development and development costs assumptions.
Borrowings	Amortised cost	3	Discounted Cash Flow	Variable rate loan which is interest bearing at market rates. Carrying value approximates to fair value.

16. 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 Jun 2016	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial Assets measured at amortised cost				
Loan assets	16,000			16,000
Other receivables	6,239			
Cash and cash equivalents - current	117,082			
Restricted cash – non current	27,000			
	166,321			
Financial Liabilities measured at amortised cost				
Trade and other payables	10,682			
Borrowings	148,419			148,419
	159,101			

	31 Dec 2015	Fair Value		
	Carrying Value	Level 1	Level 2	Level 3
	€'000	€'000	€'000	€'000
Financial Assets measured at amortised cost				
Loan assets	382,951			382,951
Other receivables	861			
Cash and cash equivalents - current	6,551			
Restricted cash – non current	27,000			
	417,363			
Financial Liabilities measured at amortised cost				
Trade and other payables	11,193			
Borrowings	63,543			63,543
	74,736			
Financial Liabilities measured at fair value				
Derivative liability	514		514	
	514			

17. Commitments and contingent liabilities

In relation to the Group's Cherrywood site, on the grant of planning consent for that site, there is a conditional contract to acquire a directly adjoining lot at a cost of €9.2 million.

18. Events after the Reporting Period

On 16 August 2016, the Company issued 15,021,937 Ordinary Shares (through the conversion of 15,021,937 Founder Shares) to the Founder Group of Michael Stanley, Alan McIntosh and Kevin Stanley.

19. Approval of Financial Statements

These financial statements were approved by the Board on 24 August 2016.

Independent Review Report to Cairn Homes plc

Introduction

We have been engaged by the Company to review the condensed set of consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2016 which comprises the condensed consolidated statement of 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. The financial reporting framework that has been applied in their preparation is International Financial Reporting Standards ("IFRS") as adopted by the EU. Our review was conducted in accordance with 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 2016 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU, the TD Regulations and the Transparency Rules of the Central Bank of Ireland, and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority.

Basis of our report, responsibilities and restriction on use

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 TD Regulations and the Transparency Rules of the Central Bank of Ireland, and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. 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 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.

We conducted our review in accordance with 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 (UK and 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.

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 2004/109/EC) Regulations 2007 as amended ("the TD Regulations") and the Transparency Rules of the Central Bank of Ireland, and the Disclosure and Transparency Rules of the UK's Financial Conduct Authority. 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
Chartered Accountants
1 Stokes Place
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Dublin 2

24 August 2016

CAIRN HOMES PLC
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Michael Stanley (Chief Executive Officer)
Andrew Bernhardt (Non-Executive, British)
Gary Britton (Non-Executive)
Giles Davies (Non-Executive, British)
Alan McIntosh (Executive, British)
Aidan O'Hogan (Non-Executive)
Eamonn O'Kennedy (Group Finance Director)

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