

Thursday 11<sup>th</sup> September 2003

## **McInerney Holdings plc**

### **Interim Statement for the six months to 30<sup>th</sup> June 2003**

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#### **Highlights:**

- Pre-tax profits increased by 17% to €8.53m (2002: €7.30m)
- Earnings per share up 20% to 21.00 cent (2002: 17.47 cent)
- 355 completed unit sales in Irish Housing
- 181 completed unit sales in UK Housing
- 34 completed sales at Los Flamingos, Marbella

McInerney Holdings plc reports a profit before taxation of €8.53m for the period ending 30<sup>th</sup> June 2003. This compares to €7.30m for the corresponding period last year and is an increase of 17%. Group turnover increased from €111.3m to €138.5m. Basic earnings per share were 21.00 cent compared to 17.47 cent for the same period in 2002, representing an increase of 20%.

The Directors are very pleased with this performance and note with particular satisfaction the increasing contribution of our UK business to the Group's result.

This accomplishment reflects favourable market conditions and good product positioning which supported a strong level of sales being achieved across all key areas. This has resulted in both our Irish and UK housing divisions being strongly forward sold into the latter half of the year. Consequently, the Directors are confident of a strong second half result and overall result for the year.

#### **Dividend**

The Directors are pleased to report further progress in our dividend policy, with the commencement of the payment of an interim dividend with the half-year results. This interim dividend of 5 cent gross will be paid on Friday, 3<sup>rd</sup> of October 2003 to shareholders on the register on Friday, 19<sup>th</sup> September 2003.

## **Corporate**

Share activities in June saw some substantial blocks of our shares trading on the market. As a result, the Group now has a more diversified shareholding base incorporating a broad range of investors, which provides for improved liquidity in our shares going forward.

It is pleasing to note the purchase of a significant block of the shares by the Group's senior management team, doubling their stake to around 17%. This highlights their commitment and confidence in the Group's operations and growth strategies.

## **Ireland**

The Irish private house building division demonstrated a solid performance for the first six months. It constructed and handed over some 355 units compared to 369 for the same period last year. There will be a very strong level of completions in the second half of the year. As a result, an increase in the full year completions from 879 in 2002 to over 900 in 2003 is expected.

The demand for housing in the Group's core first time buyer markets continues to be strong and we continue to position our product in this sector.

A positive result was recorded by our housing contracting division. This division will contribute favourably to the Group's full year result.

Hillview Securities, the Group's commercial division has commenced the process of upgrading tenancies and disposing of individual units at the recently acquired Hibernian Industrial in West Dublin. This is progressing very satisfactorily and will reflect positively on Hillview's results in 2003 and 2004.

Plans are in progress to maximise the opportunity presented by our recent acquisition of the extension premises of the Eyre Square Shopping Centre, Galway. Whilst, the market for industrial units remains quiet in many areas, Hillview is broadening its market spread with the recent purchase of a new industrial site in Newtownmountkennedy, Co Wicklow. As indicated at the AGM, a good result is expected from this division in 2003.

## **UK**

The performance this year of our UK division has also been solid. It has achieved critical mass in the North West England market. It is ideally placed to take advantage of emerging growth opportunities. It is also well on course to achieve the Group's five year strategy to enlarge the UK business to a situation where it corresponds in size to our successful Irish house building operation. A buoyant sales record has been achieved for the first six months with 181 sales completed compared to 53 for the same period in 2002. Another good performance in the second half of the year is anticipated.

The Group is actively seeking opportunities for regional expansion in the UK marketplace.

## **Spain**

In the first half of 2003, sales of 34 apartments at the Los Flamingos development were closed. It is expected that a total of 79 units will be closed by year-end, completing the first phase of the development.

The favourable positioning of our rental product at Alanda Club, Marbella has enabled us to achieve growth in this year's slower market.

The Group is actively considering new opportunities, which should lead to further profit growth in this division in future years.

**Outlook**

We are on course to achieve our five-year strategic growth plan. The full year result will continue this growth pattern and a strong performance is anticipated.

*Roy Ferris*  
*Chairman*

**ENDS**

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**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the period ended 30 June 2003

	<b>30 June 2003 €'000 (unaudited)</b>	<b>30 June 2002 €'000 (unaudited)</b>	<b>31 December 2002 €'000 (audited)</b>
<b>TURNOVER INCLUDING GROUP SHARE OF JOINT VENTURES</b>			
Continuing Operations	139,973	101,794	231,148
Acquisitions	-	10,641	30,453
	<u>139,973</u>	<u>112,435</u>	<u>261,601</u>
Less: Share of Joint Ventures Turnover	(1,504)	(1,179)	(3,547)
<b>GROUP TURNOVER</b>	<u>138,469</u>	<u>111,256</u>	<u>258,054</u>
<b>COST OF SALES</b>	(115,738)	(91,921)	(213,876)
<b>GROSS PROFIT</b>	<u>22,731</u>	<u>19,335</u>	<u>44,178</u>
Administrative Expenses	(11,948)	(9,927)	(19,885)
<b>GROUP OPERATING PROFIT</b>	<u>10,783</u>	<u>8,736</u>	<u>22,199</u>
Continuing Operations	10,783	8,736	22,199
Acquisitions	-	672	2,094
	<u>10,783</u>	<u>9,408</u>	<u>24,293</u>
<b>Share of Operating Profits in Joint Ventures</b>			
Continuing Operations	744	740	986
Acquisitions	-	(11)	945
<b>TOTAL OPERATING PROFITS INCLUDING JOINT VENTURES</b>	<u>11,527</u>	<u>10,137</u>	<u>26,224</u>
Interest Payable and Similar Charges	(2,999)	(2,836)	(5,600)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	<u>8,528</u>	<u>7,301</u>	<u>20,624</u>
Taxation Charge arising on Ordinary Activities	(1,663)	(1,609)	(4,220)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	<u>6,865</u>	<u>5,692</u>	<u>16,404</u>
Proposed Dividend	(1,634)	-	(2,039)
<b>PROFIT RETAINED FOR THE PERIOD</b>	<u>5,231</u>	<u>5,692</u>	<u>14,365</u>
<b>BASIC EARNINGS PER SHARE</b>	21.00 c	17.47 c	50.32 c
<b>FULLY DILUTED EARNINGS PER SHARE</b>	20.33 c	16.83 c	48.49 c

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED BALANCE SHEET**  
As at 30 June 2003

	30 June 2003 €'000 (unaudited)	30 June 2002 €'000 (unaudited)	31 December 2002 €'000 (audited)
<b>FIXED ASSETS</b>			
Intangible Assets	13,819	16,959	15,084
Tangible Assets	14,544	11,446	13,786
Financial Assets			
Joint Ventures:			
Share of Gross Assets	12,141	8,423	9,057
Share of Gross Liabilities	(10,763)	(7,866)	(8,263)
Loans to Joint Ventures	2,800	1,063	3,238
	4,178	1,620	4,032
<b>TOTAL FIXED ASSETS</b>	<b>32,541</b>	<b>30,025</b>	<b>32,902</b>
<b>CURRENT ASSETS</b>			
Stocks	197,502	154,367	178,994
Debtors	43,699	33,352	30,700
Cash at Bank and in Hand	23,422	21,015	20,994
	264,623	208,734	230,688
<b>CREDITORS (Amounts falling due within one year)</b>			
Bank Loans and Overdrafts	39,924	32,283	23,642
Trade and Other Creditors	113,397	82,324	106,992
	153,321	114,607	130,634
<b>NET CURRENT ASSETS</b>	<b>111,302</b>	<b>94,127</b>	<b>100,054</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>143,843</b>	<b>124,152</b>	<b>132,956</b>
<b>CREDITORS (Amounts falling due after more than one year)</b>			
Bank Loans	60,862	56,394	55,615
Other Creditors	3,550	4,465	3,710
	64,412	60,859	59,325
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred Taxation	1,158	353	1,173
	78,273	62,940	72,458
<b>FINANCED BY :</b>			
<b>CAPITAL AND RESERVES</b>			
Called up Share Capital	4,086	4,076	4,078
Capital Conversion Reserve Fund	62	62	62
Share Premium Account	16,443	16,329	16,358
Revaluation Reserve	2,159	138	2,159
Profit and Loss Account	55,523	42,335	49,801
<b>TOTAL SHAREHOLDERS' FUNDS - ALL EQUITY</b>	<b>78,273</b>	<b>62,940</b>	<b>72,458</b>

**MC INERNEY HOLDINGS PLC**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the period ended 30 June 2003

	30 June 2003 €'000 (unaudited)	30 June 2002 €'000 (unaudited)	31 December 2002 €'000 (audited)
<b>Net Cash (Outflow) / Inflow from operating activities</b>	(10,726)	(4,069)	12,984
<b>DIVIDENDS RECEIVED FROM JOINT VENTURES</b>	-	100	576
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest Received	71	76	145
Interest Paid	(2,938)	(3,010)	(5,827)
Interest element of Finance Lease payments	(14)	(19)	(38)
	(2,881)	(2,953)	(5,720)
<b>TAXATION</b>	(2,395)	(3,405)	(4,942)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Expenditure on Tangible assets	(1,563)	(2,553)	(3,456)
Sale of Tangible Assets	133	39	208
Investment in Financial Assets	438	389	(1,663)
	(992)	(2,125)	(4,911)
<b>ACQUISITION OF SUBSIDIARY UNDERTAKING</b>	-	(9,770)	(10,309)
<b>EQUITY DIVIDEND PAID</b>	(2,039)	(1,465)	(1,465)
Net Cash Outflow before Financing	(19,033)	(23,687)	(13,787)
<b>FINANCING</b>			
Share Capital Subscribed	93	35	66
Repayment of Loans	(17,427)	(3,447)	(59,456)
Proceeds from Borrowings	35,744	13,587	74,550
Capital Element of Finance Lease Rentals	(161)	(123)	(242)
	18,249	10,052	14,918
<b>(Decrease) / Increase in cash in period</b>	(784)	(13,635)	1,131

**MC INERNEY HOLDINGS PLC**  
**NOTES TO THE INTERIM REPORT**  
For the period ended 30 June 2003

**1. Basis of preparation of Interim Financial Information**

The Interim Financial Information has been prepared on the going concern basis, and on the basis of the other accounting policies set out in the Group's published accounts for the year ended 31 December 2002.

**2. Segmental Analysis of Turnover and Profit**

		<b>30 June</b>	<b>30 June</b>	<b>31 December</b>
		<b>2003</b>	<b>2002</b>	<b>2002</b>
		<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(audited)</b>
<b>Group Turnover</b>				
Ireland:	Private Housing	60,165	57,152	137,189
	Developed Sites & Land	9,973	8,500	10,624
	Contracts	17,913	10,635	29,151
	Commercial	6,205	1,300	1,970
	Commercial Land	-	5,587	6,429
Spain:	Leisure	15,577	3,753	13,219
	Land	-	6,297	6,297
United Kingdom:	Private Housing	24,920	9,966	36,676
	Developed Sites & Land	-	-	2,476
	Contracts	3,716	8,066	14,023
Total Group Turnover		<u>138,469</u>	<u>111,256</u>	<u>258,054</u>
<b>Profit before Interest &amp; Taxation</b>				
Ireland:	Private Housing	7,190	7,944	18,643
	Developed Sites & Land	1,980	1,983	2,977
	Contracts	529	(626)	(747)
	Commercial	547	64	386
	Commercial Land	-	1,068	1,022
Spain:	Leisure	1,285	439	1,996
	Land	-	931	931
United Kingdom:	Private Housing	2,145	584	3,164
	Developed Sites & Land	-	-	729
	Contracts	(121)	(205)	1,021
Segment Profits		<u>13,555</u>	<u>12,182</u>	<u>30,122</u>
Common Costs		(1,528)	(1,540)	(2,929)
Costs incurred in on-going Development / Acquisition				
Activities		(104)	(103)	(175)
Goodwill		(396)	(402)	(794)
Net Interest Payable		(2,999)	(2,836)	(5,600)
<b>Profit Before Taxation</b>		<u>8,528</u>	<u>7,301</u>	<u>20,624</u>

**3. Taxation**

The taxation charge for the period is estimated based on the results for the period.

#### 4. Reconciliation of movement in Group Shareholders' Funds

	<b>€'000</b> <b>(unaudited)</b>
Opening Shareholders' Funds as at 1 January 2003	72,458
Retained Profit for the period	5,231
Proceeds of new Share Subscription	93
Currency Translation Adjustment	491
Closing Shareholders' Funds as at 30 June 2003	<u>78,273</u>

During the period 10,000 options were exercised at a price of €0.44 per share and a further 50,000 options were exercised at a price of €1.75 per share.