IRISH CONTINENTAL GROUP

PRELIMINARY STATEMENT

12 MONTHS TO 31 DECEMBER 2003

HIGHLIGHTS

- Turnover €304.3m (+4%)
- Car carryings 407,000 cars (+2%)
- RoRo units 201,000 units (+9%)
- Cashflow from operating activities €54.4m (-21%)
- Operating Profit* €28.9m (-17%)
- Adjusted EPS* 91.4c (+8%)
- Redemption of redeemable shares at 15c per redeemable share.
- Total redemption of redeemable shares for the year of 22.5c, a 14% increase on the 2002 total dividend of 19.665c.
- Net debt €125m (-21%)
- Share buyback of 5% of share capital at a cost of €9.8m (2002: €14.5m)
- Board Changes

*before exceptional items and goodwill amortisation

COMMENT

In comment, Chairman, Tom Toner stated

"This is my last report to you as Chairman and I am pleased to announce these results which are resilient in the context of challenging conditions for both the tourism and trade sectors. We achieved volume growth in difficult markets, although pricing in both the freight and passenger markets was extremely competitive. Tourism is recovering from the consequences of the Iraqi crisis while the recovery in the world economy is leading to improved trade flows. Our strong cash flow has enabled us to substantially reduce debt and buy back shares. It is imperative that we are successful in achieving cost reductions appropriate to the current competitive environment."

Eamonn Rothwell, Managing Director, added

"I would like to pay tribute to Tom Toner who has chaired Irish Continental Group for over 16 years during which time the evolution of the Group has been remarkable. Tom's role in our development has been immense. We wish him well in his retirement."

PRELIMINARY ANNOUNCEMENT OF RESULTS

12 MONTHS TO 31 DECEMBER 2003

RESULTS FOR YEAR

2003 was a challenging year for your Group. Nevertheless adjusted EPS was up 8% to 91.4 cent.

Turnover for the year was €304.3 million (2002: €293.6 million restated for FRS 5) with volume growth in both cars and freight, offset by currency effects resulting from the stronger Euro and a competitive pricing environment. Operating profit before depreciation, amortisation and exceptional items for the year was €53.4 million (2002: €63.2 million). Operating profit before exceptional items for the year was €28.9 million (2002: €34.8 million). The interest charge was down to €6.4 million (€9.0 million the previous year), reflecting reduced debt levels arising from our strong cash flow as well as lower interest rates. Profit before tax (before an exceptional charge of €4.8m for restructuring costs) for the year amounted to €22.5 million compared with €25.8 million the previous year. There was a tax charge of €0.3 million compared with €3.1 million the previous year, reflecting the election into tonnage tax. Adjusted earnings per share, i.e. EPS before exceptional items and goodwill charges, was 91.4c, up 8%. Basic earnings per share was 71.6c.

SECOND HALF RESULTS

In the seasonally more significant second half of the year, sales were €167.4 million (€166.0 million the previous year). Operating profit before depreciation, amortisation and exceptional items was €35.2 million (€43.0 million) and profit before tax and restructuring charges was €20.6 million compared with €20.8 million last year

SHARE BUYBACK AND NET DEBT

During the year we acquired 1.23 million shares (5%) of the issued capital, at a cost of approximately €9.8 million, an average price of €7.97 per share.

We also reduced net debt by €32.4 million.

DIVIDEND/ REDEMPTION OF REDEEMABLE SHARES

The Board has decided to redeem one redeemable share per ICG unit for a cash consideration of 15.0 cent per redeemable share. This will be paid on 21 May 2004 to shareholders on the register on 23 April 2004. The consideration per redeemable share compares with a final dividend of 12.825 cent per share in respect of 2002 (up 17%).

Total redemption of redeemable shares amounted to 22.5cent per ICG unit compared with total dividend of 19.665 per share in respect of 2002, an increase of 14%.

FERRIES DIVISION

The Ferries Division includes the activities of Irish Ferries, the ferry chartering business and the travel services activities. Operating profit before depreciation, amortisation and exceptional items in the division was €47.2 million (2002: €55.5 million) while profit before interest in the division was €25.3 million (2002: €31.2 million) on turnover of €170.2 million (2002: €172.3 million, restated for FRS 5). The core Irish Ferries operation contributed profit before financing and restructuring charges of €21.0 million, down from €25.0 million the previous year.

Irish Ferries Passenger revenue was €100.9 million (2002: €99.9 million restated) while freight revenue amounted to €56.0 million (€54 million). During the year we operated a total of 5004 sailings, 4% more than the previous year's 4,821 sailings.

Irish Ferries - Passenger Revenue

In a tourism market influenced by world political and economic uncertainties our overall passenger numbers amounted to 1.72 million (2002 1.76 million), in line with the overall sea passenger market to and from the Republic of Ireland. However, within this, car passengers increased by 3%, offsetting an 11% decline in the lower yield foot passenger volumes. On the Dublin/Holyhead and Rosslare/Pembroke routes, passenger numbers were 1.51 million (2002 1.53 million). On the Ireland/France route, passenger numbers were down from 0.23 million to 0.21 million.

Across our route network car carryings increased by just under 2% to 407,000 (2002: 400,000 cars). On the Dublin/Holyhead route, car carryings were up 4.5% while the Rosslare/ Pembroke route saw unchanged volumes. Car volumes on the Ireland/France route were down 6% on the previous year due to greater sea and air competition.

Overall average car yields were 4% lower, influenced by a weaker Sterling.

As noted in our Interim Statement in September 2003, we are in consultation with our workforce with the intention of restoring our cost competitiveness which has been eroded in recent years by the rate of wage inflation in Ireland (compared with the industry across Europe) and the adverse affects of the appreciating Euro on our cost base. Our intention is to achieve a reduction in our on-going cost-base through changes in work practices.

€4.8 million has been charged as an exceptional item in the results to 31 December 2003 in respect of the expected costs of the Group's cost reduction programme.

Irish Ferries Roll-on Roll-off Freight Revenue

After a difficult first half for RoRo freight when our volumes grew 5% in a flat market, the second half showed a return to market growth. Our total carryings for the year rose 9% to 201,000 trucks. This compares with estimated growth in the Republic of Ireland market of around 5%. The market to and from the island as a whole is estimated to have grown 3%. On Dublin/Holyhead route there was an increase of 11% in freight units to 138,100 trucks. Developments in road infrastructure, e.g. the M1 motorway from Dundalk to Dublin, continues to enhance the attractiveness of Dublin Port as a gateway for the country's exporters and importers. On the Rosslare/Pembroke route freight carryings rose 4% to 60,100 units. On the Ireland/France route, 2,400 trucks were carried, in line with the previous year. Freight yields fell by 4% in the year, indicating the highly competitive nature of the trade.

Chartering

The 2,400 bed cruiseferry, m.v. "Pride of Bilbao", and the combination car and freight ferry "Pride of Cherbourg" continued on bareboat charter to P&O Ferries. Both vessels operate from Portsmouth in the UK to Spain and France respectively. The Charters are denominated in US$ and £Sterling and consequently earnings in Euro terms were down on the previous year.

Travel Services

Due to the changing trading environment for the traditional High Street travel agent we continued to consolidate our travel agency business and we have now combined the activities into 4 branches (3 in London and 1 newly relocated outlet in Birmingham).

CONTAINER AND TERMINAL DIVISION

Our Container and Terminal Division comprises our lift on lift off freight network operated by Eucon, Eurofeeders and Feederlink together with our Container Terminal in Dublin (DFT). Turnover was €134.8 million (€122.0 million the previous year). EBITDA was €6.2 million (€7.7 million in 2002) while an operating profit of €3.6 million was generated, compared with €3.7 million in 2002. This result was achieved despite some continued capacity constraints and additional operating costs due to the ongoing redevelopment of our Dublin Container Terminal in a competitive pricing environment.

Container Lift-on Lift-off Freight

Total container freight volumes carried on our own services rose 9% to 485,000 twenty-foot equivalent units as we incorporated HKCIL (acquired in July 2002) into our operations. On a like for like basis, the underlying increase in volume was 3%, the growth principally in feeder traffic. The pricing environment, particularly for export cargo from Ireland, remains difficult exacerbated by an increasing imbalance between the volume of imports into Ireland and the lower volume of exports. We have entered a strategic vessel sharing agreement with BG Freight Line bv, a subsidiary of Mersey Docks & Harbour Company, in order to streamline our costs and enhance customer service. This started in October of 2003 and the vessel sharing partners are working together to integrate their respective services to achieve their shared objectives of lower costs and improved service standards.

Dublin Container Terminal

During the year we commenced the third phase of our redevelopment of the terminal. Three additional mobile gantries and one additional Liebherr built ship-to-shore crane have been commissioned. The development will not be complete until mid-2004 and in the meantime our capacity to grow volume will be somewhat restricted. Container units lifted at DFT rose from 128,000 to 131,000 in the year. When the terminal extension is complete, however, it will copper-fasten DFT as the premier container terminal in the country. During the year, we were successful in introducing one new shipping line to the terminal and we hope to build on this by attracting additional lines in 2004. The prospects for the terminal will be enhanced further when the Dublin Port Tunnel, which will be located only 1 km from our facility, opens in 2005, allowing rapid access to and from the port, via the M1 and M50 motorways, and bypassing the congested city centre.

ACCOUNTING POLICIES

FRS 5

These financial statements reflect the requirements of the amendment to Financial Reporting Standard 5 which, in summary, requires turnover earned as an agent to be shown on a net (i.e. commission only) basis. Prior year turnover and operating costs have been restated accordingly. However, there is no impact on reported profits.

FINANCE

Due partly to currency translation effects, our year-end capital employed fell from €343.3 million to €308.5 million. Return on average capital employed was 8.9% compared with 9.6% the previous year.

With regard to cash generation, net cash flow from operating activities amounted to €54.4 million for the year (2002: €68.5 million). Total investment in the year amounted to €8.9 million. Year-end net debt amounted to €125 million, down from €157.4 million the previous year-end, giving a comfortable gearing level of 68% (85% in 2002). Interest cover was 3.7 times (2002: 3.7 times). Year-end cash balances amounted to €12.2 million. Shareholders' funds at year-end amounted to €183.5 million.

BOARD

In September 2003 we announced the appointment of Peter Crowley to the Board as a non-Executive Director.

I am pleased to make the following further announcement regarding the Board. It is my intention to retire as Chairman of the company on April 30th the date of our Annual General Meeting, having served over 16 years in the role. I will be succeeded as Chairman by John McGuckian, who is currently the Senior Independent non-Executive Director. Liam Booth, with whom I have served as Director of the company since 1987, will also retire from the Board on April 30th. On behalf of my fellow Directors and on the company's behalf I would like to pay tribute to Liam and thank him for his valuable contribution since joining the Board almost 17 years ago, during which time the company has developed enormously.

In addition, I am delighted to announce the co-option to the Board of Mr. Bernard Somers with effect from March 8th 2004. Bernard Somers is a non-Executive Director of a number of public companies, Independent News & Media plc, Ardagh plc and DCC plc, and founded Somers and Associates, a professional practice which specialises in corporate restructuring. He brings a wealth of business experience to the Board. In accordance with the Articles of Association of the Company, both Peter Crowley and Bernard Somers will seek re-election at the AGM on April 30th.

CURRENT TRADING AND OUTLOOK

Our second half performance has encouraged us as we start the year 2004. Trading to date is broadly in line with 2003. The world economy appears to be in recovery which augurs well for trade movements. On the tourism side, the market remains extremely competitive with the evolution of low cost air travel becoming more broad-based than heretofore.

Arising from this very competitive pricing environment, we continue to focus on generating cost savings from our operations. The fall in the value of the US$ is favourable to us, although this is partially offset by continued high oil prices and the strength of the Euro versus Sterling where the bulk of our passenger revenue is generated. The reduction in Ireland's rate of inflation is a welcome development in terms of cost curtailment. The success of our current cost saving programme will be critical to the success of the Group going forward. With our quality asset base and continued strong cash flow we are well positioned for the future.

Tom Toner
Chairman
March 8th 2004

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31
December 2003

	Note	**2003** *Before exceptional* **€m**	**2003** *Exceptional item* **€m**	**2003** *Total* **€m**	2002 *Before exceptional* €m	2002 *Exceptional item* €m	2002* *Total* €m
Turnover	1	304.3	-	**304.3**	293.6	-	293.6
Operating costs	2	(275.4)	(4.8)	**(280.2)**	(258.8)	(1.7)	(260.5)
Operating profit		28.9	(4.8)	**24.1**	34.8	(1.7)	33.1
Net interest payable		(6.4)	-	**(6.4)**	(9.0)	-	(9.0)
Profit on ordinary activities before taxation		22.5	(4.8)	**17.7**	25.8	(1.7)	24.1
Taxation	3	(0.3)	-	**(0.3)**	(3.1)	-	(3.1)
Profit attributable to shareholders of Irish Continental Group plc.		22.2	(4.8)	**17.4**	22.7	(1.7)	21.0
Dividends	4	-	-	**-**	(5.1)	-	(5.1)
Profit retained for the period		22.2	(4.8)	**17.4**	17.6	(1.7)	15.9
Basic earnings per share	5			**71.6c**			78.3c
Diluted earnings per share	5			**71.3c**			78.0c
Adjusted earnings per share	5			**91.4c**			85.0c

**restated following the adoption of FRS5*

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2003

	Notes	**2003**	2002
		€m	€m
Profit attributable to shareholders of Irish Continental Group plc.		17.4	21.0
Exchange translation adjustment		(8.9)	(9.1)
Total recognised gains related to the period		8.5	11.9
Prior period adjustment		-	(4.0)
Total gains recognised since the last annual report		8.5	7.9

CONSOLIDATED BALANCE SHEET
at 31 December 2003

	2003	2002
Fixed Assets	€m	€m
Intangible assets	-	-
Tangible assets	334.5	367.9
	334.5	367.9
Current assets		
Stocks	0.7	0.8
Debtors	51.6	50.2
Cash at bank and in hand	12.2	14.6
	64.5	65.6
Creditors		
(Amounts falling due within one year)		
Bank loans and overdrafts	25.5	28.4
Trade and other creditors	61.2	60.8
Proposed dividend	-	3.2
Obligations under finance leases	3.4	2.3
Taxation and social welfare	5.5	3.4
	95.6	98.1
Net current liabilities	(31.1)	(32.5)
Total assets less current liabilities	303.4	335.4
Creditors		
(Amounts falling due after more than one year)		
Bank loans	98.1	130.1
Obligations under finance leases	10.2	11.2
Provision for liabilities and charges	11.6	8.2
	119.9	149.5
Capital and reserves		
Called up share capital	15.7	16.3
Share premium account	38.9	38.3
Capital reserves	0.1	0.1
Capital redemption reserve	2.1	1.4
Profit and loss account	126.7	129.8
Shareholders' funds (all equity)	183.5	185.9
	303.4	335.4

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2003

	Notes	2003	2002
		€m	€m
Operating activities			
Net cash inflow from operating activities	6	54.4	68.5
Servicing of finance			
Net interest paid		(6.0)	(10.1)
Net cash outflow from servicing of finance		(6.0)	(10.1)
Taxation			
Net corporation tax paid		(0.3)	(0.9)
Capital expenditure			
Purchase of fixed assets		(8.9)	(15.4)
Sale of fixed assets		0.1	0.2
Net cash outflow from investing activities		(8.8)	(15.2)
Acquisitions			
Purchase of subsidiary undertakings		-	(3.8)
Net cash outflow from acquisitions		-	(3.8)
Equity dividends paid		(3.2)	(5.0)
Net cash inflow before financing		36.1	33.5
Financing			
Issue of ordinary share capital		0.7	1.0
Repurchase of ordinary share capital		(9.8)	(14.5)
Redemption of redeemable shares		(1.8)	-
Inception of finance leases		2.8	5.9
Repayment of amounts borrowed		(25.4)	(26.2)
Capital element of finance lease payments		(2.5)	(2.2)
Net cash outflow from financing		(36.0)	(36.0)
Increase / (decrease in cash)	7	0.1	(2.5)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Segmental information

Analysis by class of business	Turnover		Profit Before Tax		Net Assets	
	2003	2002	**2003**	2002	**2003**	2002
	€m	€m	**€m**	€m	**€m**	€m
Ferries and Travel	170.2	172.3	25.3	31.2	290.0	319.6
Container and Terminal	134.8	122.0	3.6	3.7	30.5	26.2
Intersegment turnover	(0.7)	(0.7)	-	-	-	-
	304.3	293.6	28.9	34.9	320.5	345.8
Exceptional items & goodwill	-	-	(4.8)	(1.8)	-	-
Net interest	-	-	(6.4)	(9.0)	-	-
Debt	-	-	-	-	(125.0)	(157.4)
Unallocated liabilities	-	-	-	-	(12.0)	(11.1)
Construction in progress	-	-	-	-	-	8.6
	304.3	293.6	17.7	24.1	183.5	185.9

Analysis by origin	**2003**	2002
	€m	€m
Ireland	123.8	121.3
United Kingdom	101.9	93.4
Continental Europe	78.6	78.9
	304.3	293.6

It is not practicable to analyse trading profit and net assets by geographical area. All turnover arises from continuing activities and excludes intra Group transactions and value added tax.

In accordance with the amendment to FRS5 turnover earned by the Group while acting in the capacity of agent is now presented on a net basis. As a result of this restatement the previously reported turnover and operating costs for 2002 have been reduced by €32.2 million. There is no effect on the gross or net profit figures.

2. Operating costs

Operating costs include exceptional items as follows:	**2003**	2002
	€m	€m
Restructuring provision	4.8	-
Goodwill written off	-	1.7
	4.8	1.7

Prior to December 2003 the Group had announced a process of consultation with its employees with the intention of generating savings in payroll costs. The restructuring provision of €4.8 million represents the estimated cost of compensation payments as at the date of this report.

The write off of goodwill in 2002 relates to an acquisition made by the container division during the year that was merged with the existing business to the extent that the value of goodwill would not be capable of objective measurement in future years. The directors considered it appropriate to write goodwill off, particularly in the light of the competitive nature of the container freight market.

3. Taxation

	2003 €m	2002 €m
Current Tax Charge:		
Corporation tax on profits for the year:		
Irish Corporation tax	-	-
Overseas corporation tax at 35%	1.0	0.5
Deferred tax charge:		
Origination and reversal of timing differences	(0.7)	2.6
	0.3	3.1

4. Dividends and redemption of redeemable shares

	2003 €m	2002 €m
(a) *Dividends*		
Interim dividend of nil per share (2002: 6.84c per share)	-	1.9
Proposed dividend of nil per share (2002: 12.825c per share)	-	3.2
	-	5.1
(b) *Redemption of redeemable shares*		
Redemption of one redeemable share for 7.5c per redeemable share	1.8	-

(c) *Proposed redemption of redeemable shares*
The Board has decided to redeem one redeemable share per ICG unit for a consideration of 15cent per share. This will be paid in May 2004 and is chargeable to reserves in 2004.

5. Earnings Per Share

The calculation of earnings per share is based on the weighted average number of shares in issue of 24.3m (2002: 26.8m) and profits attributable to shareholders of €17.4m (2002: €21.0m).

Diluted earnings per share is computed in accordance with FRS14 and is based on weighted average shares in issue, including options exercisable as of the date of this report of 24.4m shares (2002: 26.9m).

Adjusted earnings per share is based on the weighted average number of shares in issue of 24.3 million (2002: 26.8 million) and profit attributable to shareholders, before goodwill and exceptional item, of €22.2m (2002: €22.8m).

6. Reconciliation of operating profit to cash inflow from operating activities

	2003	2002
	€m	€m
Operating profit	24.1	33.1
Depreciation charges	24.8	28.7
Amortisation and write-off of goodwill	-	1.8
Establishment of restructuring provision	4.8	-
Grant amortisation	(0.3)	(0.4)
Loss of sale of assets/write-off of investment	0.1	0.3
Increase/(decrease) in prepayment of pension contributions	(1.6)	10.0
Movement in working capital	2.5	(5.0)
Net cash inflow from operating activities	54.4	68.5

7. Reconciliation of net cash flow to movement in net debt

	2003	2002
	€m	€m
Decrease in cash/overdraft	0.1	(2.5)
Decrease/(increase) in debt	25.1	22.5
Change in net debt resulting from cash flows	25.2	20.0
Translation adjustment	7.2	9.6
Net movement	32.4	29.6
Opening net debt	(157.4)	(187.0)
Closing net debt	(125.0)	(157.4)

8. Analysis of net debt

	Cash €m	Overdrafts €m	Bank loans €m	Leases €m	Total €m
At 1 January 2003					
Current assets	14.6	-	-	-	14.6
Creditors due within one year	-	(2.2)	(26.2)	(2.3)	(30.7)
Creditors due after one year	-	-	(130.1)	(11.2)	(141.3)
Cash inflow/(outflow) from financing	(1.4)	1.5	25.4	(0.3)	25.2
Foreign exchange rate changes	(1.0)		8.0	0.2	7.2
At 31 December 2003	12.2	(0.7)	(122.9)	(13.6)	(125.0)
Analysed as:					
Current assets	12.2	-	-	-	12.2
Creditors due within one year	-	(0.7)	(24.8)	(3.4)	(28.9)
Creditors due after one year	-	-	(98.1)	(10.2)	(108.3)
At 31 December 2003	12.2	(0.7)	(122.9)	(13.6)	(125.0)