

IRISH CONTINENTAL GROUP PLC. REPORT AND ACCOUNTS 2004



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REPORT AND ACCOUNTS 2004



IRISH CONTINENTAL GROUP

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IRISH FERRIES



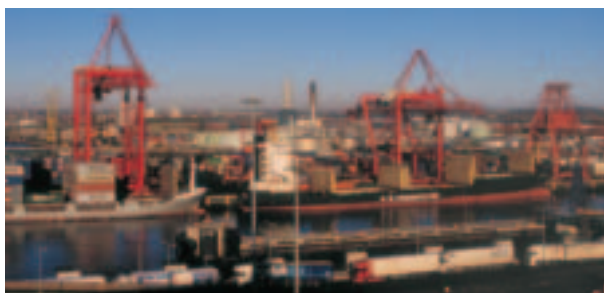
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IRISH CONTINENTAL GROUP

is a shipping, transport and leisure group principally engaged in the transport of passengers and cars, roll-on roll-off freight and container lift-on lift-off freight on routes between Ireland, the United Kingdom and Continental Europe. The Group also offers travel and holiday packages primarily in France, Britain and Ireland.

We aim to be the most successful business in our chosen markets, focusing on the provision of a reliable, timely and high quality experience for our customers.

We will achieve success by anticipating our customers' needs and matching those with superior services

through constant innovation and the rapid application of new proven technology.

We will measure our success through the quality of our service, as seen by our customers, which should result in delivering sustained and profitable growth for the benefit of our shareholders and staff.

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IRISH FERRIES Owns and operates a modern fleet of multi-purpose ferries between Ireland and the UK & France.



IRISH FERRIES-Passenger Services
1.6 million passengers carried annually on up to 17 daily sailings.



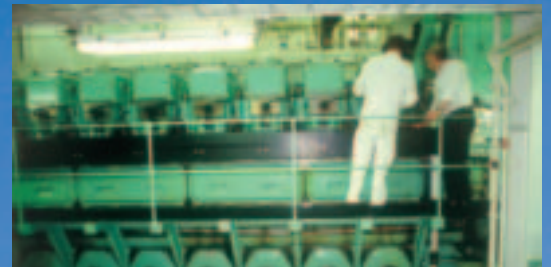
EUCON Provides door to door container services between Ireland and Continental Europe.



EUROFEEDERS Dedicated feeder services from the UK to the Continent and Ireland.



DUBLIN FERRYPORT CONTAINER DEPOT
Container repair and storage facilities.



ROSSLARE SHIP REPAIRS Ship maintenance, repairs and light engineering.

THE GROUP



IRISH CONTINENTAL GROUP



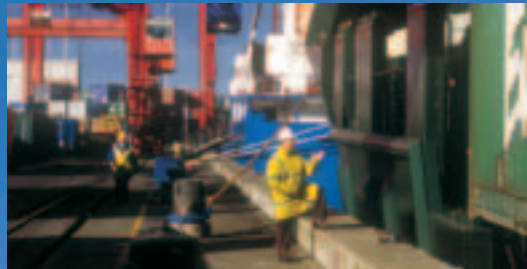
IRISH FERRIES-Freight Market leader on short-sea routes between the Republic of Ireland and Britain.



IRISH FERRIES-Holidays Inclusive package holidays to Ireland, Britain and France.



FEEDERLINK Dedicated feeder services linking Rotterdam and the UK's hub ports on the North Sea.

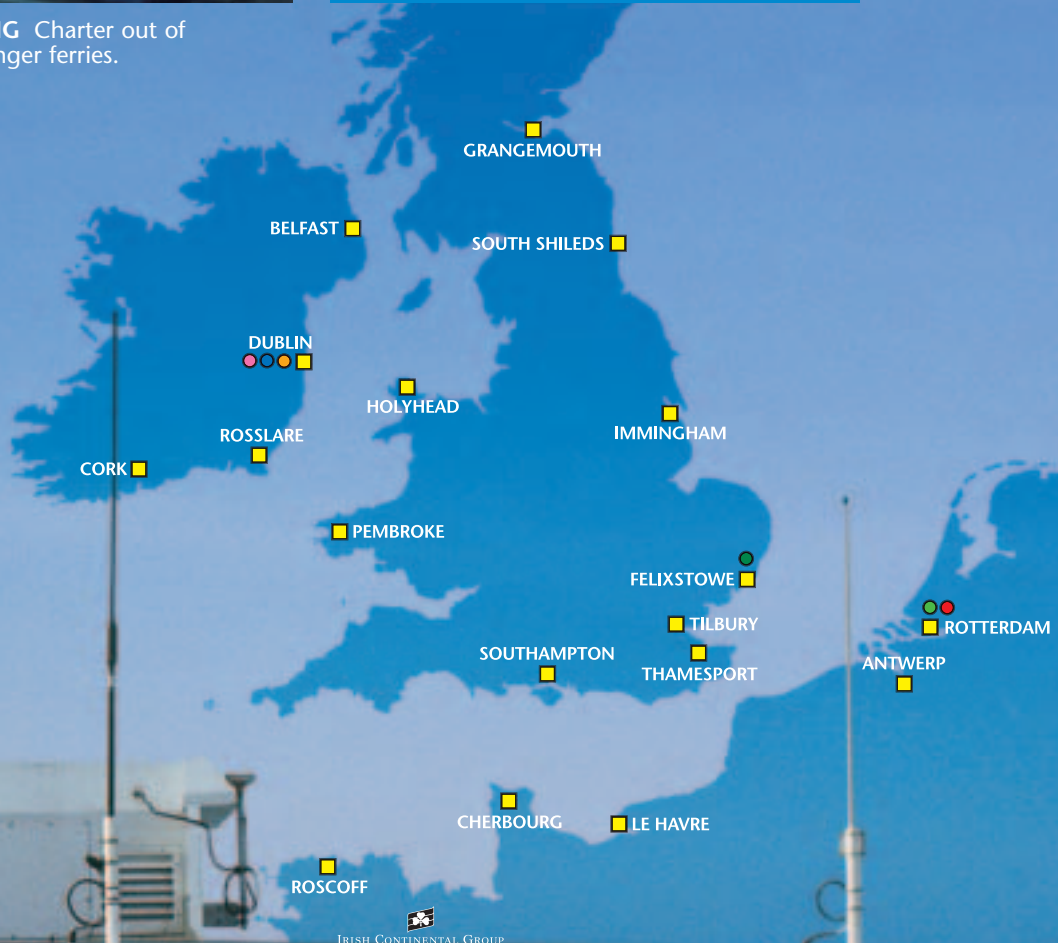


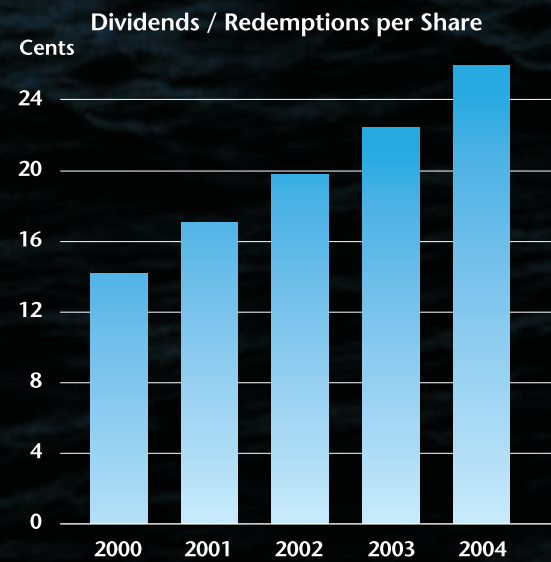
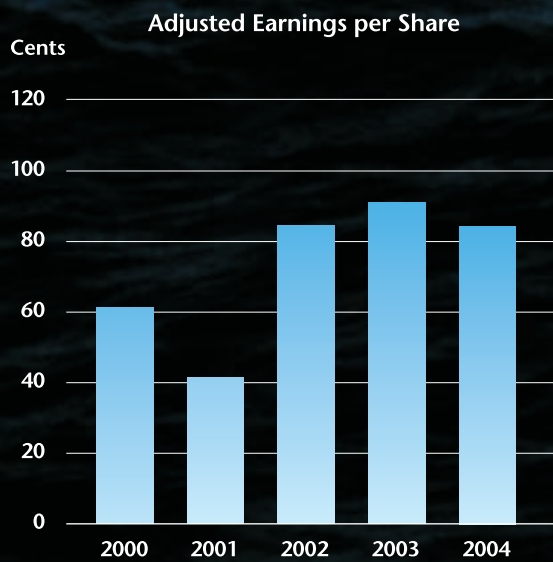
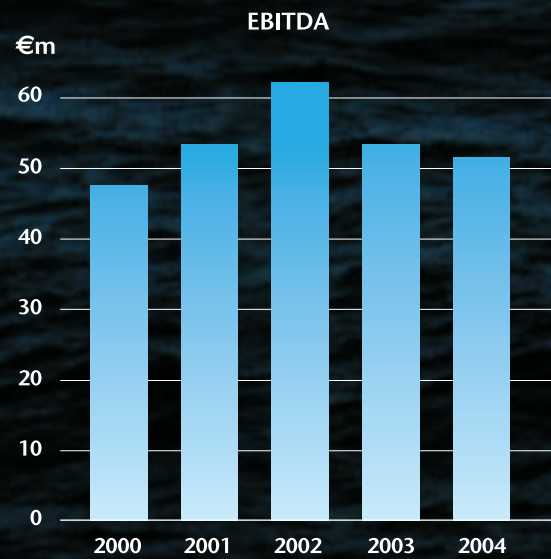
DUBLIN FERRYPORT TERMINALS Stevedoring and storage facilities for container traffic at Dublin Port.



CHARTERING Charter out of passenger ferries.

<p>HEAD OFFICES</p> <ul style="list-style-type: none"> ○ IRISH FERRIES ● DUBLIN FERRYPORT TERMINALS ● EUCON ● FEEDERLINK ● EUROFEEDERS 	<p>■ PORTS SERVED BY PASSENGER & FREIGHT SHIPS WITHIN IRISH CONTINENTAL GROUP.</p>
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FINANCIAL HIGHLIGHTS

FIVE YEAR SUMMARY

	2004	2003	2002	2001	2000
Consolidated Profit and Loss Account	€m	€m	€m	€m	€m
Turnover	293.3	304.3	293.6	273.3	271.6
Operating costs	(241.8)	(250.9)	(230.4)	(219.8)	(223.8)
Ebitda	51.5	53.4	63.2	53.5	47.8
Depreciation / amortisation	(25.0)	(24.5)	(28.4)	(28.9)	(21.4)
Operating profit	26.5	28.9	34.8	24.6	26.4
Exceptional items	(11.9)	(4.8)	(1.7)	(3.2)	0.0
Interest	(5.4)	(6.4)	(9.0)	(12.4)	(7.4)
Profit before taxation	9.2	17.7	24.1	9.0	19.0
Taxation	(1.2)	(0.3)	(3.1)	(1.5)	(3.1)
Profit for the financial year	8.0	17.4	21.0	7.5	15.9
Dividends	0.0	0.0	(5.1)	(4.6)	(3.8)
Profit Retained	8.0	17.4	15.9	2.9	12.1
Per share information:					
Earnings per share - basic (cents)	34.0	71.6	78.3	28.3	60.1
Earnings per share - adjusted* (cents)	84.7	91.4	85.0	41.5	61.9
Dividends / redemption per share (cents)	25.9	22.5	19.7	17.1	14.3
*before goodwill amortisation and exceptional items					
Shares in issue at year-end (m):					
- ICG units	23.3	23.9	25.0	26.5	26.4
- treasury units	0.9	0.2	0.0	0.0	0.0
Average shares in issue (m)	23.5	24.3	26.8	26.5	26.3
Number of shareholdings	2,326	2,816	2,452	2,298	1,892

	2004	2003	2002	2001	2000
Consolidated Balance Sheet	€m	€m	€m	€m	€m
Fixed assets	320.4	334.5	367.9	397.8	341.8
Net current (liabilities) / assets	(48.7)	(31.1)	(32.5)	(25.8)	11.8
Total assets less current liabilities	271.7	303.4	335.4	372.0	353.6
Shareholders' funds	176.6	183.5	185.9	192.6	194.7
Creditors due after one year	83.8	108.3	141.3	173.1	154.0
Provision for liabilities and charges	11.3	11.6	8.2	6.3	4.9
	271.7	303.4	335.4	372.0	353.6
Net debt	117.9	125.0	157.4	187.0	123.4
Gearing	66.8%	68.1%	84.7%	97.1%	63.4%

	2004	2003	2002	2001	2000
Consolidated Cash Flow Statement	€m	€m	€m	€m	€m
Cash inflow from operations	39.5	54.4	68.5	46.6	61.8
Cash outflow from:					
Servicing of finance and dividends	(6.3)	(9.2)	(15.1)	(18.1)	(13.0)
Taxation	(0.5)	(0.3)	(0.9)	0.7	(0.6)
Investing activities and acquisitions	(13.3)	(8.8)	(19.0)	(97.8)	(49.3)
Financing	(21.4)	(36.0)	(36.0)	26.7	(3.5)
	(41.5)	(54.3)	(71.0)	(88.5)	(66.4)
Change in cash balances	(2.0)	0.1	(2.5)	(41.9)	(4.6)

CHAIRMAN'S STATEMENT

Results

Competitive trading conditions and an industrial dispute shaped the results of Irish Continental Group in 2004. The trading environment in our markets remained challenging during the year. We suffered a fall in volumes carried on our passenger routes, although our freight volumes continued to grow. We also lost volumes and revenue due to an industrial dispute in December. Recognising that we operate in a difficult marketplace we took resolute action in 2004 to reduce our cost base and give us the ability to compete effectively in that marketplace in the future. This gave rise to a total exceptional charge of €11.9 million in the year.

Turnover for the year amounted to €293.3 million (2003: €304.3 million). Car volumes fell by 6% to 384,000. Freight vehicles carried grew 1.5% to a record level of 204,000, although average revenues were slightly down on last year reflecting the intensely competitive pricing environment. We carried 501,000 teu's of lift-on lift-off freight, an increase of 3% on 2004.

Operating profit before exceptional items was down 8% to €26.5 million. Cash generation remained strong and we reduced net debt by €7.1 million and repurchased €7.9 million of shares. Adjusted earnings per share (before exceptional items) were 84.7cent. Basic EPS was 34.0 cent.

EBITDA for the year was €51.5 million (2003: €53.4 million). Cash inflow from operating activities was €39.5 million, after paying €12.2 million in restructuring charges. The interest charge was down by €1.0 million to €5.4 million, reflecting reduced debt levels arising from our strong cash flow and the lower interest rate environment. The tax charge was €1.2 million (2003: €0.3 million due to the release of deferred tax provisions no longer required).

Restructuring

Total exceptional restructuring charges amounted to €11.9 million resulting from changes made in each area of our operations.

Most significantly we spent €8.2 million on a restructuring of the crewing of the vessel on the Ireland-France route. A review of the profitability of this route had been undertaken which showed that the route could no longer be viably operated using the existing crewing structure. Following this review a third party crewing agency was employed to crew the vessel operating on this route, with severance or redeployment to the Irish Sea offered to existing staff. Over 90% of staff accepted the severance package.

At the end of 2003 we embarked upon a "Benchmarking" programme with our Irish Sea crew in order to generate savings in payroll costs through changes in work practices. We provided for the cost of this programme in 2003 (€4.8 million) and these payments were made in 2004.

We also made changes in shoreside activities, particularly in our sales channels, as the nature of distribution in the travel industry continues to move towards the internet.

In our terminal division a re-equipping of the terminal led to the termination of one maintenance contract, with affected staff offered redundancy. Changes in work practices were agreed with other staff arising from the implementation of the EU Working Time Directive.

Subsequent to the year end we closed our remaining UK travel agency shops and provided for the impairment in the assets of this business.

Second Half Results

The Group's business is seasonal with the second half of the year being the more significant. In the second half of 2004 sales were €157.5 million (€167.4 million the previous year), operating profit before depreciation, amortisation and exceptional items was €35.1 million (2003: €35.2 million) and profit before tax was €7.8 million compared with €15.8 million last year.

Share Buyback

In 2002, given the Company's strong cashflows, we instituted a share buyback programme. This programme was continued in the current year when the company repurchased 692,500 of its own share units at a cost of €7.9 million, all of which are held as treasury shares. The cost of repurchase of these ICG units has been deducted from distributable reserves.

Distributions and Redemptions

The Board has decided to redeem one Redeemable Share per ICG unit for a cash consideration of 17.25c per Redeemable Share. Accordingly no final dividend will be paid. In October 2004 the Board redeemed one Redeemable share per ICG unit for a consideration of 8.625c per Redeemable Share. This represents a total payment to shareholders of 25.875c, an increase of 15% on the total redemption premium of 22.5 cent paid in respect of 2003.

Payment will be made on 20 May 2005 to Shareholders on the Company's register on 22 April 2005.

Board

There were a number of changes to the Board during the year. In March, Bernard Somers was co-opted to the Board and he was elected at the following AGM. Liam Booth retired from the Board in April after almost 17 years of service. In April I succeeded Tom Toner as Chairman upon his retirement.

The Board thanks both Tom and Liam for their commitment to the development of the Group.

In May the untimely death took place of Alex Mullin, non-executive director, who had retired from his executive position in the Group in 2001. Alex was instrumental in the development of the Group in the 1980's and 1990's, particularly by way of his involvement in the acquisition of B&I Line in 1992. He will be missed.

Outlook

We are conscious that the passenger and freight transport market in which we operate remains extremely challenging. In the past two years we have examined our cost base and taken action to restore our cost competitiveness and achieve a reduction in our on-going costs. This has given rise to exceptional charges and lost income through industrial action. Nevertheless we see this as a start in reducing our future cost base to give us the ability to compete effectively in 2005 and beyond.

Our task is to ensure both our cost base and our capital base are appropriate to the markets in which we compete. We remain confident in the quality of our fleet, which will allow us to capitalise on any market growth.

We are adjusting our pricing in the passenger market more closely to the airline model, with simplified "per person" fares and no restrictions on length of stay. In the freight markets, both RoRo and LoLo, increased prices are necessary to reflect the increasing external costs such as fuel, ship chartering and port costs.

John B. McGuckian, Chairman.



OPERATIONS REVIEW

- Record volumes carried of 204,000 Ro-Ro units (up 1.5%) and 501,000 Lo-Lo teu's (up 3%).
- Freight units handled at the Dublin Ferryport Terminal up 11% to 145,000 units.
- Increase in Internet passenger bookings to 41%.
- Container fleet-upgrading and modernising process continued.
- Redevelopment of Dublin Ferryport Terminal completed - new 185m berth now operational.
- *Best Ferry Company* award achieved for eighth year in a row.





FERRIES DIVISION

- Operates combined passenger / Ro-Ro ferries
- Charters ferries to third parties
- Provides holiday and travel services

	2004	2003	
Turnover	€164.3m	€170.2m	- 3.5%
EBITDA	€46.0m	€47.2m	- 2.5%
Profit before restructuring provision, interest and tax	€24.0m	€25.3m	- 5.0%
Restructuring Provision	€10.3m	€4.8m	-

Operating profit before restructuring provision, interest and tax in the division was €24.0m (2003: €25.3m) on turnover of €164.3m (2003: €170.2m), an operating margin of 14.6% (2003: 14.9%). There were volume increases in freight traffic, but a decline in passenger traffic.



During 2004 Irish Ferries tackled its cost base in order to enhance competitiveness. The crewing of the Ireland-France route was outsourced to a third party manning agency with existing crew offered severance or redeployment to the Irish Sea. There was also a restructuring in certain shoreside activities. The cost of these restructurings, €10.3m, is included as an exceptional charge in the 2004 profit and loss account.

Irish Ferries - Passenger ferries

We had anticipated that the Irish Sea passenger market would remain challenging in 2004 and it proved to be a disappointing year.

Overall, both the car and passenger markets declined by 3%. Market performance was mostly influenced by the continued increase in competition from the airlines who continued to grow in terms of additional routes, increased frequency and lower fares.

Britain is a key market for Irish Ferries and this market performed poorly, with a 1% decrease in the total market for visitors from Britain to the Republic of Ireland. Passenger volumes in the smaller Ireland / France sea market declined by 3% whilst air traffic between Ireland and Europe grew by 11%.

In the light of these tough market conditions, there was an increased focus on cost reduction during the year. We operated 7% fewer scheduled sailings due in part to the industrial dispute. Irish Ferries total car carryings, at 384,000 units, were down by 6%. Total passenger numbers fell by 7% to 1.6 million.



Whilst the pricing environment remained very challenging, we did see some strengthening of Sterling against the Euro during the year. With the UK continuing to be a key passenger market for Irish Ferries, our overall car yields performance was relatively strong with an increase, in Euro terms, of 2%.

It remains our priority to provide a safe, high quality and reliable service to our customers. We wish to remain the preferred travel option for our customers whom we recognise have many alternatives to Irish Ferries. Given the need to provide attractive fares and product offerings, we believe that our focus on the shortest crossings possible is the correct one. This allows us to maximise the utilisation of our vessels whilst passing on the benefits to customers in the form of attractive prices.



On the Irish Sea, we operate between Dublin and Holyhead and between Rosslare and Pembroke Dock. The two vessels servicing Dublin - Holyhead continue to provide the highest quality standards. *Ulysses*, the largest ferry in the world, purpose built for the route, has maintained the tremendous operational record which has been her hallmark since her introduction in 2001. Car carryings were level with 2003 which is a testament to the ability of *Ulysses* to withstand the most challenging weather conditions whilst providing first class on-board standards for passengers.

Ulysses is complemented by the *Dublin Swift* which meets the market demand for speed with a crossing time of 1 hour 49 minutes. In response to customer feedback, we introduced a facility for customers who wish to upgrade when travelling. We now offer a Club Class lounge with pre-bookable Pullman seats and a range of complimentary refreshments.

On the Southern Corridor, the *Isle of Inishmore* continued to maintain a strong operational performance. However there was a decrease in volumes carried. The total southern corridor car market was down by 4% and Irish Ferries carryings were down by 5%.

The Ireland - France passenger market remained under considerable competitive pressure during 2004. There was a continued increase in scheduled airline capacity and our main ferry competitor on the route also introduced new capacity. However the car market declined by 5% while passenger numbers dropped by 3%. Irish Ferries services were curtailed by the decision to end the year's operations early at the end of November. This resulted in a drop of 10% in scheduled sailings and a decline of 10% in car carryings.

Total passenger numbers across our routes were down 7% to 1.6 million. Car volumes decreased by 6% whilst the lower yield foot passenger business dropped by 12%.

We believe that the key to our future development lies within our ability to offer attractive fares coupled with reliability and high quality standards on board our vessels. We believe that the investment we have made in custom built ships that have large capacity and can deliver operational efficiencies can help us to achieve our goal of increased market share in an increasingly competitive environment. Our direct approach to cost reduction and improved capabilities is challenging for all concerned. However, given the current absence of growth in our passenger and car markets, we believe that this approach is necessary if we are to continue to attract customers as they expect low fares and good quality customer service as a minimum.

During the year, we continued to invest in technology with the development of a new passenger reservations system which is due for delivery and implementation in 2005. This new generation technology will enhance our existing systems and will allow us to increase and improve our database management and web based communications. We have maintained the momentum of recent years in the development of our website, **www.irishferries.com**. In 2003 24% of all bookings were made through this channel. In 2004 we achieved our target level of 41%. We expect this level to continue to grow again in the coming year. We have positioned the website to reflect the low fares nature of our offering and to present the many commercial and cost reduction opportunities that it offers.



Ulysses



Dublin Swift



Isle of Inishmore



Normandy

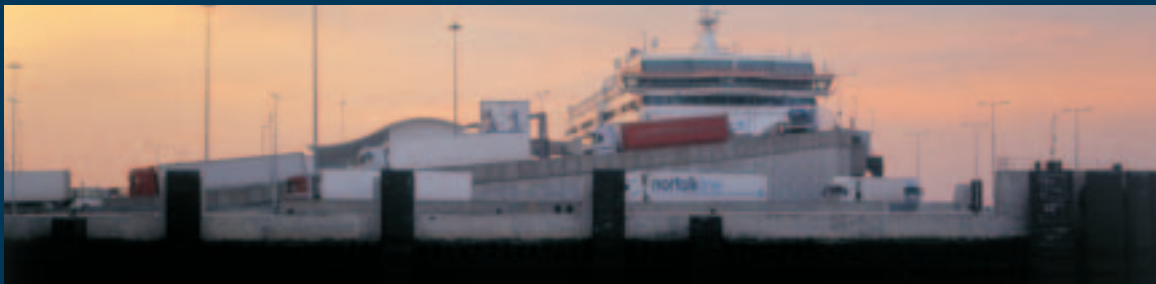
We were delighted to win the *Best Ferry Company* award for the eighth year in succession at the Irish Travel Trade 2004 Awards. As always this win is recognition of the contribution of our experienced and friendly staff who maintain their strong customer service approach to problem solving and business development.



Irish Ferries - Roll On Roll Off Freight 2004

We expected that the total Roll On Roll Off (RoRo) freight market would grow in 2004, as indicated by the strong second half performance in 2003. In total the market grew 6% in 2004. However disruption to our schedules resulted in Irish Ferries increasing by only 2%. Nonetheless we achieved record carryings at 204,000 units. Yields were slightly down on last year.

The continued growth in the RoRo freight market is predicated on Ireland's strong economy and the resultant increase in import and export activity. Our ownership and deployment of two of Europe's largest multi-purpose ferries allowed us to take advantage of the growth opportunities on the Central and Southern Corridors of the Irish Sea and increase our market share.



We maintained our market leader position in an intensely competitive marketplace, reflecting the importance of our offering of quality tonnage & service.

We began to upgrade our freight quotation, reservations and accounting systems during the second half of the year and will roll out the new platform in the second quarter of 2005. This will enhance our communications with customers while improving the quality of our internal accounting and database procedures.

We recognise the importance of our customers' own performance and Irish Ferries' part in their logistical chain. Whilst we will always be commercial in our approach to freight rates, we understand that we must continue to offer a reliable, high quality service. The two industrial relations related interruptions to our service during the year are deeply regretted and we appreciate we must urgently repair the resultant damage to customer confidence.

Chartering

Two of the Groups vessels - the 2,400 bed cruise ferry *Pride of Bilbao* and the car and freight ferry *Pride of Cherbourg* - are on bareboat charter to a third party, P&O European Ferries. Both charters to P&O are firm until 2007, with charterer's options to extend. These charters are denominated in Sterling and in US dollars. Consequently total charter income fell in 2004 in Euro terms.

P&O sub-chartered the *Pride of Cherbourg* to Stena Line subsequent to the year end and the vessel is now named *Stena Challenger* and currently trading in the Baltic.

Travel services

Irish Ferries Holidays continued to offer customers a choice of holiday packages and this business made another positive contribution in 2004.

In the light of continued difficult trading conditions and the trend for travel bookings to be made via the internet, the decision was taken in February 2005 to close the remaining two UK high street travel agent shops. A provision was made for impairment of the relevant assets and is included in the exceptional restructuring charge.

Outlook

It seems likely that the competitive challenges for the ferries industry will remain during the coming year. The various cost reduction measures which we have undertaken during the past year will assist us in facing these challenges. We will continue to focus on finding further efficiencies in our shore and seagoing operations. Distribution and selling costs will also be examined as our on-line business increases and improved use of technology allows us to eliminate unnecessary costs.

Irish Ferries will have to compete for passenger traffic with lower fares. In 2004 we adjusted our prices to reflect the airline model more closely, with simplified "per person" fares and no restrictions on length of stay. In 2005 we will continue with the restructuring of our price offering as necessary.

We expect further growth in the Republic of Ireland Ro Ro freight market and our target is to grow our share of that market in 2005. The improvement in import and export volumes recorded in the last twelve months is expected to continue and this augurs well for our own Ro Ro business.

In 2005 we will continue to focus on our customers' needs. We will continue to offer the highest operational standards based on a safe, reliable, high quality service.

We appreciate the need to remain price competitive and we are determined to deliver value for money during the year ahead.





CONTAINER & TERMINAL DIVISION

- Operates a lift on lift off (LoLo) freight network through the companies Eucon, Eurofeeders and Feederlink, and a Container Terminal in Dublin (DFT).
- Eucon provides a short sea door to door service between Ireland and Continental Europe.
- Eurofeeders and Feederlink operate dedicated feeder services to the major deep sea container ports throughout Europe.
- The division operates a fleet of modern container vessels.
- DFT provides stevedoring and storage facilities for container traffic.

	2004	2003	
Turnover	€129.8m	€134.8m	- 4%
EBITDA	€5.5m	€6.2m	- 11%
Profit before exceptional interest and tax	€2.5m	€3.6m	- 31%
Exceptional restructuring charge - 2004	€1.6m	-	-



The Container & Terminal Division returned a profit before interest, tax and exceptional items of €2.5m in 2004, down €1.1m on the previous year. The markets in which our shipping lines operate remained very competitive, with new entrants adding capacity and suppressing rate levels on a number of important routes. The performance of the Division was also affected by other external factors.

Firstly, the profitability of the Division's stevedoring operation, Dublin Ferryport Terminal (DFT) was adversely affected by the late completion by Dublin Port of a new berth. The construction project overran by more than six months, disrupting existing business, adding to operating costs and inhibiting growth through the terminal.

Secondly, in the international charter market, we witnessed unprecedented increases in charter rates in the second half of the year, particularly in the class of vessels operated by short-sea lines such as Eucon, Eurofeeder and Feederlink. Despite these negative influences, the Division's shipping lines increased carryings by more than 3% to exceed half a million teus for the first time.

Dublin Ferryport Terminal's throughput rose by over 11% in 2004 to more than 145,000 units. Traffic from third party customers more than doubled in the period, while traffic generated by in-house lines, Eucon and Eurofeeders decreased marginally.

Container and Feeder Services

The performance of the container and feeder companies was negatively affected by traffic congestion at hub ports throughout Europe, as the development of port infrastructure lags behind the high levels of growth in international trade between Europe and its trading partners. In addition the container business was constrained by the shortage of terminal capacity in Dublin in the first half of the year.

Average yields for container import traffic (westbound) were increased by 2% during the year, while eastbound rates fell by 5% due to the very competitive export market from Ireland. Eucon added to its fleet of 45 foot containers during the course of the year and attracted European Union funding for the further expansion of this fleet. This development, together with increases in shipping capacity on key routes, will enable Eucon to develop more high-paying, time sensitive cargo and compete more directly for traffic using the UK land bridge.

The traffic congestion at a number of terminals in Eucon's network adds to concerns regarding the inadequacy of terminal capacity throughout north-west Europe.

The Group's feeder operations are well positioned to take advantage of the opportunities that will result from future market growth, and continue to press port companies and terminal operators to step up the pace of infrastructural development.



Dublin Ferryport Terminal

DFT increased its throughput by more than 11% in 2004 to more than 145,000 units. This growth was achieved under very challenging operational conditions, as the development of the terminal's new berth took place. The construction project was completed in the second half of the year. The terminal now operates a facility that compares favourably with all rival terminals, operating state of the art machinery and is well positioned to grow throughput in 2005 and to cater for the organic growth of our in house shipping lines.

DFT's proximity to the entrance to the Port Tunnel represents another opportunity and will offer logistical advantages to customers of the terminal when the tunnel opens in 2006.

Following the re-equipping of the DFT terminal we terminated a maintenance contract. The exit costs are taken as an exceptional cost in 2004. Changes in work practices were agreed with other staff arising from the implementation of the EU Working Time Directive and these costs are also taken as an exceptional cost in 2004.

Outlook

The trading environment for all companies within the Container & Terminal Division will remain demanding throughout the 2005. The completion of our terminal in Dublin, the strength of the feeder market and continued focus on our core activities will enable the Division to develop throughout 2005 and restore margins to appropriate levels.

Eamonn Rothwell, Managing Director.

Corporate Social Responsibility Report

Irish Continental Group is committed to good corporate citizenship, conducting its business with integrity and respect for others whilst remaining focussed on its business objectives.

ICG aims to

- Offer a positive employment environment.
- Safeguard the health and safety of employees and customers.
- Respect the environment and communities within which it operates.

Employment

We employ 1,200 people, approximately 750 of whom work at sea. Each of the Group's operations is run as a separate and distinct business unit, giving a high degree of individual responsibility to local management teams. The central HR function supports and advises the management teams across the Group.

ICG is committed to delivering a quality service. This requires that all our people understand and identify with our goals and are committed to them, while at the same time having their personal needs met.

Recruitment workshops are designed to identify people's natural abilities, ensuring we find the right people to join our on-board team. Training and development is critical to maintain our developing organisation. At all levels, employees are encouraged to further their careers within the Group. The Group's training and development plan includes a comprehensive programme of statutory training for technical and seagoing staff, leadership development for senior management, and "people skills" and "coaching" for middle and junior management to encourage potential future leaders. Allied to this, the Group's Personal Development Policy encourages staff to further their education and training by supporting external education courses.

We recognise that feedback and goal-setting are important elements of job satisfaction providing opportunities for personal development and improved performance in line with the requirements of our business. We aim to facilitate these through regular review processes for all management and staff.

Where practicable we seek to promote and appoint from within, with most vacancies advertised internally. We believe that this offers a visible merit based path of career development, a key factor in staff motivation and retention. It also enables the transfer of knowledge and expertise across our business sectors.



We believe in fostering a positive working environment through, among other things, communication and support. We achieve this through:

- An annual "roadshow" whereby the Managing Director and his team personally visit each location to discuss the performance of the Group with an open question and answer forum;
- Staff newsletter and company information distributed by email and / or displayed on notice-boards and intranet;
- Staff opinion surveys to gain an understanding of the organisational climate and devise action plans with which to improve business performance;
- Regular consultation and information meetings with representative groups of managers and staff to examine current and potential future issues and to make recommendations for action;
- Positive employment policies that provide equal opportunities for all existing and potential employees. Our employee handbook provides details of our terms and conditions of employment, together with information on our policies and procedures;
- Employee Assistance Programme (EAP) - an independent and confidential advisory and counselling service for any staff member experiencing personal or professional difficulties.

We have collective agreements in place with a significant proportion of our employees and if and when disputes arise we are committed to following the dispute resolution mechanisms set out in these agreements.

Health and Safety

Irish Continental Group regards the safety, health and welfare of its employees and customers as a top priority.



Their wellbeing is guarded through the strict adherence to statutory health and safety standards and international maritime regulations.

The Safety, Health and Welfare at Work Act, 1989, imposes certain requirements on employers and the Group has taken the necessary action to comply with the Act, including the adoption of a safety statement.

ICG has developed management systems that instil a safety culture throughout all aspects of our operations, ashore and afloat. In our largest subsidiary, Irish Ferries, the Health and Safety Manager is responsible for ensuring that health and safety issues are identified, monitored and reviewed. He develops the company's internal policy and procedures, sets targets to monitor performance and verifies the implementation of internal codes and procedures. Through a regular programme of quality and safety audits, continued compliance to these high standards is maintained.

We provide the highest levels of safety and quality training to all our staff, providing each of our employees with health and safety information, instruction and training, as appropriate, to enable them to work safely and to contribute towards a safer working environment.

In addition to our own internal verification procedures we are subject to inspection by the relevant Health and Safety Authorities. Irish Ferries operates to the International Safety Management Code (ISM), which is the international standard for the safe management and operation of ships and for pollution prevention. Irish Ferries has successfully held the internationally recognised award for quality (ISO 9000) since 1996. Since 2003 Irish Ferries is ISO 9000:2000 accredited.

A new international safety code, the International Ship and Port Facility Security code (ISPS), became law in July 2004 and Irish Continental Group is in full compliance with this code.

Environment

Irish Continental Group recognises that all forms of transport, including ships, have an unavoidable impact on the environment. We are committed to reducing negative impacts through:

- environmental awareness training for all our sea going staff;
- consistent strict compliance with the International Convention for the Prevention of Pollution from Ships (MARPOL 73/78);
- minimising the consumption of non-renewable fossil fuels, including, for example, using electricity to power our cranes;
- using an oil recovery system to collect all waste oil from our ships. This oil is then recycled;
- bulk purchasing to reduce number of deliveries and packaging, and segregation of all waste cardboard packaging for recycling;
- designing the hull of the Fast Ferry Dublin Swift to minimise wave generation, and thus minimise disturbance of coastal habitats;
- painting the hulls of all our ferries with tin-free non-toxic paints to avoid the release of harmful agents into the sea;
- keeping abreast of and meeting the latest national and international legislative developments;
- promoting customer awareness of the marine environment.

In 2004 we began a trial of a fuel treatment facility on board our largest vessel, the *Ulysses*. This facility improves combustion thereby reducing exhaust gas pollutants. Indications are that this facility will be successful in reducing these pollutants and we will continue with the trial in 2005. During the year we successfully introduced paper recycling to our Head Office facility.

We are committed to avoiding disasters or catastrophes. We manage physical or other risks that have the potential to significantly damage the financial position of the Group, its reputation, its environment, or its ability to provide services, and we have in place a major accident response plan for emergency situations.

Community

ICG continues to take an active interest in the communities within which it operates. Each separate business unit assists in local initiatives through sponsorship and organised events. We recognise the important role played by charities and community organisations within our communities and we are happy to help these organisations achieve their goals.



Ulysses and Isle of Inishmore



Jonathan Swift



Normandy

THE FLEET



Pride of Bilbao



Pride of Cherbourg



Eucon Progress*

* one of 14 chartered container ships employed by the container Division.

FINANCIAL REVIEW

1. Results

In a year when turnover fell slightly, operating profit before exceptional items was also somewhat lower than in 2003. The results for the year are set out in table A below.

Turnover Turnover for the year fell 4% to €293.3 million. The year was characterised by an increasingly competitive environment. Although we achieved volume growth in our freight carryings, there was a fall in passenger numbers.

Restructuring costs In seeking to control costs and restore competitiveness we outsourced crewing on the French route, restructured certain work practices and rationalised our distribution channels. We charged €11.9 million in the current year profit and loss account (2003: €4.8 million) in respect of these changes. Payments made in 2004 amounted to €12.3 million.

Other costs We lost a number of sailings in 2004 due to industrial disputes, principally a 10 day stoppage in December. This affected volumes and revenues, however there also were some cost savings from the reduced number of sailings. Some of the key costs in our business are outlined in table D.

Profit and EBITDA Before restructuring costs EBITDA is €51.5 million, a decrease of 4% on

2003. Operating profit before exceptional items decreased 8% to €26.5 million.

Interest The interest charge for the period decreased by 16% to €5.4 million reflecting the lower levels of debt and more favourable interest rates.

Taxation From 1 January 2004 Irish Continental Group falls to be taxed under the Irish Tonnage Tax regime for all eligible activities. Deferred tax calculations have been prepared on a tonnage tax basis in both 2003 and 2004. In 2003 this resulted in €0.7 million of deferred tax provisions no longer required being released into the profit and loss account, reducing the tax charge to €0.3 million. No corresponding release is required in 2004, resulting in a total tax charge of €1.2 million in the profit and loss account.

Cash inflow Cashflows remained strong with cash generated from operations (before restructuring payments) of €51.8 million. We reduced year end net debt to €117.9m.

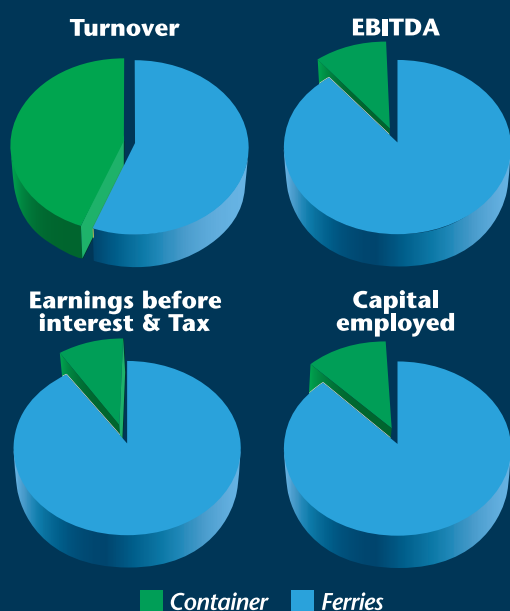
Earnings per share Adjusted earnings per share were 84.7 cent, down 7% from 2003. Adjusted earnings per share demonstrate the performance of the business before exceptional items and goodwill charges. Basic earnings per share decreased 53% to 34.0 cent.

	2004			2003		
	€m	€m	€m	€m	€m	€m
	Before exceptional	Exceptional	Total	Before exceptional	Exceptional	Total
Turnover	293.3	-	293.3	304.3	-	304.3
Operating costs	(266.8)	(11.9)	(278.7)	(275.4)	(4.8)	(280.2)
Operating Profit	26.5	(11.9)	14.6	28.9	(4.8)	24.1
Net Interest	(5.4)	-	(5.4)	(6.4)	-	(6.4)
Profit Before Tax	21.1	-	9.2	22.5	-	17.7
EBITDA	51.5	(11.9)	39.6	53.4	(4.8)	48.6
Net cash inflow from operating activities	51.8	(12.3)	39.5	54.4	-	54.4
Earnings per share	-	-	34.0c	-	-	71.6c
Adjusted earnings per share	84.7c	-	-	91.4c	-	-
Return on capital employed %	8.6%	-	-	8.7%	-	-

(Table A)

Results by operating division	Ferries & Travel	Container & Terminal
	€m	€m
Turnover	164.3	129.8
EBITDA	46.0	5.5
EBIT (pre-exceptional)	24.0	2.5
EBIT operating margin	14.6%	1.9%
Average capital employed	279.1	30.7
Return on capital employed pre-exceptional	8.6%	8.1%

(Table B)



2. Cash flow and investment

Our cash flow remained strong during the year at over €50 million. Our principal discretionary expenditure was the restructuring charge, which was €12.3 million in cash terms, and a modest level of capital expenditure.

Net capital investment in the year amounted to €13.3 million. This was principally spent on the upkeep of our ships, on our container fleet and on new reservations systems.

This was funded through a mixture of lease financing (€3.0 million in lease financing drawn down) and internally generated cash.

During the year we spent a net €12.6 million repurchasing and redeeming our shares and we repaid a net €7.1 million of debt. Year-end net debt amounted to €117.9 million which represents a gearing level of 66.8% (2003: 68.1%). Year-end cash balances amounted to €9.2 million.

	2004	2003
	€m	€m
Cash flow from operating activities*	51.8	54.4
Interest and Tax	(6.8)	(6.3)
Capital Expenditure net	(13.3)	(8.8)
Restructuring	(12.3)	0.0
Share buybacks/redemptions net	(12.6)	(14.1)
Translation	0.3	7.2
Reduction in net debt	7.1	32.4
*pre restructuring		

(Table C)

Return on capital employed during the period before exceptional items was 8.6% (2003: 8.7%).



Shareholders funds at year-end amounted to €176.6 million.

3. Capital Structure and Shareholders return

An ICG Unit comprises one Ordinary Share and a number of Redeemable Shares. ICG units have outperformed the ISEQ during 2004 and cumulatively over the past three years. The units traded in the range €8.90 to €12.80 during 2004, with a year-end share price of €11.55. The average daily price during the year was €10.97.

The Board has decided to redeem one Redeemable Share per ICG unit for a cash consideration of 17.25c per Redeemable Share. Accordingly no final dividend will be paid. In November 2004 the Board redeemed one Redeemable Share per ICG unit for a consideration of 8.625c per Redeemable Share. This represents a total payment to shareholders of 25.875c, an increase of 15% on the total redemption premium of 22.5c paid in respect of last year.

In 2002 the Company instituted a share buyback programme funded through the Company's strong cashflows. This programme was continued in 2004 when the company repurchased 692,500 of its own share units at a cost of €7.9 million. All of these units are held as treasury shares. These share unit purchases were in accordance with the resolution passed at the Annual General Meeting of 30 April 2004. The cost of repurchase of these ICG units has been deducted from distributable reserves.

The redemption of redeemable shares and the share buyback totalled a €13.4 million return to shareholders during 2004.

Some key costs of sales	2004	2003
	€m	€m
Labour costs	55.8	56.5
Port charges	33.3	30.0
Depreciation	25.2	24.8
Charges and other operating leases	34.1	26.7

(Table D)

4. Taxation

Current taxation

The Group's current taxation charge for the year is €1.3 million, an effective tax rate of 14.1%.

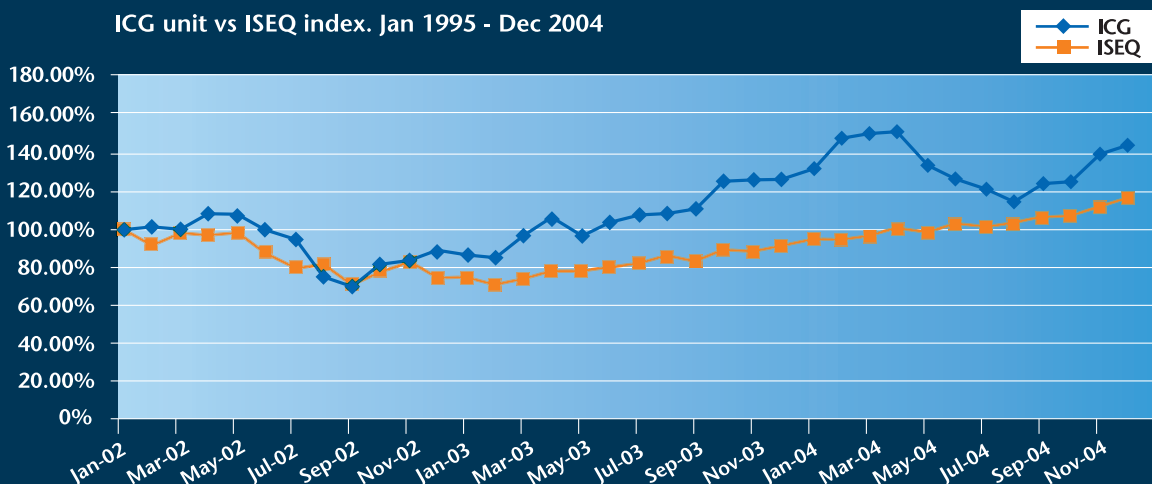
Tonnage tax

The Irish Finance Act 2003 commenced new optional rules in relation to the taxation of shipping profits (tonnage tax). ICG elected to be taxed under the tonnage tax regime, for all eligible activities, from 1 January 2004.

Total tax charge

The tax charge in the profit and loss account is reduced to €1.2 million after taking account of the movement in deferred tax provision of €0.1 million.

ICG unit vs ISEQ index. Jan 1995 - Dec 2004



5. Financial risk management

The funding of the Group's activities is managed centrally. In funding its operations the Group uses a mixture of financial instruments: Bank borrowings, finance leases and cash resources.

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. To minimise risk the Group uses interest rate swaps and forward foreign currency contracts. The Group does not trade in financial instruments.

Interest rate management

The Group finances its operations through a mixture of shareholders' funds, bank borrowings and lease finance. The Group borrows in required currencies at both fixed and floating rates of interest.

The Group's policy is to fix interest rates on a proportion of the Group's medium to long term debt exposure in individual currencies, having regard to current market rates and future trends. The current target is to fix rates on approximately 60% of debt for between one and seven years. The Group uses interest rate swaps to manage interest rate exposure.

At 31 December 2004, 68% of the Group's gross debt was at fixed rates for a weighted average period of 3.2 years. The weighted average fixed rate of interest is 4.6% (2003: 4.72%).

Interest cover for the year was 2.7 times.

Currency management

The Group's primary operating currency is the Euro. The Group also has significant Sterling and US dollar cash flows. The Group's principal policy to minimise currency risk is to match foreign currency assets and liabilities and to match cash flows of like currencies. A significant proportion of the earnings from the Group's owned vessels are in foreign currencies and therefore the related borrowings are in the same foreign currencies.

The Group also reduces transactional currency risk in US dollars through the use of forward exchange contracts. This minimises exposure in relation to fuel and insurance costs and in container leasing. Sterling revenues and expenses are broadly matched, with excess revenues available to offset dollar costs.

Commodity price management

The Group chooses not to hedge in respect of fuel costs. The cost of the short term certainty arising from the use of fuel hedges is considered

to be offset in the long term by the premium cost. Cost of fuel in 2004 was in line with 2003, although some savings were made as 7% fewer sailings were operated.

Liquidity

It is Group policy to invest surplus cash balances on a short term basis. At year end 100% of the Groups cash resources had a maturity of less than 30 days.

To match the long term nature of the Group's investment in ships the majority of the Group's debt is also long term. At the year end 66% of the Group's borrowings are due to mature in more than one year (2003: 79%).

Overdraft facilities are in place to secure short term funding.

6. Accounting policies

Current financial reporting standards

Our 2004 results are reported using current Irish / UK Generally Accepted Accounting Principles (GAAP).

International financial reporting standards

As a publicly quoted company ICG will be required to produce financial statements and annual reports for all accounting periods starting after 1 January 2005 in accordance with International Financial Reporting Standards (IFRS).

The most significant impact on our profit and loss account is due to the change in accounting for retirement benefits. The transitional pension disclosures under FRS 17 set out in note 26 to the accounts provide the information in relation to the charge which would have been incurred under IFRS. If we had presented our 2004 results under IFRS the charge for pension benefits for current service would have been €2.2 million higher than under GAAP (2003: €2.8 million higher). In addition there would have been an additional charge for past service of €0.5 million (2003: €0.2 million). This change has no cashflow impact.

Our profit and loss account will also be affected by changes in the depreciation charge from the adoption of component accounting but this is not expected to have a significant impact.

We will present further more detailed information on the effect of the transition to IFRS on our 2004 results in the third quarter of 2005.

Gearoid O'Dea, Finance Director.



THE BOARD

Executive Directors



Eamonn Rothwell, BComm, MBS, FCCA, FIIMR **Managing Director**.

Eamonn Rothwell, aged 49, joined the board in 1987 as non-executive Director and was appointed to the position of Managing Director in 1992. He is a past Director of NCB Group. Prior to that, he worked with AIB Group and Bord Fáilte Éireann (The Irish Tourist Board).



Gearoid O'Dea, BComm, FCA **Finance Director**.

Gearoid O'Dea, aged 49, joined the Company in April 1988 and was appointed to the Board in November 1988. He previously worked in various financial positions within CRH plc. He qualified as a chartered accountant with KPMG.



Tony Kelly, FCIT **Marketing Director - Irish Ferries**.

Tony Kelly, aged 49, joined B&I Line (now Irish Ferries) in 1973 and worked in a number of operational and marketing roles within the company. He was appointed to the Board in 2002. He is a Director of the all-Ireland tourism body, Tourism Ireland and is a director and former Chairman of the Irish Tourism Industry Confederation.

Non-Executive Directors



John B. McGuckian, BSc (Econ) **Chairman**.

John McGuckian, aged 65, has been a director since 1988. He has a wide range of interests, both in Ireland and internationally. He is Chairman of Ulster Television plc and a former Chairman of the Industrial Development Board (of Northern Ireland). His other directorships include AIB Group and Unidare plc.



Peter Crowley, BA, BAI, FCA. **Senior Independent Director**.

Peter Crowley, aged 42, was appointed to the board in 2003. Peter is a chartered accountant. He is chief executive of IBI Corporate Finance and is a past executive and current non-executive director of Sigma Communications Group.



Bernard Somers, BComm, FCA. **Independent Director**.

Bernard Somers, aged 55, was appointed to the Board in 2004. He is a non-executive director of a number of public companies; Independent News & Media plc, Ardagh plc and DCC plc. He founded Somers and Associates, a professional practice which specialises in corporate restructuring.

Company Secretary



Thomas Corcoran, BComm, FCA **Company Secretary**.

Thomas Corcoran, aged 40, joined the company in 1989 from PwC, where he qualified as a chartered accountant. He was appointed Company Secretary in 2001.

REPORT OF THE DIRECTORS

The Directors present their annual report together with the audited financial statements of the Group for the year ended 31 December 2004.

RESULTS AND BUSINESS DEVELOPMENTS

Details of the results for the year are set out in the profit and loss account on page 46 and in the related notes forming part of the financial statements. A detailed review of business developments is contained in the Chairman's Statement and the Operations and Financial Review.

RESEARCH & DEVELOPMENT

The Group actively monitors developments in ship design and ship availability with an emphasis on product improvement and achievement of economies of scale.

REDEMPTION OF REDEEMABLE SHARES

The Board has decided to redeem one redeemable share per ICG unit for a cash consideration of 17.25 cent per redeemable share and accordingly no dividend will be paid. The consideration per redeemable share represents a 15% increase over the final redemption payment made in respect of 2003 of 15.0 cent per share.

In November 2004 the Board redeemed one Redeemable share per ICG Unit for a consideration of 8.625 cent per share (2003: 7.5 cent per redeemable share). This represents a total payment to shareholders of 25.875 cent, an increase of 15% over redemption premiums paid in respect of 2003.

PURCHASE OF OWN SHARE UNITS

Under the authority granted at the AGM of 30 April 2004 the company made on-market purchases of 692,500 of its own share units being 2.9% of the previously called up share capital of the company with a nominal value of €0.5m for a total consideration of €7.9m. All of these shares are held as treasury shares.

BOARD OF DIRECTORS

Thomas Toner and Liam Booth retired from the Board on 30 April 2004. Alex Mullin, non executive director, passed away in May 2004.

Mr John McGuckian was appointed as Chairman of the Board on 30 April 2004. At the time of his appointment as chairman John McGuckian was considered by the Board to be independent of both character and judgement. He was also considered to be a suitable candidate for chairman, and a significant benefit to the Board, due to his range of interests and breadth of experience.

Mr Bernard Somers was co-opted to the Board on 8th March 2004, and in accordance with the Articles of Association was elected to the Board at the Annual General meeting of 30th April 2004.

Mr Peter Crowley was appointed as Senior Independent Director on 30 April 2004.

In accordance with the Articles of Association and the Combined Code Gearoid O'Dea and John McGuckian retire by rotation, and being eligible, offer themselves for re-election.

PROPER BOOKS OF ACCOUNT

The Directors are responsible for ensuring that proper books of account are kept by the company in accordance with section 202 of the Companies Act, 1990. To ensure proper books of account are kept the directors have employed qualified accounting personnel and have maintained appropriate computerised accounting systems. The books of account are maintained at the company's registered office.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

SUBSTANTIAL SHAREHOLDINGS

The company has been notified of the following substantial interests in the Share Capital of the Company at 4 March 2005.

	Number of Units	% of Capital
Allied Irish Banks plc	2,679,726	11.5%
Schroder Investment Management Limited	2,378,654	10.2%
Zurich Financial Services Group	759,954	3.2%

DIRECTORS' AND SECRETARY'S SHAREHOLDINGS

The interests of the directors and secretary of the Company and their spouses and minor children in the share capital of the Company at 31 December 2004 and 31 December 2003, or date of appointment if later, all of which were beneficial, were as follows:

REPORT OF THE DIRECTORS

	2004 number	2003* number
John McGuckian	32,354	32,354
Eamonn Rothwell	2,038,571	2,038,571
Gearoid O'Dea	179,377	174,877
Tony Kelly	37,088	37,088
Peter Crowley	15,000	7,500
Bernard Somers	-	-
Thomas Corcoran	9,736	9,736

*or date of appointment

There were no changes in directors' shareholdings between 31 December 2004 and the date of this report.

CLOSE COMPANY PROVISIONS

So far as the Directors are aware Irish Continental Group, plc, is not a close company within the meaning of the Taxes Consolidation Act, 1997 and there has been no change in that respect since the year-end.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

In accordance with section 158 of the Companies Act, 1963 a list of the principal companies in which the Company is beneficially entitled to more than 20% in nominal value of the shares carrying voting rights is set out in Note 11 to the financial statements.

HEALTH AND SAFETY

It is Group policy to safeguard the well being of the Group's employees through adherence to health and safety standards and marine regulatory requirements. The Group has prepared safety statements under the terms of the Safety, Health and Welfare at Work Act 1989, which have been made available to employees.

Further information regarding the Group's Health and Safety policy is set out in the Corporate Social Responsibility Report on page 22.

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As a publicly quoted company Irish Continental Group will prepare financial statements and annual reports for all accounting periods starting after 1 January 2005 in line with International Financial Reporting Standards (IFRS). The transition to IFRS is discussed in the financial review on page 29.

AUDITORS

The Auditors, Deloitte & Touche, Chartered Accountants have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act 1963.

CORPORATE GOVERNANCE

The Group applies the principles and provisions of The Combined Code on Corporate Governance (the "Combined Code"), which applies for reporting periods beginning after 1 November 2003, as adopted by the Irish Stock Exchange and the UK Financial Services Authority. A corporate governance statement is set out on pages 35 to 37.

ANNUAL GENERAL MEETING

Your attention is drawn to the notice of meeting on pages 74 to 75.

Under ordinary business shareholders are asked to re-elect Gearoid O'Dea and John McGuckian who retire in accordance with the Articles of Association and who, being eligible, offer themselves for re-election. Biographical details of both directors are set out on page 31 of this report.

John McGuckian is a non-executive director and Chairman of the Board. The Board proposes that John McGuckian be re-elected as he makes a significant contribution to the direction of the Company, due to his range of interests and depth of experience. The Board confirms, following its formal evaluation performed during 2004, that the Chairman's performance continues to be effective and that he continues to demonstrate commitment to the role.

REPORT OF THE DIRECTORS

Under special business shareholders are being asked to renew;

- Until the next annual general meeting, the Directors' power to allot relevant securities under section 20 of the Companies (Amendment) Act 1983 up to an amount not exceeding the authorised but unissued share capital of the Company for the time being. The Directors do not have any current intention to exercise this power except for issues of shares under the Company's share option scheme. Resolution 4 is proposed as an ordinary resolution;
- Until the next annual general meeting or, if earlier, 29 July 2006, the authority to disapply the strict statutory pre-emption provision in the event of a rights issue, an issue of shares pursuant to the Company's share option scheme or any other issue for cash up to an aggregate nominal value of 5% of the issued share capital. The Directors do not have any current intention to exercise this power. Resolution 5 is proposed as a special resolution;

- Until the next annual general meeting, or, if earlier, 29 October 2006, the powers to give the Company or any of its subsidiaries, the authority to purchase up to 10% of the Company's shares on the market and permitting their reissue in accordance with the restrictions contained within the resolution. The Directors have previously exercised this power and may do so in the future but only where they consider it to be in the best interests of shareholders generally. Resolution 6 is proposed as a special resolution.

On behalf of the Board.

Eamonn Rothwell, Director
Gearoid O'Dea, Director

4 March 2005

REGISTERED OFFICE:
Ferryport, Alexandra Road, Dublin 1.

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE

The Group applies the principles and provisions of The Combined Code on Corporate Governance (the "Combined Code") as adopted by the Irish Stock Exchange and the UK Financial Services Authority. The Board believes that it is now in compliance with the revised Combined Code, which was effective for the Company from 1 January 2004. In accordance with the Combined Code, any instances of departure from the Combined Code provisions during the year are explained throughout this report.

THE BOARD OF DIRECTORS

The Board consists of three executive and three non-executive Directors. The roles of Chairman and Managing Director are separate, set out in writing and approved by the Board. The Board has appointed Peter Crowley as the senior independent Director. Brief biographies of the Directors and secretary are set out on page 31. Each Director brings independent judgement to bear on issues of strategy, risk and performance. Each director is subject to re-election every 3 years.

BOARD PROCEDURES

The Board holds regular meetings (normally at least ten per annum) and there is contact between meetings as required in order to progress the Group's business. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. The Board has a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group's business including approval of financial statements, budgets (including capital expenditure), acquisitions or disposals and dividends. Certain additional matters are delegated to Board Committees. There is a procedure for Directors in the furtherance of their duties to take independent professional advice if they consider this necessary. All Directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board recognises the need for directors to be aware of their legal responsibilities as directors and it ensures that directors are kept up to date on the latest corporate governance guidance and best practice.

New directors are given the opportunity to familiarise themselves with the operation of the Group, to meet with executive management, and to access any information they require.

BOARD COMMITTEES

During the year ended 31 December 2004, there were three Board Committees with formal terms of reference. The terms of reference of each committee are available, on request, from the Company Secretary.

THE AUDIT COMMITTEE

The Audit Committee comprises the non-executive directors Peter Crowley (chairman) and Bernard Somers.

Its duties are to oversee the relationship with the external auditor, including consideration of the appointment of the external auditor, audit fees, and any questions of independence, resignation or dismissal. The committee discusses with the external auditor the nature and scope of the audit and the findings and results. The committee also monitors the integrity of financial statements made by the company.

The committee keeps under review the effectiveness of the company's internal controls and risk management systems, including the internal audit function. It reviews the internal audit programme, ensures that the internal audit function is adequately resourced, and considers the major findings of investigations and management's responsiveness to these findings and recommendations.

The audit committee has considered all relationships between the company and the audit firm, including the provision of non-audit services. The committee does not consider that those relationships impair the auditor's judgement or independence.

THE NOMINATION COMMITTEE

The Nomination Committee comprises the Board Chairman John McGuckian (chairman), the senior independent director Peter Crowley and executive director Eamonn Rothwell.

CORPORATE GOVERNANCE STATEMENT

ATTENDANCE AT SCHEDULED BOARD MEETINGS AND BOARD COMMITTEE MEETINGS DURING THE YEAR

Director	Board		Audit***		Nomination		Remuneration	
	S*	A**	S*	A**	S*	A**	S*	A**
J. McGuckian	10	10	2	2	1	1	1	1
P. Crowley	10	8	4	3	1	1	1	1
B. Somers	8	4	3	1	-	-	-	-
E. Rothwell	10	10	-	-	1	1	-	-
G. O'Dea	10	10	-	-	-	-	-	-
T. Kelly	10	10	-	-	-	-	-	-
T. Toner	4	3	-	-	-	-	-	-
A. Mullin	4	4	-	-	-	-	-	-
L. Booth	4	3	1	1	-	-	-	-

*S: indicates the number of scheduled meetings held during the period in which the director was a member of the Board and / or committee.

**A: indicates the number of scheduled meetings attended during the period in which the director was a member of the Board and / or committee.

*** Where a quorum was not present at any audit committee meeting John McGuckian was co-opted to the committee for that committee meeting.

Its duties are to regularly review the skills, knowledge and experience required of the Board, now and in the future, compared to its current position and make recommendations to the Board with regard to any necessary changes. It is also charged with searching out, identifying and proposing to the Board new appointments of executive or non-executive directors.

Mr Bernard Somers was co-opted to the Board on 8th March 2004, and in accordance with the Articles of Association was elected to the Board at the Annual General meeting of 30th April 2004. Bernard Somers is a highly experienced board member and sits on a number of public company boards including Independent News and Media plc, DCC plc and SouthWharf plc. He is also principal of Somers and Associates, a professional services firm in Dublin. Bernard has also served as a director of a privately held Group with interests in freight transport. In these circumstances the Nomination Committee and the Board is satisfied that it was not necessary to use the services of an external agency nor advertise the position when co-opting Bernard to the Board.

THE REMUNERATION COMMITTEE

The Remuneration Committee comprises the non-executive directors John McGuckian (chairman) and Peter Crowley.

The committee's duties are to approve the remuneration structures and levels of the executive directors and senior management. It ensures a remuneration policy framework such that individuals are appropriately rewarded and motivated to perform in the best interest of the shareholders.

The non executive Directors Peter Crowley & Bernard Somers are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. John McGuckian, as Chairman, is deemed not to be independent under the terms of the Combined Code.

COMMUNICATIONS WITH SHAREHOLDERS

The Board promotes good communications with shareholders and the Group commits resources to shareholder communication commensurate with its size. Other than during close periods, the Group Managing Director and Group Finance Director have a regular dialogue with institutional shareholders throughout the year and report on these meetings to the Board. The Senior Independent Director is available on request to meet with major shareholders, however he did not meet with any major shareholders during the period.

CORPORATE GOVERNANCE STATEMENT

We encourage communication with private shareholders and welcome their participation at shareholder meetings.

We provide regular formal updates to our shareholders in a variety of ways, including a trading update on the day of our AGM and Annual and Interim Reports and Accounts, sent to all shareholders by post or electronically, and available on our website.

Irish Continental Group's website, www.icg.ie, also provides access to other corporate and financial information, including regulatory announcements and a link to the current ICG share unit price.

Arrangements have been made for the 2004 annual report and AGM notice to be sent to shareholders 20 working days before the meeting and for the level of proxy votes cast on each resolution, and the numbers for and against, to be announced at the meeting. The 2005 Annual General Meeting will be held at 12pm on 29 April 2005 in the Clarion Hotel, IFSC, Dublin 1.

Further investor relations information is available on page 72 of this report.

INTERNAL CONTROL

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

In accordance with the Turnbull Guidance for directors on internal control, *Internal Control: Guidance for Directors on the Combined Code*, the Board confirms that there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements, and that this process is regularly reviewed by the Board.

The nature of the Group's business, which is primarily the operation of ships and provision of related services, is such that operational safety is paramount. Significant risks include risks to the operational safety as well as financial risks. Our Group Risk Management function therefore comprises an Operations Risk Manager, Safety Security and Quality Systems Manager in the ferries division and the Internal Audit function.

The key risk management and internal control procedures, which are supported by detailed controls and processes, include:

- the Group Risk Management function
- an organisational structure with clearly defined lines of authority and accountability;
- skilled and experienced Group and divisional management;
- a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis;
- a formally constituted Audit Committee which reviews the operation of the Group Risk Management function, the Internal Audit function, liaises with the external auditors and reviews the Group's internal control systems.

The Board has reviewed the effectiveness of the Group's system of internal control. The review covered all controls including financial, operational, and compliance controls and risk management.

During the year the position of Internal Auditor became vacant due to internal promotion. The Audit Committee considered that there is a need for an Internal Audit function and has recommended to the Board that the position be filled. The Company is actively seeking to fill the position.

PERFORMANCE EVALUATION

The Chairman of the Board carried out a performance evaluation of the Board, its committees and directors, following the guidelines appended to the Combined Code. The non executive directors carried out a similar evaluation of the Chairman.

DIRECTORS' REMUNERATION

The report of the Remuneration Committee is set out on page 38 to 40.

REPORT OF THE REMUNERATION COMMITTEE

The remuneration of executive directors and senior management is determined by the Remuneration Committee. The Remuneration Committee is composed exclusively of non-executive directors and its composition and duties are shown on page 36.

The Group recognises that its remuneration policy must properly reward the Group's senior executives and motivate them to perform in the best interests of shareholders.

In framing remuneration policy the remuneration committee has given full consideration to Section B of the Best Practice Rules annexed to the listing rules. Throughout the period the Group had procedures in place which met with the Best Practice Provisions as set out in Section A of the Irish Stock Exchange requirements on directors' remuneration.

Annual bonuses for executive directors are determined by the Remuneration Committee based on the achievement of the Group's profitability objectives.

Details of directors' remuneration for the year ended 31 December 2004 are set out below:

	Salary €'000	Performance pay €'000	Benefits and other €'000	Pension €'000	Fees €'000	Total 2004 €'000	Total 2003 €'000
Executive Directors							
E. Rothwell	375	244	45	23	-	687	652
G. O'Dea	227	62	18	14	-	321	283
T. Kelly	165	60	19	-	-	244	224
Non-Executive Directors							
J. McGuckian	-	-	-	-	73	73	35
P. Crowley	-	-	-	-	40	40	9
B. Somers	-	-	-	-	33	33	-
T. Toner	-	-	-	-	30	30	76
A. Mullin	-	-	-	-	20	20	40
L. Booth	-	-	-	-	13	13	35
	767	366	82	37	209	1,461	1,354

The Company releases the executive directors Mr E. Rothwell and Mr T. Kelly to serve as non-executive directors on other boards. Mr E. Rothwell is a non-executive director of The United Kingdom Mutual War Risks Association Limited and does not retain his fee for this position. Mr T. Kelly serves as a non-executive director on the Board of Tourism Ireland Limited for which he retains his annual fee of €6,349.

REPORT OF THE REMUNERATION COMMITTEE

No director had an interest in any material contract to which the Company or any subsidiary was a party during the financial year.

There are no directors' service contracts.

No element of remuneration, other than basic salary, is pensionable. The aggregate pension benefits attributable to the executive directors at 31 December 2004 are as follows:

	Eamonn Rothwell €'000	Gearoid O'Dea €'000	Tony Kelly €'000	Total €'000
Increase in accumulated accrued annual benefits excluding inflation in the period	85	35	28	148
Transfer value of the increase in accumulated accrued benefits (excluding inflation) at year end (calculated in accordance with Actuarial Guidance Note GN11)	970	395	334	1,699
Accumulated accrued annual benefits on leaving service at year end	191	97	86	374

There are no long term incentive plans in place other than the Group's share option scheme. The Group introduced a share option scheme in 1988 to encourage identification with shareholders' longer term interests. Since that date, options have been granted to directors and employees of the Group. No options were granted in 2004.

REPORT OF THE REMUNERATION COMMITTEE

Directors' and Secretary's Share Options

Exercise Price	Exercise Period	Exercise Conditions	Director			Secretary
		Note	Eamonn Rothwell	Gearoid O'Dea	Tony Kelly	Tom Corcoran
603c	Jan.1999-2006	1	-	-	2,500	
530c	Jan.2000-2007	1	75,000	37,500	25,000	5,000
530c	Jan.2002-2007	2	75,000	37,500	25,000	5,000
1075c	Jan.2003-2010	3	25,000	12,500	12,500	2,500
1075c	Jan.2005-2010	4	25,000	12,500	12,500	2,500
660c	Jan.2004-2011	3	-	-	-	5,000
660c	Jan.2006-2011	4	-	-	-	5,000
735c	Jan.2005-2012	3	100,000	50,000	25,000	5,000
735c	Jan.2007-2012	4	100,000	50,000	25,000	5,000
530c	Sep.2005-2012	3	50,000	15,000	12,500	-
530c	Sep.2007-2012	4	50,000	15,000	12,500	-
At 31 December 2003			500,000	230,000	152,500	35,000
Less exercised at 530c			-	(37,500)	-	-
At 31 December 2004			500,000	192,500	152,500	35,000

Note 1: These options are exercisable only if growth in the Group's EPS is higher than the increase in the Consumer Price Index.

Note 2: These options are exercisable only if the Group's EPS growth places it in the top quartile of ISEQ companies.

Note 3: These options are exercisable only if growth in the Groups EPS is at least 2% p.a. above the increase in the Consumer Price Index.

Note 4: These options are exercisable only if growth in the Group's EPS places it in the top quarter of ISEQ companies and also only if the growth in the Group's EPS is at least 10% p.a. above the increase in the Consumer Price Index.

The market price of the shares at 31 December 2004 was 1155c and the range during the year was 890c to 1280c. The market price on the date of exercise by Gearoid O'Dea was 1008c. No options were granted during the year.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Irish Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2003, the European Communities (Companies: Group Accounts) Regulations, 1992 and the Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF IRISH CONTINENTAL GROUP PLC

We have audited the financial statements of Irish Continental Group plc for the year ended 31 December 2004 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Cash Flow Statement, the Statement of Accounting Policies, and the related notes 1 to 29. These financial statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Annual Report, including as set out in the Statement of Director's Responsibilities, the preparation of financial statements in accordance with applicable Irish law and accounting standards. Our responsibilities, as independent Auditors, are established in Ireland by statute, the Listing Rules of the Irish Stock Exchange, the auditing standards as promulgated by the Auditing Practices Board in Ireland, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts, 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992. We also report to you whether in our opinion proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Report of the Directors is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and

whether the Company's balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information required by law or the Listing Rules of the Irish Stock Exchange regarding Directors' remuneration and Directors' transactions is not given and where practicable, include such information in our report.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Irish Stock Exchange and we report if it does not. We are not required to consider whether the Board's statement on internal controls covers all risks and control procedures.

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

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board and generally accepted in Ireland. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

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



OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2004 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations 1992.

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

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

The net assets of the Company, as stated in the balance sheet of the company, are more than half of the amount of its called-up share capital and, in our opinion, on that basis, there did not exist at 31 December 2004 a financial situation which, under Section 40 (1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the Company.

Deloitte & Touche

Chartered Accountants
& Registered Auditors
Deloitte & Touche House
Earlsfort Terrace Dublin 2
4 March, 2005

STATEMENT OF ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute, comprising the Companies Acts 1963 to 2003 and the European Communities (Companies: Group Accounts) Regulations, 1992 and the Listing Rules of the Irish Stock Exchange.

ACCOUNTING CONVENTION

The financial statements have been prepared under the historical cost convention.

BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the date of their disposal.

Goodwill comprises the excess of consideration paid to acquire new businesses over the fair value of the net assets acquired. Goodwill arising on the acquisition of businesses up to 31 October 1998 was eliminated through reserves in the year of acquisition. Such goodwill will be charged to profit and loss account on any subsequent disposal of the business to which it related. Goodwill arising since 1 November 1998 has been capitalised and fully amortised.

TURNOVER

Turnover represents revenues from passenger and freight services supplied to third parties, exclusive of discounts and value added tax.

Passenger ticket revenue is recognised at the date of travel. Freight revenue is recognised at the date of transportation. Revenue from passenger tickets sold before the year end for a travel date after the year end is included in the balance sheet in creditors due within one year under the caption "accruals and deferred income". Unused tickets are recognised as revenue on a systematic basis.

Cash revenue from on-board sales is recognised immediately.

Turnover from agency operations comprises commission earned on sales made as an agent.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost represents suppliers' invoiced cost determined on a first in, first out basis.

FOREIGN EXCHANGE TRANSACTIONS

Company

Foreign currency transactions are recorded in the financial statements at rates of exchange ruling at the date of transactions or at contracted rates, where appropriate. Assets and liabilities denominated in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Other than foreign exchange funding costs capitalised during the construction of assets, gains and losses on exchange are dealt with in full through the profit and loss account.

Group

The profit and loss accounts of subsidiary companies which report in currencies other than Euros are translated into Euros and incorporated into the financial statements of the group using average rates, and the differences between average and closing rates are shown as a movement on reserves. The balance sheets are translated at the rate of exchange ruling at the balance sheet date.

The opening net investment in the subsidiary or related company is retranslated at the closing rate and the exchange differences so arising are shown as movements on reserves.

FINANCIAL RISK MANAGEMENT

Forward exchange contracts are used to hedge foreign exchange exposures. Gains and losses on forward exchange contracts are recognised in the year to which the underlying transactions relate.

Interest rate swaps are used to hedge the Group's exposure to interest rate movements. The amount payable or receivable on such swaps is accrued in the same way as interest arising on deposits or borrowings. Interest rate swaps are not revalued to fair value.

FIXED ASSETS

Ships

Ships are stated at cost. Cost includes all costs related to the construction of the vessel including interest incurred on borrowings used to finance the construction. Ships are depreciated at rates calculated to write off the cost less estimated residual value on a straight line basis over an expected useful life of between 15 and 20 years from completion of construction. The residual value of ships in service beyond their expected useful life is depreciated on a straight-line basis over the expected remaining life.



STATEMENT OF ACCOUNTING POLICIES

Plant and equipment

Plant and equipment is stated at cost and is written off on a straight-line basis at rates varying between 8% and 25% per annum.

Motor Vehicles

Motor vehicles are stated at cost and are written off on a straight-line basis at the rate of 25% per annum to residual value.

Property

The cost of leased premises is written off over the life of the lease on a straight-line basis at rates varying between 0.7% and 10% per annum.

FINANCIAL FIXED ASSETS

Financial fixed assets are shown at cost less amounts charged to the profit and loss account where the Directors consider that there has been a permanent impairment in value.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future.

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements that arise because certain items of income and expenditure in the financial statements are dealt with in different years for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

DRYDOCKING

Costs incurred on the overhaul of vessels are capitalised and depreciated over the period to the next overhaul.

PENSIONS

The Group operates contributory defined benefit pension schemes for virtually all full-time permanent employees. The schemes' funds are administered by trustees and are independent of the Group's finances. Other permanent employees are members of the Merchant Navy Officers Pension Fund, which is independently administered.

Contributions are paid to the funds in accordance with the advice of professionally qualified actuaries. The Group's contributions are charged to the profit and loss account on a systematic basis over the period benefiting from the services of the employees.

Variations from regular cost are spread over the expected average remaining service lives of the members in the scheme.

The Group continues to account for pension costs in accordance with SSAP 24 "Accounting for Pension Costs", while the disclosure required under the transitional arrangements of FRS17 "Retirement Benefits" are also shown.

LEASES

Assets held under finance leases are capitalised and included in tangible fixed assets at an amount representing the outright purchase price of such assets. Depreciation is provided at rates designed to write-off the cost, less any residual value, in equal annual amounts over the shorter of the estimated useful lives of the assets, or the period of the leases.

The capital element of future rentals is treated as a liability and the interest element is charged to the profit and loss account over the period of the leases in proportion to the balances outstanding. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

GRANTS

Capital grants received and receivable are credited to the capital grants account in the balance sheet and released to the profit and loss account based on the estimated useful lives of the assets to which the grants relate. Revenue grants are credited to the profit and loss account in the period in which the related expenditure is incurred.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Notes	Before exceptional items €m	Exceptional items €m	2004 Total €m	2003 Total €m
Turnover	1	293.3	-	293.3	304.3
Operating costs	2	(266.8)	(11.9)	(278.7)	(280.2)
Operating profit	3	26.5	(11.9)	14.6	24.1
Net interest payable	5	(5.4)	-	(5.4)	(6.4)
Profit on ordinary activities before taxation		21.1	(11.9)	9.2	17.7
Taxation	6	(1.2)	-	(1.2)	(0.3)
Profit retained for the year - attributable to shareholders of Irish Continental Group plc	21	19.9	(11.9)	8.0	17.4
Basic earnings per share	9			34.0c	71.6c
Diluted earnings per share	9			33.9c	71.3c
Adjusted earnings per share	9			84.7c	91.4c

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2004

	2004 €m	2003 €m
Profit attributable to shareholders of Irish Continental Group plc	8.0	17.4
Exchange translation adjustment	(2.3)	(8.9)
Total recognised gains related to the year	5.7	8.5

Eamonn Rothwell, Director
Gearoid O'Dea, Director

CONSOLIDATED BALANCE SHEET at 31 December 2004

	Notes	2004 €m	2003 €m
Fixed Assets			
Tangible assets	10	320.4	334.5
		320.4	334.5
Current assets			
Stocks	12	0.6	0.7
Debtors	13	46.5	51.6
Cash at bank and in hand		9.2	12.2
		56.3	64.5
Creditors			
(Amounts falling due within one year)			
Bank loans and overdrafts	14	39.0	25.5
Trade and other creditors	16	56.2	61.2
Obligations under finance leases	17	4.3	3.4
Taxation and social welfare	18	5.5	5.5
		105.0	95.6
Net current liabilities		(48.7)	(31.1)
Total assets less current liabilities		271.7	303.4
Creditors			
(Amounts falling due after more than one year)			
Bank loans	14	75.3	98.1
Obligations under finance leases	17	8.5	10.2
Provision for liabilities and charges	19	11.3	11.6
		95.1	119.9
Capital and reserves			
Called up share capital	20	15.8	15.7
Share premium account	21	39.6	38.9
Capital reserves	21	0.1	0.1
Capital redemption reserve	21	2.1	2.1
Profit and loss account	21	119.0	126.7
Shareholders' funds (equity)	22	176.6	183.5
		271.7	303.4

Eamonn Rothwell, Director

Gearoid O'Dea, Director

COMPANY BALANCE SHEET at 31 December 2004

	Notes	2004 €m	2003 €m
Fixed assets			
Tangible assets	10	17.0	15.8
Financial assets	11	11.1	11.1
		28.1	26.9
Current assets			
Stocks	12	0.1	0.2
Debtors	13	104.6	108.9
Cash at bank and in hand		2.2	-
		106.9	109.1
Creditors			
(Amounts falling due within one year)			
Bank loans and overdrafts	14	17.0	3.0
Trade and other creditors	16	51.3	60.0
Obligations under finance leases	17	0.3	0.4
Taxation and social welfare	18	0.8	1.2
		69.4	64.6
Net current assets		37.5	44.5
Total assets less current liabilities		65.6	71.4
Creditors			
(Amounts falling due after more than one year)			
Obligations under finance leases	17	0.4	0.2
Provisions for liabilities and charges	19	0.5	1.3
		0.9	1.5
Capital and reserves			
Called up share capital	20	15.8	15.7
Share premium account	21	39.6	38.9
Capital redemption reserve fund	21	2.1	2.1
Profit and loss account	21	7.2	13.2
Shareholders' funds (equity)		64.7	69.9
		65.6	71.4

Eamonn Rothwell, Director

Gearoid O'Dea, Director

CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 December 2004

	Notes	2004 €m	2003 €m
Operating activities			
Net cash inflow from operating activities	23	39.5	54.4
Servicing of finance			
Net interest paid		(6.3)	(6.0)
Net cash outflow from servicing of finance		(6.3)	(6.0)
Taxation			
Net corporation tax paid		(0.5)	(0.3)
Capital expenditure			
Purchase of fixed assets		(13.5)	(8.9)
Sale of fixed assets		0.2	0.1
Net cash outflow from investing activities		(13.3)	(8.8)
Equity dividends paid			
		-	(3.2)
Net cash inflow before financing		19.4	36.1
Financing			
Issue of ordinary share capital		0.8	0.7
Repurchase of ordinary share capital		(7.9)	(9.8)
Redemption of redeemable shares		(5.5)	(1.8)
Drawdown of loans		17.0	-
Inception of finance leases		3.0	2.8
Repayment of amounts borrowed		(25.0)	(25.4)
Capital element of finance lease payments		(3.8)	(2.5)
Net cash outflow from financing		(21.4)	(36.0)
(Decrease) / increase in cash	24	(2.0)	0.1

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Segmental information

Analysis by class of business

	Turnover		Profit Before Tax		Net Assets	
	2004	2003	2004	2003	2004	2003
	€m	€m	€m	€m	€m	€m
Ferries and Travel	164.3	170.2	24.0	25.3	268.2	290.0
Container and Terminal	129.8	134.8	2.5	3.6	30.9	30.5
Intersegment turnover	(0.8)	(0.7)	-	-	-	-
	293.3	304.3	26.5	28.9	299.1	320.5
Exceptional items and goodwill			(11.9)	(4.8)		
Net interest/debt			(5.4)	(6.4)	(117.9)	(125.0)
Unallocated liabilities			-	-	(9.3)	(12.0)
Construction in progress			-	-	4.7	-
	293.3	304.3	9.2	17.7	176.6	183.5

Analysis by origin

	2004	2003
	€m	€m
Ireland	123.3	123.8
United Kingdom	93.4	101.9
Continental Europe	76.6	78.6
	293.3	304.3

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.

2. Operating costs

Included in the operating costs are the following amounts in respect of exceptional items:

	2004	2003
	€m	€m
Restructuring costs	11.9	4.8

2004 Costs: During 2004, a review of the profitability of the Ireland-France route was undertaken which showed that the route could no longer be viably operated using the existing crewing structure. Following this review a third party crewing agency was employed to crew the vessel operating on this route, with severance or redeployment to the Irish Sea offered to existing staff.

As the nature of distribution in the travel industry continues to move towards the internet the Group restructured its sales channels. The decision was taken on 23 February 2005 to close our remaining two UK travel agency shops and an impairment review was performed on the assets.

Restructuring also took place in our terminal division where changes in work practices were agreed to implement the EU Working Time Directive. A maintenance contract was terminated due to the re-equipping of the terminal.

The restructuring charge represents the costs of these changes.

2003 Costs: In December 2003 the Group entered into a process of consultation with its employees in order to generate savings in payroll costs through changes in work practices. The 2003 restructuring charge represents the estimated cost of the proposed changes as at 31 December 2003. €4.0m of this provision was spent in 2004 with the remainder of the provision being released.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Operating profit	Notes	2004 €m	2003 €m
Turnover		293.3	304.3
Cost of sales		(221.5)	(233.9)
		71.8	70.4
Operating costs:			
Exceptional items	2	11.9	4.8
Selling and marketing		13.3	14.1
Administration		30.5	26.1
Other operating expenses		1.5	1.3
		57.2	46.3
Operating profit		14.6	24.1
Operating profit is stated after charging / (crediting):			
Auditor's remuneration			
for audit services		0.2	0.2
for other services		0.1	0.0
Rentals payable under operating leases and charters		34.1	26.7
Depreciation of tangible fixed assets			
owned assets		23.2	23.2
leased assets		2.0	1.6
(Profit) / loss on disposal of assets		(0.1)	0.1
Grant credit	19	(0.2)	(0.3)

Details of directors' remuneration are set out in the Report of the Remuneration Committee on page 38.

4. Staff numbers and costs		2004	2003
The average number of employees during the year was as follows:			
At sea		745	910
On shore		554	625
		1,299	1,535
At year end		1,219	1,472
The aggregate payroll costs were as follows:			
		2004 €m	2003 €m
Wages and salaries		52.5	54.4
Restructuring costs		11.9	4.8
Social welfare charge		2.9	2.8
Other pensions charge / (credit)	26	0.4	(0.7)
		67.7	61.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

5. Net interest payable	2004	2003
	€m	€m
On bank loans & overdrafts wholly repayable within five years	4.5	2.7
On bank loans repayable after more than five years	1.3	4.1
Finance charges payable under finance leases	0.5	0.7
Other financial income	(0.6)	(0.7)
Bank interest receivable	(0.3)	(0.4)
	5.4	6.4

6. Taxation		
(a) Charge in the year: Group	2004	2003
	€m	€m
Current tax charge:		
Corporation tax on profits for the year:		
Irish corporation tax	-	-
Overseas corporation tax at 35%	1.3	1.0
Deferred tax charge:		
Origination and reversal of timing differences	(0.1)	(0.7)
	1.2	0.3

(b) Factors affecting the tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland that applied during the year. The differences are explained as follows:

	2004	2003
	€m	€m
Expected tax charge on profit on ordinary activities at the standard rate of tax for the year of 12.5% (2003: 12.5%)	1.1	2.8
Expenses not deductible for tax / exempt income	(0.4)	(0.8)
Capital allowances for the year in excess of depreciation	0.1	(3.6)
Other timing differences	(0.1)	(0.5)
Shipping profits relief	(0.2)	-
Higher rates of tax on overseas and other income	0.9	0.1
Utilisation of tax losses carried forward	(0.6)	-
Unutilised tax losses carried forward	0.5	3.0
Total current tax charge	1.3	1.0

Unrelieved tax losses arising in the period, principally due to capital allowances, amounting to €2.2m (2003: €18.3m) are carried forward and are available to reduce the tax liability in respect of future profits.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(c) Factors that may affect future tax charges

The company and its subsidiaries have elected to be taxed under the Irish Tonnage Tax system in respect of all eligible activities from 1 January 2004, with the effect that the current tax arising on the Group's Irish shipping profits will continue at levels lower than the standard rate of tax for an indefinite period.

7. Profit attributable to the shareholders of Irish Continental Group, plc.

Of the profit for the year of €8.0m (2003: €17.4m), a profit of €7.4m (2003: profit of €12.4m) has been dealt with in the financial statements of the Holding Company.

As permitted by the European Communities (Companies: Group Accounts) Regulations 1992, a separate profit and loss account for the Holding Company has not been presented.

8. Redemption of redeemable shares

	2004 €m	2003 €m
Redemption of one redeemable share for 15.0c per redeemable share	3.5	-
Redemption of one redeemable share for 8.625c per redeemable share	2.0	-
Redemption of one redeemable share for 7.5c per redeemable share	-	1.8
	5.5	1.8

The Board has decided to redeem one redeemable share per ICG unit for a consideration of 17.25 cent per share. This will be chargeable to reserves in 2005.

9. Earnings per share unit

Basic earnings per share:

Basic earnings per share is calculated as follows:

		2004	2003
Numerator: Profit attributable to shareholders	€m	8.0	17.4
Denominator: Weighted average number of shares in issue	number	23.5	24.3
Basic earnings per share	cent	34.0	71.6

Diluted earnings per share:

Diluted earnings per share is calculated as follows:

		2004	2003
Numerator: Profit attributable to shareholders	€m	8.0	17.4
Denominator: Weighted average number of shares in issue, including options exercisable at the date of this report	number	23.6	24.4
Diluted earnings per share	cent	33.9	71.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

9. Earnings per share - continued

The weighted average shares used in the calculation of diluted earnings per share may be reconciled with the basic average shares as follows:

	2004 number	2003 number
Total options in issue	1,936,500	2,112,700
Non-dilutive options	(1,721,500)	(1,757,000)
Dilutive options	215,000	355,700
Average option price	561c	565c
Average fair value of share price during year	1097c	855c
Number of shares which would have been issued at fair value	(109,966)	(234,883)
Dilutive options	105,034	120,817
Basic weighted average shares	23,503,473	24,296,694
Diluted weighted average shares	23,608,507	24,417,511

Adjusted earnings per share

The numerator for adjusted earnings per share is adjusted profit attributable to shareholders i.e. profit before goodwill and exceptional item of €19.9m (2003: €22.2m). The denominator for adjusted earnings per share is the weighted average number of shares in issue of 23.5m (2003: 24.3m). Adjusted earnings per share is reconciled to basic earnings per share as follows:

	2004 cent	2003 cent
Basic earnings per share	34.0	71.6
Exceptional items - restructuring provision	50.7	19.8
Adjusted earnings per share	84.7	91.4

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. Tangible fixed assets

Group

	Assets under construction €m	Ships €m	Plant and equipment €m	Vehicles €m	Property €m	Total €m
Cost or valuation						
At 1 January 2004	-	394.7	54.2	2.3	24.0	475.2
Additions	4.2	5.2	2.5	0.5	1.1	13.5
Reclassification	-	-	1.5	-	(1.5)	-
Disposals	-	(5.2)	-	(0.4)	-	(5.6)
Exchange adjustment	0.5	(5.3)	-	-	-	(4.8)
At 31 December 2004	4.7	389.4	58.2	2.4	23.6	478.3

Accumulated depreciation

At 1 January 2004	-	101.5	32.1	1.2	5.9	140.7
Charge for year	-	20.8	3.4	0.4	0.6	25.2
Disposals	-	(5.2)	-	(0.3)	-	(5.5)
Exchange adjustment	-	(2.5)	-	-	-	(2.5)
At 31 December 2004	-	114.6	35.5	1.3	6.5	157.9

Net book amounts

At 31 December 2004	4.7	274.8	22.7	1.1	17.1	320.4
At 31 December 2003	-	293.2	22.1	1.1	18.1	334.5

The Group cost of tangible fixed assets includes an amount of €33.1m (2003: €25.7m) in respect of assets held under finance leases, with a net book value of €18.2m (2003: €15.7m).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

10. Tangible fixed assets - continued

Company

	Ships €m	Plant and equipment €m	Vehicles €m	Property €m	Total €m
Cost					
At 1 January 2004	23.2	7.5	0.5	0.6	31.8
Additions	2.1	3.1	0.2	-	5.4
Disposals	(2.0)	-	(0.1)	-	(2.1)
At 31 December 2004	23.3	10.6	0.6	0.6	35.1

Accumulated depreciation

At 1 January 2004	8.8	6.7	0.3	0.2	16.0
Charge for year	3.4	0.3	0.1	0.3	4.1
Disposals	(1.9)	-	(0.1)	-	(2.0)
At 31 December 2004	10.3	7.0	0.3	0.5	18.1

Net book amounts

At 31 December 2004	13.0	3.6	0.3	0.1	17.0
At 31 December 2003	14.4	0.8	0.2	0.4	15.8

The Company cost of tangible fixed assets includes an amount of €3.3m (2003: €2.7m) in respect of assets held under finance leases, with a net book value of €0.7m (2003: €0.6m).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

11. Financial fixed assets

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Investment in subsidiary companies	-	-	11.1	11.1

Principal subsidiary companies:

Company	Nature of business	Country of incorporation	Registered office	% Holding
Irish Ferries Limited	Ferry Operator	Ireland	Ferryport Alexandra Rd. Dublin 1	100
Irish Ferries (U.K.) Limited	Shipping and Forwarding Agents	United Kingdom	Corn Exchange Building Fenwick Street Liverpool	100
Rosslare Ship Repairs Limited	Ship Repairs	Ireland	Rosslare Harbour Co. Wexford	100
Eucon Shipping & Transport Limited	Container Shipping Services	Ireland	Ferryport Alexandra Rd. Dublin 1	100
Eurofeeders Limited	Container Shipping Services	United Kingdom	Inter City House 80 Oswald St. Glasgow	100
Feederlink Shipping & Trading b.v.	Container Shipping Services	Netherlands	Seattleweg 15 3195 ND Rotterdam Netherlands	100
Zatarga Limited	Ship Owner	Isle of Man	Samuel Harris House 5-11 St. George's St. Douglas Isle of Man IM1 1AJ	100
Irish Continental Line Limited	Ship Owner	Ireland	Ferryport Alexandra Rd. Dublin 1	100

All the companies listed above have a financial year end of 31 December.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Stocks

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Fuel and lubricating oil	0.3	0.3	-	-
Catering and other	0.3	0.4	0.1	0.2
	0.6	0.7	0.1	0.2

13. Debtors

Amounts falling due within one year:

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Trade debtors	32.1	35.0	-	0.5
Amounts owed by group companies	-	-	102.4	107.4
Other debtors	10.1	13.9	2.2	1.0
Prepayments and accrued income	4.3	2.7	-	-
	46.5	51.6	104.6	108.9

14. Bank Loans

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Secured facilities (repayable within one year)				
overdraft	0.3	0.7	-	0.2
term loan	38.7	24.8	17.0	2.8
	39.0	25.5	17.0	3.0
(repayable after more than one year)				
term loan	75.3	98.1	-	-
	114.3	123.6	17.0	3.0

Term loans are repayable by instalments and fall due as follows:

Within one year	38.7	24.8	17.0	2.8
Between one and two years	21.7	22.0	-	-
Between two and five years	53.6	65.9	-	-
After five years	-	10.2	-	-
	114.0	122.9	17.0	2.8

Bank loans are secured by Statutory Marine Mortgages on all Group vessels and by floating charges on the assets of Irish Continental Group plc and its subsidiaries. The bank loans are guaranteed by Irish Continental Group plc and its subsidiaries.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. Financial instruments

(i) Fair values of financial assets and liabilities

The fair value of the Group's short term and long term financial assets and liabilities compared to the carrying values at 31 December 2004 are set out below:

	2004		2003	
	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m
Cash	9.2	9.2	12.2	12.2
Variable rate debt:				
Overdraft	(0.3)	(0.3)	(0.7)	(0.7)
Floating rate bank loans	(40.6)	(40.6)	(15.0)	(15.0)
	(40.9)	(40.9)	(15.7)	(15.7)
Fixed rate debt:				
Fixed rate bank loans	(73.4)	(73.9)	(107.9)	(108.8)
Leases	(12.8)	(12.8)	(13.6)	(13.6)
	(86.2)	(86.7)	(121.5)	(122.4)

The fair value of loans comprises the value of loans outstanding plus the fair market value of any outstanding interest rate swap agreements.

(ii) Interest rate risk profile of financial assets and liabilities

The interest rate and currency profile of the Groups' borrowings as at 31 December was as follows:

Currency	2004	Euro €m	Sterling €m	US Dollars €m	Total €m
Fixed rate debt		(61.0)	(17.2)	(8.0)	(86.2)
Variable rate debt		(19.5)	(14.8)	(6.6)	(40.9)
Gross debt		(80.5)	(32.0)	(14.6)	(127.1)
Cash deposits		4.1	2.9	2.2	9.2
Net debt		(76.4)	(29.1)	(12.4)	(117.9)
Weighted average fixed rate		4.41%	5.55%	3.94%	4.60%
Weighted average period of fixed interest (years)		3.38	2.66	3.0	3.2

Currency	2003	Euro €m	Sterling €m	US Dollars €m	Total €m
Fixed rate debt		(68.4)	(37.1)	(16.0)	(121.5)
Variable rate debt		(8.9)	(3.0)	(3.8)	(15.7)
Gross debt		(77.3)	(40.1)	(19.8)	(137.2)
Cash deposits		5.8	4.6	1.8	12.2
Net debt		(71.5)	(35.5)	(18.0)	(125.0)
Weighted average fixed rate		4.47%	5.67%	3.61%	4.72%
Weighted average period of fixed interest (years)		3.27	2.59	2.32	2.94

The variable rate debt comprises bank borrowings bearing interest at rates fixed in advance and expiring in less than 1 year from the balance sheet date by reference to inter bank interest rates (LIBOR, DIBOR, EURIBOR). Cash deposits are placed on money markets for various periods ranging from overnight to 3 months.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

15. Financial instruments - continued

(iii) Currency exposure

The year end Euro exchange rates used for balance sheet purposes were as follows

	2004	2003
GBP	0.7051	0.7048
USD	1.3621	1.2630

At 31 December 2004, the Group had not entered into any foreign exchange forward contracts (2003: contracts to purchase US\$0.7m at a rate of €1=US\$1.7745). The Group had no material currency exposure on its monetary assets and liabilities as at 31 December 2004. A loss of € nil (2003: €0.1m) has been included in the profit and loss account in relation to unrecognised losses on foreign exchange contracts at the start of the year realised during the year.

At 31 December 2004 debtors balances included €5.6m denominated in GBP and €6.5m denominated in USD. At that date creditors balances included €8.2m denominated in GBP and €6.1m denominated in USD.

(iv) Borrowing facilities

The Group has borrowing facilities available to it. The undrawn committed facilities at 31 December 2004 are subject to annual renewal and mature as follows:

	2004 €m	2003 €m
Within one year	6.8	10.7
Between one and two years	-	-
Between two and five years	-	-
Over five years	-	-
	6.8	10.7

Subsequent to the year end additional facilities of €10m were agreed.

16. Trade and other creditors

Amounts falling due within one year:

	Group		Company	
	2004 €m	2003 €m	2004 €m	2003 €m
Trade creditors	26.5	28.3	-	0.9
Other creditors	3.8	3.7	0.1	1.4
Accruals and deferred income	25.9	29.2	4.9	6.0
Amounts owed to Group companies	-	-	46.3	51.7
	56.2	61.2	51.3	60.0

17. Maturity of obligations under finance leases

	Group		Company	
	2004 €m	2003 €m	2004 €m	2003 €m
Repayable within one year	4.6	4.0	0.3	0.4
Repayable in two to five years	8.8	9.9	0.4	0.2
Repayable after five years	0.5	1.1	-	-
	13.9	15.0	0.7	0.6
Less future finance charges	(1.1)	(1.4)	-	-
	12.8	13.6	0.7	0.6
Included in creditors falling due within one year	(4.3)	(3.4)	(0.3)	(0.4)
due after one year	8.5	10.2	0.4	0.2



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

18. Taxation and social welfare

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Corporation tax	2.5	1.7	-	-
Payroll taxes	1.5	2.2	0.7	-
Pay related social insurance	0.7	0.2	0.1	-
Value added tax	0.8	1.4	-	1.2
	5.5	5.5	0.8	1.2

19. Provision for liabilities and charges

Group	Restructuring provision	Deferred Tax	Grants	Total
	€m	€m	€m	€m
At 1 January 2004	4.8	5.1	1.7	11.6
Received during the year	-	-	0.3	0.3
Provision created during the year	12.7	-	-	12.7
Paid during the year	(12.2)	-	-	(12.2)
Excess 2003 provision released during the year	(0.8)	-	-	(0.8)
Credited to profit and loss	-	(0.1)	(0.2)	(0.3)
At 31 December 2004	4.5	5.0	1.8	11.3

The deferred tax provision is analysed as follows:

	2004	2003
	€m	€m
Accelerated capital allowances	6.6	7.0
Tax losses carried forward	(1.6)	(1.9)
	5.0	5.1

An amount of €0.1m (2003: € nil) is recognised in the Company in respect of deferred tax and an amount of €0.4m (2003: €1.3m) is recognised in respect of the restructuring provision. Restructuring costs are detailed in note 2 to the accounts.

Taxable losses have been incurred by certain subsidiaries that are available for offset against future taxable profits. A deferred tax asset has not been recognised in respect of these losses as suitable taxable profits are not expected to arise within the next financial year.

The estimated value of the deferred tax asset not recognised is €2.0m (2003: €3.0m) in the Group and €0.1m (2003: €0.1m) in the Company. These amounts are analysed as follows:

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
Accelerated capital allowances	0.1	(0.3)	-	-
Other timing differences	-	(0.1)	-	-
ACT not immediately recoverable	0.1	0.1	0.1	0.1
Tax losses carried forward	1.8	3.3	-	-
Deferred tax asset not recognised	2.0	3.0	0.1	0.1

The Company and its subsidiaries have elected to be taxed under the Irish Tonnage Tax system in respect of all eligible activities from 1 January 2004. Certain activities will not fall within the tonnage tax regime but rather will continue to be subject to standard rates of corporation tax. These activities give rise to deferred tax assets and liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

20. Share Capital

	Number	2004 €m	2003 €m
Authorised:			
Ordinary Shares of €0.65 each	45,000,000	29.3	29.3
Redeemable shares of €0.0001 each	450,000,000	-	-
Allotted, called up and fully paid:			
Ordinary Shares			
At 1 January	24,107,034	15.7	16.3
Share issue	136,264	0.1	0.1
Share buyback	-	-	(0.7)
At 31 December 2004	24,243,298	15.8	15.7
Redeemable shares			
At 1 January	216,963,306	-	-
Share issue	1,179,548	-	-
Redemption of redeemable shares transferred to the Capital Redemption Reserve	(48,439,768)	-	-
At 31 December	169,703,086	-	-

Treasury shares

Included in the share capital above are 899,500 ICG share units which are held as treasury shares. Of these 692,500 were acquired by the company during 2004 at an average price of €11.37 and neither cancelled nor reissued.

Share buyback

Under the authority granted at the AGM of 30 April 2004 the company made on-market purchases of its own shares units being 2.8% of the previously called up share capital of the company with a nominal value of €0.5m for a total consideration of €7.9m. All of these units are held as treasury shares.

Share option schemes

There are no long term incentive plans in place other than the Group's share option scheme. The Group introduced a share option scheme in 1988 to encourage identification with shareholders' longer term interests. Since that date, options have been granted to directors and employees of the Group.

Options are exercisable subject to meeting certain performance criteria as set out in the Report of the Remuneration Committee on page 40.

During the year the Company issued shares under share option schemes which raised €0.8m net of expenses. The average price paid per share issued under the option schemes was €5.76. At 31 December 2004 there were 1,936,500 unexercised share options. The exercise prices range from 521c to 1,150c. Of these, 215,000 are dilutive and are exercisable at the date of this report. The remaining 1,721,500 options are either non-dilutive or not yet exercisable as the exercise depends on future earnings per share performance or because the required holding period under the option schemes has not yet expired.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21. Reserves

	Share premium €m	Reserve arising on consolidation €m	Capital redemption reserve €m	Profit and loss €m	Total €m
Group					
At 1 January 2004	38.9	0.1	2.1	126.7	167.8
Share issue	0.7	-	-	-	0.7
Share buyback	-	-	-	(7.9)	(7.9)
Redemption of redeemable shares	-	-	-	(5.5)	(5.5)
Profit retained for the year	-	-	-	8.0	8.0
Exchange translation adjustment	-	-	-	(2.3)	(2.3)
At 31 December 2004	39.6	0.1	2.1	119.0	160.8
Company					
At 1 January 2004	38.9	-	2.1	13.2	54.2
Share issue	0.7	-	-	-	0.7
Share buyback	-	-	-	(7.9)	(7.9)
Redemption of redeemable shares	-	-	-	(5.5)	(5.5)
Profit retained for the year	-	-	-	7.4	7.4
At 31 December 2004	39.6	-	2.1	7.2	48.9

22. Reconciliation of movement in shareholders' funds

	2004 €m	2003 €m
Profit attributable to Group	8.0	17.4
Currency translation adjustments	(2.3)	(8.9)
Total recognised gains	5.7	8.5
Transactions with shareholders:		
Capital introduced - at par	0.1	0.1
Capital introduced - share premium	0.7	0.6
Capital repurchased - ICG share units at par	(0.5)	(0.7)
Capital repurchased - premium paid on repurchase	(7.4)	(9.1)
Capital redeemed - redeemable shares at par	-	-
Capital redeemed - premium paid on redemption	(5.5)	(1.8)
Decrease in Shareholders' Funds	(6.9)	(2.4)
Shareholders' Funds at beginning of year	183.5	185.9
Shareholders' Funds at end of year	176.6	183.5

Treasury shares

During the year the company repurchased 692,500 ICG units which are held as treasury shares. Shareholders funds were reduced by €7.9 million as a result of this transaction.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23. Reconciliation of operating profit to the cash inflow from operating activities

	2004 €m	2003 €m
Operating profit	14.6	24.1
Depreciation charges	25.2	24.8
Movement in restructuring provision	(0.3)	4.8
Net grant receipt / (amortisation)	0.1	(0.3)
(Profit) / loss on disposal of assets	(0.1)	0.1
Increase in prepayment of pension contributions	(0.5)	(1.6)
Movement in working capital:		
Decrease in stocks	0.1	0.1
Decrease / (increase) in debtors	5.8	(1.3)
(Decrease) / increase in creditors	(5.4)	3.7
Net cash inflow from operating activities	39.5	54.4

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

	2004 €m	2003 €m
Decrease in cash	(2.4)	(1.4)
Decrease in overdraft	0.4	1.5
Net (decrease) / increase in cash	(2.0)	0.1
Decrease in debt	8.8	25.1
Change in net debt resulting from cash flows	6.8	25.2
Translation adjustment	0.3	7.2
Net movement	7.1	32.4
Opening net debt	(125.0)	(157.4)
Closing net debt	(117.9)	(125.0)

25. Analysis of net debt

	Cash €m	Overdrafts €m	Bank loans €m	Leases €m	Total €m
At 1 January 2004					
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)
Cash inflow / (outflow) from financing	(2.4)	0.4	8.0	0.8	6.8
Foreign exchange rate changes	(0.6)	-	0.9	-	0.3
At 31 December 2004	9.2	(0.3)	(114.0)	(12.8)	(117.9)
Analysed as:					
Current assets	9.2	-	-	-	9.2
Creditors due within one year	-	(0.3)	(38.7)	(4.3)	(43.3)
Creditors due after one year	-	-	(75.3)	(8.5)	(83.8)
At 31 December 2004	9.2	(0.3)	(114.0)	(12.8)	(117.9)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26. Pensions

The Group has continued to account for pensions in accordance with SSAP 24 and the disclosures given in (a) are those required by the standard. The implementation of FRS17 'Retirement benefits' has been deferred and is not now expected to become mandatory for the Group until year ending 31 December 2005. Prior to this, phased transitional disclosures are required by the standard and, to the extent not given in (a), they are set out below in (b).

(a) SSAP 24 Disclosures

The Group operates contributory defined benefit pension schemes, which provide retirement and death benefits for virtually all full-time employees. These schemes are funded through separate trustee controlled funds. In addition to the pension schemes operated by the Group, certain employees are included in the Merchant Navy Officers Pension Fund.

The pensions (charge) / credit and prepayment in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 1 April 2002 and 1 April 2004. The pension contributions paid in the year ended 31 December 2004 amounted to €0.9m (2003: €0.9m) while the charge to profit and loss account in respect of all schemes for the year ended 31 December 2004 amounted to €0.4m (2003: credit of €0.7m.)

	Group	
	2004	2003
	€m	€m
Amortisation of past service surpluses including interest on the balance sheet prepayment	4.5	5.6
Regular annual cost of providing current and future service benefits	(4.0)	(4.0)
Total added to prepayment of pension contributions	0.5	1.6
Cost of pension benefits in other group schemes	(0.9)	(0.9)
Total (cost) / credit	(0.4)	0.7

The most recent actuarial valuation shows that the schemes administered by the Group are adequately funded in respect of discontinuance liabilities at the relevant valuation dates. The actuarial valuation of the assets of these schemes represented more than 100% of the value of the accrued liabilities calculated by reference to completed service and projected future salaries. The aggregate market valuation of the assets of the funds administered by the Group at these actuarial valuation dates was €192.0m. The principal assumption adopted for these actuarial valuations was that the assumed long-term rate of investment return would exceed the rate of increase in pensionable salaries by between 0.5% and 2% per annum. The methods of funding used were the attained age method and the projected unit method.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26. Pensions - continued

(b) FRS 17 Retirement Benefits

The valuations employed for FRS 17 disclosure purposes have been based on the most recent funding valuations for each scheme (dates of which are noted above) adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2004 and to take account of financial conditions at this date. The valuations used for FRS 17 purposes have been completed using the projected unit method and assets for this purpose have been valued at market value.

The financial assumptions used to calculate the retirement benefit liabilities under FRS 17 were as follows:

Valuation method	Euro liabilities		Sterling liabilities	
	2004	2003	2004	2003
	projected unit		projected unit	
Discount rate	4.75%	5.5%	5.25%	5.5%
Inflation rate	2.25%	2.25%	2.75%	2.75%
Rate of increase of pensions in payment	1.7%	2.25%	2.5%	2.75%
Rate of general salary increases	4.25%	4.25%	4.75%	4.75%

The long term expected rates of return at 31 December were as follows:

	Euro Assets		Sterling Assets	
	2004	2003	2004	2003
Equities	7.25%	7.75%	8.0%	8.25%
Bonds	4.25%	5.0%	4.5%	4.8%
Property	6.25%	6.5%	7.0%	7.25%
Other	2.0%	2.5%	2.5%	2.5%

Pension Scheme Assets and Liabilities

The market value of the assets in the pension schemes and the value of accrued liabilities at 31 December 2004 and 31 December 2003 were as follows:

	Schemes with liabilities in Euro 2004 €m	Schemes with liabilities in Euro 2003 €m	Schemes with liabilities in Sterling 2004 €m	Schemes with liabilities in Sterling 2003 €m
Equities	134.4	121.0	6.1	5.5
Bonds	31.1	33.4	11.6	11.0
Property	15.9	15.4	0.2	0.2
Other	6.0	3.7	0.4	0.2
	187.4	173.5	18.3	16.9
Present value of scheme liabilities	(191.6)	(163.4)	(16.0)	(12.7)
(Deficit) / excess in schemes	(4.2)	10.1	2.3	4.2
Deferred tax	-	(0.6)	(0.7)	(1.3)
Net pension (liability) / asset	(4.2)	9.5	1.6	2.9

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26. Pensions - continued

(b) FRS 17 Retirement Benefits - continued

(i) Amounts which would have been recognised in the Profit and Loss account and the Statement of Total Recognised Gains and Losses

If FRS17 had been fully adopted the following amounts would have been recognised in the Group Profit and Loss account in respect of defined benefit schemes:

	2004 €m	2003 €m
Charged to operating costs		
Current service cost	4.9	3.8
Past service cost	0.5	0.2
	5.4	4.0
(Credited)/charged to other finance income		
Interest on scheme liabilities	10.1	9.2
Expected return on scheme assets	(13.0)	(11.5)
	(2.9)	(2.3)

If FRS17 had been fully adopted the following amounts would have been recognised in the Group Statement of Total Recognised Gains and Losses (STRGL):

	2004 €m	2003 €m
Actual return less expected return on scheme assets	7.7	8.6
Experience (losses) / gains on scheme liabilities	(7.0)	1.9
Loss due to change in assumptions used to value liabilities	(14.9)	(0.5)
Actuarial (loss) / gain recognised in Group STRGL	(14.2)	10.0

(ii) Analysis of the movement in fund surplus during the period

	2004 €m	2003 €m
Net excess in pension schemes at beginning of period	14.3	5.9
Movements in year:		
Current service cost	(4.9)	(3.8)
Contributions paid	0.4	0.4
Past service cost	(0.5)	(0.2)
Other finance income	2.9	2.3
Currency movement	0.1	(0.3)
Actuarial gain	(14.2)	10.0
Net (deficit) / excess in pension schemes at end of period	(1.9)	14.3

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26. Pensions - continued

(b) FRS 17 Retirement Benefits - continued

(iii) Analysis of actuarial (losses) / gains for the year ended 31 December 2004 is as follows:

	2004 €m	2003 €m	2002 €m
Actual return less expected return on schemes' assets			
- amount	7.7	8.6	(44.9)
- as a percentage of schemes assets	3.7%	4.5%	25.6%
Experience (loss) / gain on schemes' liabilities			
- amount	(7.0)	1.9	(5.3)
- as a percentage of schemes' liabilities	3.4%	1.1%	3.1%
Loss due to change in assumptions used to value liabilities			
- amount	(14.9)	(0.5)	(17.4)
- as a percentage of schemes' liabilities	7.2%	0.3%	10.3%
Total actuarial (loss) / gain			
- amount	(14.2)	10.0	(67.6)
- as a percentage of schemes' liabilities	6.8%	5.7%	39.9%

The agreed contribution rates until the next actuarial review are in the range from 0% to 6% of pensionable salaries.

(c) Merchant Navy Officers Pension Fund (MNOFF)

The Merchant Navy Officers Pension Fund is a defined benefit multi-employer scheme in which some ships' officers employed in the Group participate. The Group had 60 contributing members to the scheme out of a total contributing membership of the scheme of 2,821 as at the last valuation date.

The scheme is divided into two sections, the Old Section and the New Section, both of which are closed to new members. The latest valuations were carried out as at 31 March 2003.

Old Section

This is the Section of the Fund under which benefits accrued for service prior to April 1978. There is an actuarial surplus in this section as at March 2003 of GBP 167.0 million.

New Section

This Section relates to benefits accrued for service since 1978. It is closed to new members but existing contributors continue to accrue benefits. Most of the accrued benefits in respect of active members employed by the Group are within this section. As at 31 March 2003 the New Section had assets with a market value of GBP 1,168.0 million representing approximately 86% of the benefits accrued to members. There is an actuarial deficit of GBP 194.0 million as at 31 March 2003. The valuation assumptions were as follows.

Discount rate	7.8%
Inflation	2.5%
Rate of salary increases	4.0%
Rate of pension increases	2.5%
Expected return on assets	7.8%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The Trustee Board of the MNOPF intends apportioning the deficit in this section among the participating employers and has applied to the courts for a determination on the apportionment of the liability. The apportionment of the liability to the Group is estimated by the trustees to range between GBP 2.7 million and GBP 6.2 million depending on the outcome of the court case. The Trustee Board intends to require participating employers to increase contributions over a ten year period until the deficit is eliminated.

For FRS17, although the Group's contributions to the MNOPF will be affected in the future by a determination on the deficit, the Group is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis. The Group is therefore accounting for contributions to the MNOPF as if it were a defined contribution scheme.

27. Commitments

Capital expenditure approved and contracted for at the balance sheet date is as follows:

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
At 31 December 2004	2.5	2.5	-	-

Capital expenditure approved but not contracted for at the balance sheet date is as follows:

	Group		Company	
	2004	2003	2004	2003
	€m	€m	€m	€m
At 31 December 2004	-	5.0	-	-

Commitments under operating leases and charters to make payments totalling €16.5m for the next year (2003: €12.8m) are as follows:

	Group		Company
	Property	Plant & ships	Property
	€m	€m	€m
Expiring:			
Within one year	0.1	4.6	0.1
Between two and five years	0.1	11.0	-
More than five years	0.7	-	-
	0.9	15.6	0.1

The rentals payable under leases in respect of land and buildings are subject to renegotiation at various intervals specified in the leases.

The Group has given commitments under a number of port operating agreements, due to expire between two and seven years, totalling €1.8m (2003: €1.8m).

The Group has entered into a leasing transaction early termination of which could, in certain circumstances, require the Group to compensate a counterparty for a benefit foregone to a current value of €11.5m in present value terms (2003: €13.1m). The Directors consider that no obligation has arisen at the balance sheet date nor is likely to arise as the likelihood of termination is remote.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

28. Contingent liabilities

Pursuant to the provision of Section 17 of the Companies (Amendment) Act, 1986, the Company has guaranteed the liabilities of certain of its subsidiaries and, as a result, such subsidiaries have been exempted from the provisions of Section 7 of the Companies (Amendment) Act, 1986.

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €3.0m.

The company has also provided Letters of Financial Support for certain of its other subsidiaries.

29. Board approval

The Board of Directors approved the financial statements on 4 March 2005.

INVESTOR INFORMATION

ICG units

An ICG unit consists of one Ordinary Share and Redeemable Shares. The shares comprising a unit are not separable for sale / transfer purposes.

The number of Redeemable Shares comprised in an ICG Unit at any particular time will be displayed on the Irish Continental Group plc website (www.icg.ie). The redemption of redeemable shares is solely at the discretion of the directors.

At 4 March 2005 an ICG unit consisted of one Ordinary share and seven Redeemable shares.

Redemption of redeemable units

The Board of Directors, at its discretion, may, from time to time, redeem some or all of the Redeemable Shares at a premium over their nominal value. If any such redemption takes place it is unlikely that a dividend would also be paid in the same period, and vice versa.

Shareholders are offered the option of having any distributions paid in Euro or in Pounds Sterling and made by way of cheque payment or electronic transfer.

Shareholders should contact the Company's Registrars for further information.

The Company is obliged to deduct Dividend Withholding Tax (DWT) at the standard rate of income tax in Ireland (currently 20%) from dividends paid to its shareholders, unless a shareholder is entitled to an exemption from DWT and has returned a declaration form to the Company's Registrars claiming such entitlement.

Shareholder analysis at 4 March 2005

Range of ICG units held	Number of shareholders	%	Number of units	%
Over 100,000	30	1%	17,011,749	73%
10,001 - 100,000	110	5%	2,897,891	12%
5,001 - 10,000	152	7%	1,085,597	5%
1,001 - 5,000	801	34%	1,811,620	8%
1 - 1,000	1,233	53%	536,941	2%
Total	2,326	100%	23,343,798	100%

ICG unit price data (€)

	High	Low	Year end
Year ended 31 December 2004	12.80	8.90	11.55
Year ended 31 December 2003	10.70	6.55	10.70

Share listings

ICG units are traded on the Irish Stock Exchange and the London Stock Exchange.

ICG units are quoted on the official lists of both the Irish Stock Exchange and the UK Listing Authority.

ICG's ISIN code is IE0033336516

ICG is a member of the CREST share settlement system. Shareholders may choose to hold paper share certificates or hold their shares in electronic form.

Investor Relations

Please address investor enquiries to:

Irish Continental Group plc, Ferryport, Alexandra Road, Dublin 1

Telephone: +353 1 855 2222 Fax: +353 1 855 2268

E-mail: investorrelations@icg.ie

INVESTOR INFORMATION

Registrar

The company's registrar deals with all administrative queries about the holding of ICG units. Shareholders should contact the Registrar in order to:

- Register to receive shareholder information electronically.
- Elect to receive any distributions from the company by bank transfer.
- Amalgamate accounts where shareholders have multiple accounts in their name, to avoid duplicate sets of Company mailings being sent to one shareholder.

The registrar also offers a share dealing service to shareholders.

The company's registrar is:

Computershare Investor Services (Ireland) Limited,
Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18
Telephone: +353 1 216 3100 Fax: +353 1 216 3151
E-mail: web.queries@computershare.co.uk

Financial calendar 2005

Announcement of preliminary Statement of Results to 31 Dec 2004	7 Mar 2005
Annual General Meeting	29 Apr 2005
Proposed payment date of premium on redemption of Redeemable Shares	20 May 2005
Provisional date for announcement of Interim Results to 30 June 2005	7 Sep 2005

Annual General Meeting 2005

The Annual General Meeting of shareholders will be held on Friday 29th April, in the Clarion Hotel, IFSC, Dublin 1, at 12 noon. The Notice of Annual General Meeting is set out on pages 74 to 75 in the Annual Report.

Travel discounts for Shareholders

Registered shareholders of 100 or more ICG shares can avail of a discount when travelling with Irish Ferries. The availability of the discount, the conditions applicable and the level of discount are subject to review and are varied from time to time. The principal features of the scheme at 4 March 2005 are:

- 20% discount on passenger & car ferry services between Ireland & Britain;
- 10% discount on passenger & car ferry services between Ireland & France (direct sailings only);
- 5% discount on Irish Ferries inclusive package holidays (incorporating travel with Irish Ferries)

To qualify for the discount the person travelling must be the registered holder of the shares, book online at www.irishferries.com, and apply for the discount at the time of booking. The discount is not available in conjunction with any other discount scheme. For further information please contact Irish Ferries Customer Support in Dublin on +353 1 855 2222 or e-mail shareholders@irishferries.com.

Other information

Registered office	Ferryport, Alexandra Road, Dublin 1
Solicitors	A&L Goodbody, Dublin DLA, Liverpool
Auditors	Deloitte & Touche, Chartered Accountants and Registered Auditors, Earlsfort Terrace, Dublin 2
Principal bankers	IIB Bank Ltd, Dublin AIB Bank, Dublin
Stockbrokers	NCB Stockbrokers Ltd, Dublin
Registrars	Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18

Website: www.icg.ie
Email: info@icg.ie

Reuters: ICG_u.i
Bloomberg: ICGc

Telerate: icg.u
ISE Extra: IR5

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that an Annual General Meeting of Irish Continental Group plc will be held at the Clarion Hotel, North Wall Quay, Dublin 1 on Friday, 29th April, 2005 at 12.00 o'clock for the following purposes:-

ORDINARY BUSINESS

1. To receive and consider the financial statements for the period ended 31st December, 2004 and the reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire in accordance with the Articles of Association and, being eligible, offer themselves for re-appointment:
 - (a) Gearoid O'Dea;
 - (b) John B. McGuckian;
3. To authorise the Directors to fix the remuneration of the Auditors for the year ending 31st December, 2005.

SPECIAL BUSINESS

TO CONSIDER and, if thought fit, to pass the following resolutions:

4. As an ordinary resolution:

"That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (within the meaning of section 20 of the Companies (Amendment) Act, 1983) up to an aggregate nominal amount not exceeding the present authorised unissued capital of the Company; provided that this authority shall expire at the conclusion of the next annual general meeting of the Company save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allocated after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority conferred hereby had not expired."
5. As a special resolution:

"That the Directors be and are hereby empowered pursuant to section 23 and section 24(1) of the Companies (Amendment) Act, 1983 to allot equity securities (within the meaning of section 23 of the said Act) for cash, pursuant to the authority conferred by resolution 4 in this notice of annual general meeting, as if section 23(1) did not apply to any such allotment, provided that this power shall be limited to:

 - (1) the allotment of equity securities in connection with a rights issue in favour of Shareholders where the equity securities are issued proportionally (or as nearly as may be) to the respective numbers of shares held by such shareholders (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with issues arising under the laws of any territory or the requirements of any regulatory body or any Stock Exchange in any territory or in connection with fractional entitlements or otherwise howsoever);
 - (2) the allotment of equity securities to holders of any options under any of the Company's share option schemes for the time being in force, on the exercise by them of any such options; and
 - (3) the allotment (otherwise than pursuant to sub-paragraphs (1) or (2) above) of equity securities up to an aggregate nominal value of five per cent of the aggregate nominal value of the Company's issued share capital of the Company for the time being; and the power shall expire at the conclusion of the next annual general meeting of the Company or (if earlier) 29th July, 2006, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such offer or agreement as if the power conferred hereby had not expired."
6. As a special resolution:

"That subject to and for the purposes of the Companies Act, 1990, the Company and/or any of its subsidiaries be and are hereby generally authorised to make market purchases of shares of any class of the Company on such terms and conditions and in such manner as the Directors may from time to time determine, but so that:

NOTICE OF ANNUAL GENERAL MEETING

- (1) the maximum number of shares authorised to be purchased under this resolution shall be such number of shares whose aggregate nominal value shall not exceed 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the commencement of business on the day of the passing of this resolution;
- (2) the minimum price which may be paid for any share is an amount equal to its nominal value; and
- (3) the maximum price which may be paid for any share is an amount equal to 105 per cent of the Market Price (as hereafter defined) on the day of purchase and the price range within which any shares purchased or redeemed and held as treasury shares, within the meaning of section 209 of the Companies Act, 1990, may be re-issued off-market is from 95 to 120 per cent of the Market Price on the day of re-issue.

For the purpose of this resolution:

- (a) the Market Price of any shares on a particular day means the higher of:
the average middle market price (if there is one) derived from the List (as hereafter defined); and the average Current Price (as hereafter defined) on the immediately preceding five business days;
- (b) the Current Price on a particular day means the closing quotation price as published in the List or (for a day on which there was no dealing in such shares on the Stock Exchange) the mid-point between the high and low market guide prices as published in the List or (if there is only one such market guide price published) the market guide price so published whether it is the high or the low market guide price;
- (c) the List means the Irish Stock Exchange Daily Official List; and
- (d) the Stock Exchange means The Irish Stock Exchange Limited.

The authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or (if earlier) 29th October, 2006 unless previously varied, revoked or renewed. The Company or any subsidiary may before such expiry make a contract for the purchase of shares which would or might be wholly or partly executed after such expiry and may make a purchase of shares pursuant to any such contract as if the authority hereby conferred had not expired."

And to transact any other business which may properly be brought before the meeting.

By Order of the Board

Thomas Corcoran

Secretary

Registered Office: Ferryport, Alexandra Road, Dublin 1.

Date: 1 April, 2005.

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote his/her behalf. A proxy need not be a member of the Company. The deposit of an instrument of proxy will not preclude a member from attending and voting in person at the meeting.
2. A form of proxy is enclosed with this notice. To be effective, the form of proxy, duly completed and signed, together with any authority under which it is executed or a copy of such authority certified notarially or by a solicitor practicing in Ireland, must be deposited with the Company's registrars, Computershare Investor Services (Ireland) Limited, P.O. 954, Dublin 18, Ireland, not later than 48 hours before the time appointed for holding the meeting.
3. In the case of a corporation, the form of proxy must be either executed under seal or signed on its behalf by an officer or attorney, duly authorised.
4. There are no service contracts which are required to be available for inspection at the meeting.
5. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 specifies that only those members registered in the register of members of the Company as at 11.30 a.m. on 27 April 2005 (or in the case of an adjournment as at 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.

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