IRISH CONTINENTAL GROUP

PRELIMINARY STATEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2006

HIGHLIGHTS

	2006	2005 As restated
Turnover	€312.1m	€298.5m
EBITDA*	€59.7m	€45.8m
Profit from operations*	€32.2m	€18.1m
Non recurring items (net)	€0.7m	€(31.6)m
Adjusted EPS**	108.5c	54.1c
Basic EPS / (loss) per share	137.4c	(67.8)c
Equity	€178.3m	€140.4m
Net Debt	€113.8m	€105.9m

* Before non recurring items
**Before non recurring items and net expected return on defined benefit pension assets less liabilities

COMMENT

In a comment, Chairman, John B. McGuckian stated,

"I am pleased to report on a successful 2006 for the Group. Our performance in freight was positive, while in the car market we performed in line with the market, which declined 3%. We have reduced our cost base to enable us to compete more effectively in what is a demanding International marketplace".

8th March 2007

PRELIMINARY STATEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2006

RESULTS

Irish Continental Group plc ("ICG" or the "Group") today reports its results for the year to 31 December 2006.

Turnover for the year grew 4.6% to €312.1 million (2005: 298.5 million). EBITDA, before non recurring items, was up 30.3% to €59.7 million (2005 €45.8 million) while trading profit before non recurring items amounted to €32.2 million (2005: €18.1 million). The improvement in EBITDA and operating profit was due to the absence of industrial action during the period (in comparison with 2005), an increase in freight revenue and lower costs as a result of the restructuring in 2005, partially offset by higher fuel costs (up 12.3% to €32.8 million). Adjusted EPS amounted to 108.5 cent (2005: 54.1 cent restated). There have been two changes in accounting policy, details of which are set out in the Accounting Policies paragraph below.

The net interest charge was €5.7 million (2005: €4.7 million) before a net interest credit from our defined benefit pension schemes of €6.1m (2005: €3.2 million).

NON RECURRING ITEMS

There was a net non recurring credit of €0.7 million compared with a non recurring charge of €31.6 million in 2005. This comprised exceptional restructuring charges of €3.7 million (2005: €29.1 million) being the balance of the severance cost in respect of the crews of the Irish Sea vessels who elected to leave under the voluntary severance and outsourcing programme and other voluntary severance ashore. This was offset by an exceptional credit of €4.4m in respect of the refund of seafarers' PRSI. Part of this amount (€2.5 million) had been previously provided against in 2005 as there had been a delay in enacting the relevant legislation providing for the renewal of the scheme under which seafarers' PRSI is refunded.

ADJUSTED EPS

Within finance charges there is a surplus of expected return on pension scheme assets over interest on pension scheme liabilities of €6.1m (2005: €3.2 million) which the Group considers an adjusting item in relation to EPS as this net interest credit is for the benefit of the pension fund and is not available to the Group. Adjusted EPS excludes this net interest credit and also the non recurring items set out above.

Basic EPS was 137.4 cent (2005: loss of 67.8 cent).

A reconciliation of earnings for the purpose of basic and adjusted EPS is set out below:

	2006 €m	*2005 €m
Earnings for the purposes of basic EPS	32.3	(15.8)
Non recurring items	(0.7)	31.6
Expected return on pension assets less interest on pension liabilities	(6.1)	(3.2)
Earnings for the purpose of adjusted EPS	25.5	12.6

- As restated

FERRIES DIVISION

The Ferries division comprises Irish Ferries, the leading ferry operator to and from the Republic of Ireland, the Group's ship chartering activities, and holiday services.

Turnover in the division was €170.0 million (2005: €162.5 million) while profit from operations, before restructuring charges, was €28.6 million (2005: €13.9 million). Restructuring charges relating to voluntary severance amounted to €3.7 million. Despite an 8% reduction in sailings, fuel costs in the division rose 9.1% to €20.4 million (2005 €18.7 million). Part of this was due to the implementation of EU Directive 2005/33/EC, with effect from 22 August 2006, which requires the use of environmentally friendly, but more expensive, low sulphur fuel on passenger ships.

Passenger Revenue

Overall passenger numbers were affected by competitive market conditions which were the result of significant additional airline competition, including low cost carriers, particularly to regional airports in Ireland. We estimate that the overall car market into the Republic of Ireland declined by around 3%. We reduced frequency of our fast ferry service from six departures a day to four, resulting in a total of 4,221 ferry departures in the year versus 4,588 the previous year. Our passenger numbers fell 6.4% to 1.39 million while car numbers fell by 3.3% to 354,000.

Freight Revenue

In the Roll On Roll Off freight market we achieved an increase of 12.6% to 237,000 freight vehicles carried. The freight market continues to grow reflecting the positive economic backdrop, strong employment and population growth, and buoyant consumer spending. There was however a marked increase in competing freight capacity to both Liverpool and Holyhead in 2006 with further competing capacity scheduled in 2007.

Restructuring of Crew Costs

During 2005 we reached agreement with our ships crews on a voluntary severance programme and we recorded an exceptional charge of €29.1 million in 2005 based on applications for severance at that time. Additional staff have subsequently availed of the severance programme and this has resulted in a further charge of €1.9 million in the 2006 financial year. In addition, we have offered voluntary severance to shore based staff in Ireland and this has resulted in a further charge of €1.8 million, of which €1.4 million is severance. Within the income statement the cost of agency crew is included in Other Operating Expenses rather than Employee Benefit Expense.

Replacement Vessel for Ireland France Route

In January we were pleased to announce the acquisition of a replacement vessel (the Kronprins Harald) for our Ireland France route for an investment of approximately €45 million including delivery costs. The vessel has been chartered back to the vendors, Color Line of Norway, for the 2007 season, and will transfer to Irish Ferries in late 2007, following which the current vessel "Normandy" will be sold or chartered out.

Chartering

Both the Pride of Bilbao and Pride of Cherbourg remained on charter to P&O during the year. P&O has sub-chartered the Pride of Cherbourg during the year and the vessel is now named "Challenger" and trading in New Zealand. P&O has exercised its options to extend both charters to 2010 at the optional charter rates which will result in approximately 20% reduction in charter income in 2008, the first full year at the renewed rates.

CONTAINER AND TERMINAL DIVISION

The division includes our intermodal freight services Eucon, Feederlink and Eurofeeders as well as our strategically located container ports in Dublin (DFT) and in Belfast (BCT).

Turnover in the division was up 4.5% at €142.1 million compared with €136.0 million in 2005 while profit from operations was €3.6 million (2005: €4.2 million). Fuel costs within the division were up 18.1% at €12.4 million (2005: €10.5 million) while vessel charter costs also rose, by 7.2% to €32.8 million (2005 €30.6 million).

Overall container volumes shipped on continuing routes reduced slightly to 458,000 teu (2005: 460,000 teu) while units handled at our owned terminal in Dublin, DFT, rose 7.1% to 167,000 lifts (2005: 156,000 lifts.) The recently opened Dublin Port Tunnel enhances access to DFT significantly, by linking Dublin Port, which handles 55% of Ireland's imports and 80% of the country's exports, to the M1 motorway to the North and the M50 orbital motorway around the capital.

Two developments were announced during the year. In October we opened a new 50,000 container a year container handling terminal in the Port of Belfast, while in December we announced that, in a €30m expansion of our facility in Dublin Port, the investment in which we will share with Dublin Port Company, we will be increasing capacity, from 2008, from 180,000 lifts to 270,000 lifts p.a.

FINANCE

EBITDA before non recurring items for the year was €59.7 million (2005: €45.8 million). Our net interest payments were €5.7 million and tax payments amounted to €1.7 million. Capital expenditure was €12.0 million while restructuring payments (including the charge provided for in 2005) totalled €35.4 million.

We returned €7.2 million to shareholders via redemption of redeemable shares (2005: €6.3million).

Net debt at year end was €113.8 million (2005: €105.9 million).

Group return on average capital employed (before restructuring charges) was 12.6% for the year, compared with 7.1% in 2005.

PENSIONS

Of the Group's defined benefit plans, three were in surplus at year end (€29.9 million versus €8.0 million in 2005), while two were in deficit, (€10.1 million versus €4.9 million in 2005) of which €4.3 million was included within Trade and other payables. Some employees in the Group are members of the Merchant Navy Officers Pension Fund (MNOPF), a defined benefit multi employer plan which was accounted for as a defined contribution scheme in 2005. A liability amounting to €4.3 million was recognised in the balance sheet at 31 December 2005. Sufficient information is now available to account for the scheme as a defined benefit scheme rather than as a defined contribution scheme. The estimated share of the net deficit in the MNOPF, attributable to ICG, amounting to €10.0 million is included in the deficit referred to above. In the year to 31 December 2005 there was a defined contribution charge in relation to the MNOPF, to the Income Statement, of €5.0 million, included in Employee benefit expense. In the current year there is a credit to the Income Statement in relation to the MNOPF scheme of €0.5 million comprising a service cost of €0.1 million included in Employee benefit expense and a credit of €0.6 million included within Finance charges. A charge of €6.0 million has been recognised in the Statement of Recognised Income and Expenses in respect of this scheme in 2006.

ACCOUNTING POLICIES

The restatement of the prior year figures is in respect of the following items:

A change in the accounting policy in relation to expired tickets to take account of change in terms and conditions of sale and this gives rise to a cumulative increase in reserves of €1.7 million at 1 January 2005. The impact on profit for the year is a reduction of €0.3 million (2005: €0.2 million).

There is also an accounting policy change in relation to employee benefits. The presentation in the current year is for the Expected return on pension scheme assets to be included under Investment Revenue and the Interest on pension scheme liabilities to be included under Finance Costs. In the prior year, the net of these two amounts (€3.2 million) was offset against Employee Benefits Expense. This has now been reclassified to take account of the new accounting policy. This had no impact on reported profit before tax.

Reclassification of non recurring items: A €2.5 million provision against the receipt of a PRSI refund in the prior year was included under Other Operating Expenses in the Income Statement but has been reclassified in the current year as non recurring and the adjusted EPS for 2005 has been restated accordingly.

The basis for the calculation of the adjusted earnings per share has been changed in the current year to exclude expected return on pension scheme assets and interest cost on pension scheme liabilities. Adjusted EPS for 2005 has been restated accordingly.

CURRENT TRADING

The markets in which we operate, passenger and freight transport, remain extremely competitive. Following the 2004 and 2005 restructuring we now have a restructured cost base with which to complete vigorously.

While trading in the seasonally weaker early months of the year is not significant in the context of performance of the year as a whole, trading in the first eight weeks of the year has been in line with expectations.

John B. McGuckian,
Chairman,
March 8th 2007

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Consolidated Income Statement for the year ended 31 December 2006			
			As restated
	Notes	**Year ended**	**Year ended**
		31 December 2006	**31 December 2005**
Continuing operations		**€m**	**€m**
Revenue		312.1	298.5
Depreciation and amortisation		(27.5)	(27.7)
Employee benefit expense		(32.9)	(60.4)
Other operating expenses		(219.5)	(192.3)
Trading profit		**32.2**	**18.1**
Non recurring credit / (charge)	2	0.7	(31.6)
Profit / (loss) from operations		**32.9**	**(13.5)**
Investment revenue		18.3	14.1
Finance costs		(17.9)	(15.6)
Profit / (loss) before tax		**33.3**	**(15.0)**
Income tax expense		(1.0)	(0.8)
Profit / (loss) for the year: all attributable to equity holders of the parent		**32.3**	**(15.8)**
Earnings / (loss) per share: all from continuing operations	3		
Basic		137.4 cents	(67.8) cents
Diluted		136.9 cents	-

Consolidated Balance Sheet at 31 December 2006		As restated
	31 December 2006	31 December 2005
	€m	€m
Assets		
Non current assets		
Property, plant and equipment	271.0	287.8
Intangible assets	2.8	3.3
Long term receivable	4.5	4.9
Retirement benefit surplus	29.9	8.0
	308.2	**304.0**
Current assets		
Inventories	0.6	0.6
Trade and other receivables	53.5	37.6
Derivative financial instruments	0.5	-
Cash and cash equivalents	11.0	14.0
	65.6	**52.2**
Total assets	**373.8**	**356.2**
Equity and liabilities		
Capital and reserves		
Share capital	15.9	15.8
Share premium	40.6	39.6
Other reserves	5.9	5.8
Retained earnings	115.9	79.2
Equity attributable to equity holders of the parent	**178.3**	**140.4**
Non-current liabilities		
Bank loans	105.3	99.4
Obligations under finance leases	5.0	5.3
Trade and other payables	-	3.7
Retirement benefit obligation	10.1	0.6
Deferred tax liabilities	5.6	4.9
Long term provisions	1.8	2.1
Derivative financial instruments	-	0.1
	127.8	**116.1**
Current liabilities		
Bank overdrafts and loans	11.9	11.7
Obligations under finance leases	2.6	3.5
Trade and other payables	47.8	46.0
Current tax liabilities	3.6	4.8
Short term provisions	1.8	33.7
	67.7	**99.7**
Total liabilities	**195.5**	**215.8**
Total equity and liabilities	**373.8**	**356.2**

Consolidated Statement of Recognised Income and Expense for the year ended 31 December 2006		As restated
	Year ended	**Year ended**
	31 December 2006	**31 December 2005**
	€m	**€m**
Gains / (losses) on cash flow hedges	0.6	(0.1)
Exchange differences on translation of foreign operations	(0.9)	5.8
Actuarial gain on retirement obligations	12.1	3.9
Deferred Tax on Group defined benefit pension schemes	(0.5)	-
Profit / (loss) for the year	32.3	(15.8)
Total recognised income and expense for the year: all attributable to equity holders of the parent – increase / (decrease) in retained earnings	**43.6**	**(6.2)**
Effect of change in accounting policy	1.5	-
Total recognised income and expense for the year as restated	**45.1**	**(6.2)**

Consolidated Cashflow Statement for the year ended 31 December 2006		As restated
	Year ended	Year ended
	31 December 2006	31 December 2005
	€m	€m
Operating activities		
Profit / (loss) for the year	32.3	(15.8)
Adjustments for:		
Finance costs (net)	(0.4)	1.5
Income tax expense	1.0	0.8
Retirement benefit obligations - service cost	3.2	5.2
Retirement benefit obligations - payments	(1.7)	(2.0)
Depreciation of property, plant and equipment	26.5	27.0
Amortisation of intangible assets	1.1	0.8
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment charge	0.4	0.1
Gain on disposal of property, plant and equipment	(0.2)	(0.5)
Restructuring programme – payments	(35.4)	(5.9)
Restructuring programme – increase in provision	3.7	34.4
Decrease in other provisions	(0.5)	(1.1)
Operating cash flows before movements in working capital	**29.9**	**44.4**
Increase in receivables	(15.9)	(2.4)
Increase / (decrease) in payables	2.4	(2.7)
Cash generated from operations	**16.4**	**39.3**
Income taxes paid	(1.7)	(1.7)
Interest paid	(6.0)	(5.9)
Net cash from operating activities	**8.7**	**31.7**
Investing activities		
Interest received	0.3	1.0
Proceeds on disposal of property, plant and equipment	0.2	0.6
Purchases of property, plant and equipment	(11.4)	(11.9)
Purchases of intangible assets	(0.6)	(1.6)
Net cash used in investing activities	**(11.5)**	**(11.9)**
Financing activities		
Proceeds on issue of ordinary share capital	1.1	-
Redemption of redeemable shares	(7.2)	(6.3)
Repayments of borrowings	(11.8)	(77.9)
Repayments of obligations under finance leases	(4.0)	(4.3)
New bank loans raised	19.6	71.8
New finance leases raised	2.4	0.2
Decrease in bank overdrafts	-	(0.2)
Net cash used in financing activities	**0.1**	**(16.7)**
Net (decrease) / increase in cash and cash equivalents	**(2.7)**	**3.1**
Cash and cash equivalents at the beginning of the year	14.0	9.2
Effect of foreign exchange rate changes	(0.3)	1.7
Cash and cash equivalents at the end of the year Bank balances and cash	**11.0**	**14.0**

Notes to the consolidated financial statements for the year ended 31 December 2006

1. Segmental information

	Turnover		Profit Before Tax		Net Assets (equity attributable to equity holders)	
Analysis by class of business	**2006**	* 2005	**2006**	* 2005	**2006**	* 2005
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Ferries and Travel	170.0	162.5	28.6	13.9	284.8	251.0
Container and Terminal	142.6	136.4	3.6	4.2	11.7	32.3
Intersegment turnover	(0.5)	(0.4)	-	-	-	-
	312.1	**298.5**	**32.2**	**18.1**	**296.5**	**283.3**
Non recurring items	-	-	0.7	(31.6)	-	-
Net interest/debt	-	-	0.4	(1.5)	(113.8)	(105.9)
Unallocated liabilities	-	-	-	-	(4.4)	(37.0)
	312.1	**298.5**	**33.3**	**(15.0)**	**178.3**	**140.4**
Analysis by origin	**2006**	2005				
	€m	**€m**				
Ireland	129.5	124.5				
United Kingdom	78.8	92.5				
Continental Europe	103.8	81.5				
	312.1	**298.5**				

* As restated

2. Non recurring credit / (charge)

		As restated
	Year ended	**Year ended**
	31 December	**31 December**
	2006	**2005**
	€m	**€m**
PRSI rebate credit / (charge)	4.4	(2.5)
Restructuring costs	(3.7)	(29.1)
	0.7	**31.6**

PRSI rebate
The credit of €4.4 million represents rebates of Seafarers' PRSI under the relevant scheme. In the prior year, as a result of a delay in enacting the relevant legislation renewing the PRSI scheme, a charge of €2.5 million was created against the PRSI rebate recorded as a debtor at 31 December 2004. This €2.5 million was included in other operating expenses in the Income Statement in 2005 but has been reclassified as reported in the current years accounts.

Restructuring costs
The restructuring charge in the current year of €3.7 million, comprises of redundancy costs in respect of applicants for the severance package announced in 2006 in addition to those that were provided for in the prior year. The €29.1 million in the prior year relates to the voluntary redundancy package offered to all relevant staff members under the outsourcing programme.

3. Earnings / (loss) per share – all from continuing operations

The calculation of basic earnings per share of 137.4 cent (2005: loss per share of 67.8 cent) is based on a profit after tax of €32.3 million (2005: loss of €15.8 million) and 23.5 million shares (2005: 23.3 million) being the weighted average number of shares in issue during the period.

Adjusted earnings per share of 108.5 cent (2005: 54.1 cent) is based on profit attributable to shareholders before non recurring costs and before the expected return on defined benefit pension scheme assets and the interest on defined pension scheme liabilities.

4. Statement of changes in equity

2006

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2006	**15.8**	**39.6**	**2.2**	**0.1**	**(0.1)**	**3.6**	**77.7**	**138.9**
Prior year adjustment - Deferred revenue	-	-	-	-	-	-	1.5	1.5
At beginning of year as restated	15.8	39.6	2.2	0.1	(0.1)	3.6	79.2	140.4
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**0.6**	**(0.9)**	**43.9**	**43.6**
Share issue	0.1	-	-	-	-	-	-	0.1
Exercise of share options - shares issued at premium	-	1.0	-	-	-	-	-	1.0
Employee share options expense	-	-	-	0.4	-	-	-	0.4
Redemption of redeemable share capital	-	-	-	-	-	-	(7.2)	(7.2)
	0.1	**1.0**	**-**	**0.4**	**0.6**	**(0.9)**	**36.7**	**37.9**
Balance at 31 December 2006	**15.9**	**40.6**	**2.2**	**0.5**	**0.5**	**2.7**	**115.9**	**178.3**
Analysed as follows:								
Share capital								15.9
Share premium								40.6
Other reserves								5.9
Retained earnings								115.9
								178.3

4. Statement of changes in equity – continued

2005

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2005	**15.8**	**39.6**	**2.2**	**-**	**-**	**(2.2)**	**95.7**	**151.1**
Prior year adjustment								
Deferred revenue	-	-	-	-	-	-	1.7	1.7
At beginning of year as restated	15.8	39.6	2.2	-	-	(2.2)	97.4	152.8
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**(0.1)**	**5.8**	**(11.9)**	**(6.2)**
Employee share options expense	-	-	-	0.1	-	-	-	0.1
Redemption of redeemable share capital	-	-	-	-	-	-	(6.3)	(6.3)
	-	**-**	**-**	**0.1**	**(0.1)**	**5.8**	**(18.2)**	**(12.4)**
Balance at 31 December 2005	**15.8**	**39.6**	**2.2**	**0.1**	**(0.1)**	**3.6**	**79.2**	**140.4**
Analysed as follows:								
Share capital								15.8
Share premium								39.6
Other reserves								5.8
Retained earnings								79.2
								140.4