



# IRISH CONTINENTAL GROUP

## HALF YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2009

Financial Highlights	Unaudited		Audited
	Six months to 30 <sup>th</sup> June		Financial Year
	2009	2008	2008
Revenue	€119.8m	€166.1m	€342.9m
EBITDA	€18.8m	€29.5m	€66.0m
Operating Profit	€7.1m	€17.3m	€41.8m
EPS Basic	19.9c	67.1c	164.7c
EPS Adjusted	22.3c	58.9c	148.9c
Net Debt	€48.5m	€70.3m	€48.7m

### Other Key Points

	30 <sup>th</sup> Jun 2009	30 <sup>th</sup> Jun 2008	%
	000	000	
Passengers	621	681	-8.8
Cars	159	169	-5.9
RoRo Freight	99	127	-22.0
Container Freight (teu.)	187	273	-31.5
Port Lifts	78	111	-29.7

teu = twenty foot equivalent units

### Comment

In a comment John B. McGuckian Chairman stated;

“Levels of tourism and trade have been adversely affected by the global downturn and this is naturally reflected in ICG’s revenue levels. While we have not added freight capacity into the market since the introduction of the Ulysses in 2001, significant additional freight capacity has been added on both the Irish Sea and the Ireland – France routes in 2009, in a time of reduced freight demand. Given the mobility of such assets we would expect some of this incremental capacity to be moved elsewhere in the medium term. We have been disciplined and resolute in managing our own cost base and our capacity levels to match the current demand environment allowing us to continue to trade profitably and remain highly cash generative. Looking to the future, we are well placed both financially and operationally to take advantage of a resumption in economic growth”.

28<sup>th</sup> August 2009

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## **INTERIM MANAGEMENT REPORT FOR THE SIX MONTHS TO 30 JUNE 2009**

### **RESULTS**

The Board of Irish Continental Group plc (ICG) reports that, in the seasonally less profitable first half of the year, the Group recorded revenue of €119.8 million compared with €166.1 million in the same period in 2008. Earnings before interest tax and depreciation was €18.8 million compared with €29.5 million in the same period in 2008, while, operating profit was €7.1 million compared with €17.3 million in 2008. There was a net finance charge of €1.3 million which includes a net pension interest charge of €0.6 million and net bank interest of €0.7 million. Profit before tax was €5.8 million compared with €17.5 million in the first half of 2008. The tax charge amounted to €0.9 million (2008: €1.0 million). Basic EPS was 19.9c compared with 67.1c in the first half of 2008. Adjusted EPS, (i.e. before the net pension interest charge), amounted to 22.3c (58.9c in 2008).

### **REDEMPTION OF REDEEMABLE SHARES**

On 29 May 2009 the Board redeemed one redeemable share per ICG unit for a consideration of 100 cent per share, which amounted to €24.6 million.

### **OPERATIONAL REVIEW**

#### **Ferries Division**

The division comprises Irish Ferries, a leading provider of passenger and freight ferry services between Ireland and both the UK and Continental Europe, and the bareboat chartering of multipurpose ferries to third parties. Irish Ferries operated 2,067 sailings in the period, down 2.9% on 2008.

Revenue in the division was €65.5 million (2008: €83.9 million) reflecting subdued levels of both tourism traffic and Roll On Roll Off freight. Profit from operations was €3.9 million (2008: €13.9 million, including a €3.8 million profit on disposal of the MV Normandy in March 2008).

#### *Passenger*

Irish Ferries' passenger business is focused on passengers travelling with their own cars. Total passengers carried were down 8.8% at 621,000 while total cars carried in the first half of 2009 were 159,000, down 5.9% on the first half of 2008. The volume declines reflect subdued consumer sentiment, particularly in the UK, our largest market for passenger traffic. We have been very proactive in offering competitive fares in order to help stimulate the market. Weaker sterling also led to lower average yields and also adversely affected the travel markets from the UK.

#### *Freight*

The overall Roll On Roll Off ("RoRo") freight market has declined by 17% in the first six months, reflecting the world economic backdrop and also the sharp reduction in economic activity in Ireland and to a lesser extent in the UK. Irish Ferries' volumes were down 22% to 99,000 units, when compared with the first half of 2008. This reflects additional competing capacity on both the Holyhead and Liverpool routes introduced earlier this year, in a time of reduced demand for freight space.

#### *Chartering*

Two vessels within the Group, the MV Pride of Bilbao and MV Kaitaki remained on charter to P&O during the period, one trading UK – Spain and the second trading in New Zealand. P&O have options to extend these charters from 2010 to 2013, declarable in early 2010.

## **Container and Terminal Division**

The Container & Terminal Division includes the shipping lines Eucon and Feederlink as well as the division's strategically located container terminals in Dublin (DFT) and Belfast (BCT).

Turnover in the division fell 34% to €54.3 million (2008: €82.2 million), while profit from operations was €3.2 million (2008: €3.4 million), the fall in revenue being off set in large measure by managed reductions across all cost headings.

Total containers shipped were down 31.5% at 187,000 teu., while the number of units lifted at the division's port facilities in Dublin and Belfast were down 29.7% at 78,000 lifts. These reductions in volume reflect reduced economic activity in North West Europe generally, a sharp fall in construction related traffic into Ireland and a marked reduction in transshipment trade from the Far-East, which comprises a significant proportion of our shipping and terminal handling activity.

Within the division we have reduced shipping capacity by approximately 27% on a full year basis, to match the reduced demand. This, combined with lower charter rates for the vessels we have retained, in addition to more general reductions in operating costs has resulted in a €26.5 million reduction in total costs in the division in the period.

## **COSTS**

In the light of extremely challenging trading conditions there has been a continued focus on cost control, both internal and external. Total operating costs (before depreciation) across the Group were €101.0 million, down 26% on the same period in 2008. We remain unhedged on fuel costs and so were able to benefit from falling spot prices in the latter part of 2008 and the early months of 2009. More recently oil prices have firmed again. In the time charter market for container vessels we have actively managed the renewals of charters to take advantage of a weaker charter market. We continue to reduce direct labour costs (down from €14.8 million to €12.2 million) with a reduction in our average number of direct staff from 465 in 2008 to 423 in 2009, the related once off severance costs being included in other operating expenses. We are disappointed that it has not yet been possible to negotiate lower port charges in a number of the ports into which we operate. This is unsatisfactory given the new economic environment in which supplier cost reductions are the norm.

## **FINANCE**

EBITDA for the period was €18.8 million compared with €29.5 million in the same period in 2008.

Capital expenditure in the period was €4.3 million (2008: €6.1 million). Net debt at the end of the period amounted to €48.5 million. This compares with €48.7 million at 31 December 2008 with the €24.6 million redemption of redeemable shares offset by the strong operating cash flow.

Shareholders' equity was €137.2 million at 30 June 2009, compared with €152.2 million at 31 December 2008. The main movements in equity comprise profit for the period of €4.9 million, estimated actuarial loss on retirement benefits of €4.8 million, positive exchange translation movements of €9.6 million and redemption of redeemable shares of €24.6 million.

## **PRINCIPAL RISKS AND UNCERTAINTIES**

The Group has a risk management structure in place which is designed to identify, manage and mitigate the threats to the business. The key risks facing the Group in the six months to 31 December 2009 include operational risks such as risks to safety and business continuity, commercial risks due to reduced demand for passenger and freight services combined with the risk of increased supply due to the mobility of assets, and financial and commodity risks arising from the current financial and economic environment.

- **Safety & Business Continuity**

The Group is dependent on the safe operation of its vessels. There is a risk that any of the Group's vessels could be involved in an incident which could cause loss of life and cargo and cause significant interruption to the Group's business. In mitigation, the Group carries insurance in respect of passenger, cargo and third party liabilities, but does not carry insurance for business interruption. The business of the Group is also exposed to the risk of interruption from incidents such as mechanical or other failure of critical port installations or vessels or from labour disputes either within the Group or in key suppliers, for example ports or fuel suppliers, or from a loss of significant IT systems.

- **Commercial & Market Risk**

The passenger market is subject to the current challenging economic conditions, the weakness of Sterling relative to the Euro which impacts on incoming demand to Ireland and to the competitive threat from short-haul and regional airlines.

The freight market is subject to general economic conditions and in particular the likely reduced level of international trade in North West Europe for the remainder of 2009. Given the mobile nature of ships there is also the risk of additional capacity arising in any of the Group's trading areas at relatively short notice although naturally the converse also applies.

- **Financial & Commodity Risks**

In the light of the challenges arising in financial markets there is a higher degree of financial risk in the business in the forthcoming half year. Specific risks include higher risk of default by debtors, reduced availability of credit insurance and potentially reduced availability and higher cost of financing. However, the Group's existing committed bank facilities do not expire until October 2010. Other financial risks include the risks to the Group's defined benefit pension schemes from changes in interest and inflation rates, and changes in the market value of investments. In terms of commodity price risk the Group's vessels consume heavy fuel oil (HFO), marine diesel oil (MDO) and lubricating oils, all of which continue to be subject to price volatility. It is the Group's policy to purchase these commodities in the spot markets and to remain unhedged. The Group must also manage the risks inherent in changes to the specification of fuel oil which take effect on 1 January 2010 under EU law.

## **RELATED PARTY TRANSACTIONS**

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group in the period. In addition, there were no changes in related party transactions from the last annual report that could have a material effect on the financial position or performance of the Group in the first six months.

## **GOING CONCERN**

After making enquiries and taking into account the Group's committed banking facilities which extend to October 2010, the directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing this half yearly financial report.

## **AUDITOR REVIEW**

This half yearly financial report has not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

## **CURRENT TRADING**

In the year to date, passenger car volumes are down 5.6% at 246,000 and RoRo freight volumes are down 21.5% at 127,000. In the Container and Terminal Division, container volumes have fallen 28.7% to 245,000 teu, while units lifted at DFT and BCT are down 26.8% at 102,500.

## **FORWARD LOOKING STATEMENTS**

This report contains certain forward-looking statements and these statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and those statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Irish Continental Group plc and its subsidiaries when viewed as a whole.

## **WEBSITE**

This half yearly financial report and Interim Management Report are available on the Group's website [www.icg.ie](http://www.icg.ie).

John B. McGuckian  
Chairman  
28<sup>th</sup> August 2009

## **INVESTOR PRESENTATION**

*The Company will make a presentation of the results to investors. The presentation will be held at the offices of NCB Corporate Finance at 3 George's Dock, IFSC, Dublin 1 at 11:30 a.m. on 28<sup>th</sup> August 2009. In addition, a dial-in facility will be available. Attendance at the presentation and dial-in will be strictly limited to investors who register in advance to attend. To register to attend the presentation, either in person or via the dial-in facility, investors should contact Triona O' Reilly at +353 1 607 5628. A copy of the presentation will also be posted on the Company's web-site, [www.icg.ie](http://www.icg.ie)*

**END**



## RESPONSIBILITY STATEMENT

The Directors are responsible for preparing the Half Yearly Financial Report in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34, Interim Financial Reporting as adopted by the European Union.

The Directors confirm that, to the best of their knowledge:

- the Group Condensed Financial Statements for the half year ended 30 June 2009 have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34 Interim Financial Reporting) adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year, their impact on the Group Condensed Financial Statements for the half year ended 30 June 2009, and a description of the principal risks and uncertainties for the remaining six months;
- the Interim Management Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

Eamonn Rothwell	Chief Executive Officer
Garry O'Dea	Finance Director
28 <sup>th</sup> August 2009	

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

		Unaudited	Unaudited	Audited
		30 Jun	30 Jun	31 Dec
		2009	2008	2008
	Notes	€m	€m	€m
<b>Continuing operations</b>				
Revenue		119.8	166.1	342.9
Depreciation and amortisation		(11.7)	(12.2)	(24.2)
Employee benefits expense		(12.2)	(14.8)	(29.9)
Other operating expenses		(88.8)	(121.8)	(247.0)
<b>Operating profit</b>		<b>7.1</b>	<b>17.3</b>	<b>41.8</b>
Investment revenue		6.2	9.7	19.6
Finance costs		(7.5)	(9.5)	(18.4)
<b>Profit before taxation</b>		<b>5.8</b>	<b>17.5</b>	<b>43.0</b>
Income tax expense		(0.9)	(1.0)	(2.5)
<b>Profit for the period: all attributable to equity holders of the parent</b>		<b>4.9</b>	<b>16.5</b>	<b>40.5</b>
<b>Earnings per ordinary share (cent)</b>				
All from continuing operations				
-basic	5	19.9	67.1	164.7
-diluted	5	19.7	66.3	162.8

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

		<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
		<b>30 Jun</b>	<b>30 Jun</b>	<b>31 Dec</b>
		<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>Notes</b>	<b>€m</b>	<b>€m</b>	<b>€m</b>
<b>Profit for the period</b>		<b>4.9</b>	<b>16.5</b>	<b>40.5</b>
Fair value movement on cash flow hedges		0.2	-	(0.7)
Exchange differences on translation of foreign operations		9.6	(9.0)	(24.1)
Actuarial loss on retirement benefit obligations	10	(4.8)	(19.5)	(55.9)
Deferred Tax movements		(0.2)	0.6	2.6
Exchange difference on defined benefit schemes		(0.3)	0.5	1.3
<b>Other comprehensive income for the period</b>		<b>4.5</b>	<b>(27.4)</b>	<b>(76.8)</b>
<b>Total comprehensive income for the period: all attributable to equity holders of the parent</b>		<b>9.4</b>	<b>(10.9)</b>	<b>(36.3)</b>



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
<b>Balance at 1 January 2009</b>	<b>16.6</b>	<b>48.7</b>	<b>2.2</b>	<b>1.5</b>	<b>(0.7)</b>	<b>(33.6)</b>	<b>117.5</b>	<b>152.2</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	0.2	9.6	(0.4)	9.4
Redemption of redeemable share capital (note 4)	-	-	-	-	-	-	(24.6)	(24.6)
Employee share options expense	-	-	-	0.2	-	-	-	0.2
	-	-	-	0.2	0.2	9.6	(25.0)	(15.0)
<b>Balance at 30 June 2009</b>	<b>16.6</b>	<b>48.7</b>	<b>2.2</b>	<b>1.7</b>	<b>(0.5)</b>	<b>(24.0)</b>	<b>92.5</b>	<b>137.2</b>
<b>Analysed as follows:</b>								
Share capital								16.6
Share premium								48.7
Other reserves								(20.6)
Retained earnings								92.5
								137.2

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
<b>Balance at 1 January 2008</b>	<b>16.5</b>	<b>48.1</b>	<b>2.2</b>	<b>1.0</b>	<b>0.6</b>	<b>(9.5)</b>	<b>153.4</b>	<b>212.3</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	-	(9.0)	(1.9)	(10.9)
Exercise of share options - shares issued at premium	0.1	0.6	-	-	-	-	-	0.7
Redemption of redeemable share capital (note 4)	-	-	-	-	-	-	(24.5)	(24.5)
	0.1	0.6	-	-	-	(9.0)	(26.4)	(34.7)
<b>Balance at 30 June 2008</b>	<b>16.6</b>	<b>48.7</b>	<b>2.2</b>	<b>1.0</b>	<b>0.6</b>	<b>(18.5)</b>	<b>127.0</b>	<b>177.6</b>
<b>Analysed as follows:</b>								
Share capital								16.6
Share premium								48.7
Other reserves								(14.7)
Retained earnings								127.0
								177.6

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2008**

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
<b>Balance at 1 January 2008</b>	<b>16.5</b>	<b>48.1</b>	<b>2.2</b>	<b>1.0</b>	<b>0.6</b>	<b>(9.5)</b>	<b>153.4</b>	<b>212.3</b>
<b>Total comprehensive income for the period</b>	-	-	-	-	(0.7)	(24.1)	(11.5)	(36.3)
Transfer to Income Statement – Net settlement on cash flow hedges	-	-	-	-	(0.6)	-	-	(0.6)
Share issue	0.1	-	-	-	-	-	-	0.1
Exercise of share options – shares issued at premium	-	0.6	-	-	-	-	-	0.6
Employee share options expense	-	-	-	0.6	-	-	-	0.6
Redemption of redeemable share capital (note 4)	-	-	-	-	-	-	(24.5)	(24.5)
Transfer to retained earnings on exercise of share options	-	-	-	(0.1)	-	-	0.1	-
	<b>0.1</b>	<b>0.6</b>	<b>-</b>	<b>0.5</b>	<b>(1.3)</b>	<b>(24.1)</b>	<b>(35.9)</b>	<b>(60.1)</b>
<b>Balance at 31 December 2008</b>	<b>16.6</b>	<b>48.7</b>	<b>2.2</b>	<b>1.5</b>	<b>(0.7)</b>	<b>(33.6)</b>	<b>117.5</b>	<b>152.2</b>
<b>Analysed as follows:</b>								
Share capital								16.6
Share premium								48.7
Other reserves								(30.6)
Retained earnings								117.5
								<b>152.2</b>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2009**

		Unaudited	Unaudited	Audited
		30 Jun	30 Jun	31 Dec
		2009	2008	2008
	Notes	€m	€m	€m
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	239.0	260.7	236.4
Intangible assets	7	1.5	2.3	1.8
Long term receivables		3.2	4.5	3.0
Retirement benefit surplus	10	3.2	17.2	2.7
		<b>246.9</b>	<b>284.7</b>	<b>243.9</b>
<b>Current assets</b>				
Inventories		0.9	1.6	0.8
Trade and other receivables		34.3	46.6	38.1
Derivative financial instruments		-	0.6	-
Cash and cash equivalents		35.4	23.8	28.5
		<b>70.6</b>	<b>72.6</b>	<b>67.4</b>
<b>Total assets</b>		<b>317.5</b>	<b>357.3</b>	<b>311.3</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		16.6	16.6	16.6
Share premium		48.7	48.7	48.7
Other reserves		(20.6)	(14.7)	(30.6)
Retained earnings		92.5	127.0	117.5
<b>Equity attributable to equity holders</b>		<b>137.2</b>	<b>177.6</b>	<b>152.2</b>
<b>Non-current liabilities</b>				
Borrowings		66.5	78.0	66.5
Deferred tax liabilities		3.4	5.2	3.2
Provisions		0.3	0.3	0.3
Deferred grant		1.1	1.2	1.2
Retirement benefit obligation	10	32.6	8.7	27.4
		<b>103.9</b>	<b>93.4</b>	<b>98.6</b>
<b>Current liabilities</b>				
Borrowings		17.4	16.1	10.7
Derivative financial instruments		0.5	-	0.7
Trade and other payables		55.2	62.1	44.5
Current tax liabilities		2.9	7.6	4.2
Provisions		0.3	0.4	0.3
Deferred grant		0.1	0.1	0.1
		<b>76.4</b>	<b>86.3</b>	<b>60.5</b>
<b>Total liabilities</b>		<b>180.3</b>	<b>179.7</b>	<b>159.1</b>
<b>Total equity and liabilities</b>		<b>317.5</b>	<b>357.3</b>	<b>311.3</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2009**

		Unaudited	Unaudited	Audited
		30 Jun	30 Jun	31 Dec
		2009	2008	2008
	Notes	€m	€m	€m
<b>Net cash from operating activities</b>	11	<b>28.9</b>	<b>28.4</b>	<b>51.3</b>
<b>Cash flow from investing activities</b>				
Interest received		0.3	0.5	1.4
Proceeds on disposal of property, plant and equipment		0.1	14.4	13.2
Payment received on long term receivable		-	-	2.3
Purchases of property, plant and equipment		(4.1)	(5.5)	(7.5)
Purchase of intangible assets		(0.2)	(0.6)	(0.9)
<b>Net cash (used in) / from investing activities</b>		<b>(3.9)</b>	<b>8.8</b>	<b>8.5</b>
<b>Cash flow from financing activities</b>				
Redemption of redeemable shares		(24.6)	(24.5)	(24.5)
Repayments of borrowings		(17.5)	(38.0)	(66.9)
Repayments of obligations under finance leases		(0.9)	(1.1)	(2.2)
Proceeds on issue of ordinary share capital		-	0.7	0.7
New bank loans raised		18.0	34.5	49.5
Increase / (decrease) in bank overdrafts		7.2	3.4	(0.1)
New finance leases raised		0.1	-	-
<b>Net cash used in financing activities</b>		<b>(17.7)</b>	<b>(25.0)</b>	<b>(43.5)</b>
Net increase in cash and cash equivalents		7.3	12.2	16.3
<b>Cash and cash equivalents at the beginning of the year</b>		<b>28.5</b>	<b>12.4</b>	<b>12.4</b>
Effect of foreign exchange rate changes		(0.4)	(0.8)	(0.2)
<b>Cash and cash equivalents at the end of the year</b>				
Bank balances and cash		<b>35.4</b>	<b>23.8</b>	<b>28.5</b>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2009**

### **1. General Information**

These condensed financial statements do not comprise the statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The summary financial statements for the year ended 31 December 2008, as presented in this Interim Report, represent an abbreviated version of the Group's full financial statements for that year. Those financial statements contained an unqualified audit report without reference to any matters of emphasis and have been filed with the Companies Registration Office in Ireland.

The interim figures included in the condensed financial statements for the six months ended 30 June 2009 and the comparative amounts for the six months ended 30 June 2008 are unaudited.

### **2. Accounting policies**

The Group Condensed Financial Statements for the six months ended 30 June 2009 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The accounting policies and methods of computation applied in preparing these condensed financial statements are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2008, which is available at [www.icg.ie](http://www.icg.ie).

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the period that had a material impact on the Group Condensed Financial Statements for the half year. The amendment to IAS 1: Presentation of Financial Statements introduced a number of terminology changes including revised titles for the condensed financial statements but had no impact on the reported results or the financial position of the Group.

At 30 June 2009, the following Standards and Interpretations have become effective since our last Annual Report:

- IAS 1 (Amendment) Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009);
- IAS 16 (Amendment) Property, Plant and Equipment (effective for accounting periods beginning on or after 1 January 2009);
- IAS 19 (Amendment) Employee Benefits (effective for accounting periods beginning on or after 1 January 2009);
- IAS 20 (Amendment) Accounting for Government Grants and disclosure of Government assistance (effective for accounting periods beginning on or after 1 January 2009);
- IAS 23 (Amendment) Borrowing Costs (effective for accounting periods beginning on or after 1 January 2009);
- IAS 27 (Amendment) Consolidated and Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2009);
- IAS 28 (Amendment) Investments in Associates (effective for accounting periods beginning on or after 1 January 2009);
- IAS 29 (Amendment) Financial Reporting in Hyperinflation Economies (effective for accounting periods beginning on or after 1 January 2009);
- IAS 31 (Amendment) Interest in Joint Ventures (effective for accounting periods beginning on or after 1 January 2009);
- IAS 32 (Amendment) Financial Instruments: Presentation (effective for accounting periods beginning on or after 1 January 2009);
- IAS 36 (Amendment) Impairment of Assets (effective for accounting periods beginning on or after 1 January 2009);
- IAS 38 (Amendment) Intangible Assets (effective for accounting periods beginning on or after 1 January 2009);

- IAS 40 (Amendment) Investment in Property (effective for accounting periods beginning on or after 1 January 2009);
- IAS 41 (Amendment) Agriculture (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 2 (Amendment) Share Based Payment (effective for accounting periods beginning on or after 1 January 2009);
- IFRS 7 (Amendment) Financial Instruments: Disclosures (effective for accounting period beginning on or after 1 July 2008);
- IFRS 8 Operating Segments (effective for accounting periods beginning on or after 1 January 2009);
- IFRIC 13 Customer Loyalty Programmes (effective for accounting periods beginning on or after 1 July 2008);
- IFRIC 15 Agreements for the Construction of Real Estate (effective for accounting periods beginning on or after 1 January 2009) and
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (effective for accounting periods beginning on or after 1 October 2008).

There have been no material change in estimates in these interim accounts based on the estimates that have previously been made in the prior year interim accounts to 30 June 2008 and the prior year financial statements to 31 December 2008.

### 3. Segmental information: Analysis by class of business

Under the new IFRS 8: Operating Segments, the Group has determined that the operating segments are the same as the business segments previously identified under IAS 14: Segment Reporting. There are two primary business segments: (i) Ferries and Travel and (ii) Container and Terminal.

	Unaudited				Audited	
	6 months ended				12 months ended	
	30 Jun 2009		30 Jun 2008		31 Dec 2008	
	Revenue	Profit	Revenue	Profit	Revenue	Profit
	€m	€m	€m	€m	€m	€m
Ferries and Travel	65.5	3.9	83.9	13.9	183.1	34.9
Container and Terminal	55.0	3.2	82.5	3.4	161.1	6.9
Internal Revenue	(0.7)	-	(0.3)	-	(1.3)	-
Net Interest	-	(1.3)	-	0.2	-	1.2
<b>External Revenue / Profit</b>	<b>119.8</b>	<b>5.8</b>	<b>166.1</b>	<b>17.5</b>	<b>342.9</b>	<b>43.0</b>

Revenue in the Group's Ferries and Travel Division is weighted towards the second half of the year due to patterns of passenger demand.

There has been no material change in the share of total assets / liabilities between segments from the share disclosed in the prior year financial statements to 31 December 2008.

### 4. Redemption of redeemable shares

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 Jun 2009	30 Jun 2008	31 Dec 2008
	€m	€m	€m
Redemption of one redeemable share for 100c	24.6	24.5	24.5

The Board redeemed one Redeemable Share per ICG Unit for a cash consideration of 100 cent per Redeemable Share in May 2009 and April 2008.

There was no dividend paid in the period to 30 June 2009.



## 5. Earnings per share – all from continuing operations

	Unaudited	Unaudited	Audited
	6 months	6 months	12 months
	ended	ended	ended
	30 Jun 2009	30 Jun 2008	31 Dec 2008
	Cent	Cent	Cent
Basic earnings per share	19.9	67.1	164.7
Diluted earnings per share	19.7	66.3	162.8
Adjusted basic earnings per share	22.3	58.9	148.9
Adjusted diluted earnings per share	22.1	58.2	147.1
The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:			
	€m	€m	€m
<b>Earnings</b>			
Earnings for the purpose of basic and diluted earnings per share -			
Profit for the year attributable to equity holders of the parent	<u>4.9</u>	<u>16.5</u>	<u>40.5</u>
Earnings for the purpose of adjusted earnings per share -			
Profit for the year attributable to equity holders of the parent	4.9	16.5	40.5
Effect of expected return on defined benefit pension scheme assets	(5.9)	(9.2)	(18.2)
Effect of interest on defined benefit pension scheme liabilities	<u>6.5</u>	<u>7.2</u>	<u>14.3</u>
Earnings for the purpose of adjusted earnings per share	<u>5.5</u>	<u>14.5</u>	<u>36.6</u>
<b>Number of shares</b>	<b>'000</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of basic earnings per share	24,617	24,555	24,586
Effect of dilutive potential ordinary shares: Share options	<u>219</u>	<u>318</u>	<u>294</u>
Weighted average number of ordinary shares for the purpose of diluted adjusted earnings per share	<u>24,836</u>	<u>24,873</u>	<u>24,880</u>

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the period and excludes treasury shares. The earnings used in both the adjusted basic and diluted earnings per share have been adjusted to take into account the net figure for the expected return on defined benefit pension scheme assets and the interest on defined pension scheme liabilities. Management consider the adjusted earnings per share calculation to be a better indication of the continuing underlying performance of the Group.

## 6. Property, plant and equipment

	Assets under construction	Passenger Ships	Plant and equipment	Vehicles	Land and buildings	Total
	€m	€m	€m	€m	€m	€m
<b>Cost</b>						
At 1 January 2009	-	340.2	70.0	2.6	23.9	436.7
Additions	0.1	3.1	0.9	-	-	4.1
Disposals	-	-	(0.5)	-	-	(0.5)
Exchange differences	-	16.2	0.2	-	-	16.4
Reclassification	-	-	-	-	-	-
<b>At 30 June 2009</b>	<b>0.1</b>	<b>359.5</b>	<b>70.6</b>	<b>2.6</b>	<b>23.9</b>	<b>456.7</b>
<b>Accumulated depreciation</b>						
At 1 January 2009	-	149.9	41.6	1.3	7.5	200.3
Charge for period	-	9.3	1.7	0.1	0.2	11.3
Disposals	-	-	(0.5)	-	-	(0.5)
Exchange differences	-	6.5	0.1	-	-	6.6
<b>At 30 June 2009</b>	<b>-</b>	<b>165.7</b>	<b>42.9</b>	<b>1.4</b>	<b>7.7</b>	<b>217.7</b>
<b>Net book amounts</b>						
At 1 January 2009	-	190.3	28.4	1.3	16.4	236.4
<b>At 30 June 2009</b>	<b>0.1</b>	<b>193.8</b>	<b>27.7</b>	<b>1.2</b>	<b>16.2</b>	<b>239.0</b>
At 30 June 2008	0.1	214.3	26.0	1.4	18.9	260.7

The Group has given a guarantee to a third party which is secured on vessels having a carrying value of €60.0 million (31 December 2008: €61.8 million and 30 June 2008: €91.4 million).

At 30 June 2009 the Group has entered into commitments to the value of €1.1 million for the purchase of fixed assets.

## 7. Intangible Assets

	€m
<b>Cost</b>	
At 1 January 2009	7.9
Additions	0.2
<b>At 30 June 2009</b>	<b>8.1</b>
<b>Amortisation</b>	
At 1 January 2009	6.1
Charge for the year	0.5
<b>At 30 June 2009</b>	<b>6.6</b>
<b>Carrying amount</b>	
At 1 January 2009	1.8
<b>At 30 June 2009</b>	<b>1.5</b>
At 30 June 2008	2.3

## 8. Net debt

	Cash	Overdrafts	Loans	Leases	Total
	€m	€m	€m	€m	€m
<b>At 1 January 2009</b>					
Current assets	28.5	-	-	-	28.5
Creditors due within one year	-	-	(9.2)	(1.5)	(10.7)
Creditors due after one year	-	-	(65.1)	(1.4)	(66.5)
	<b>28.5</b>	<b>-</b>	<b>(74.3)</b>	<b>(2.9)</b>	<b>(48.7)</b>
Cash flow	7.3	(7.2)	-	-	0.1
Foreign exchange rate changes	(0.4)	-	0.2	-	(0.2)
Drawdown	-	-	(18.0)	(0.1)	(18.1)
Repayment	-	-	17.5	0.9	18.4
	<b>6.9</b>	<b>(7.2)</b>	<b>(0.3)</b>	<b>0.8</b>	<b>0.2</b>
<b>At 30 June 2009</b>					
Current assets	35.4	-	-	-	35.4
Creditors due within one year	-	(7.2)	(9.2)	(1.0)	(17.4)
Creditors due after one year	-	-	(65.4)	(1.1)	(66.5)
	<b>35.4</b>	<b>(7.2)</b>	<b>(74.6)</b>	<b>(2.1)</b>	<b>(48.5)</b>
<b>At 30 June 2008</b>					
Current assets	23.8	-	-	-	23.8
Creditors due within one year	-	(3.5)	(10.5)	(2.1)	(16.1)
Creditors due after one year	-	-	(76.0)	(2.0)	(78.0)
	<b>23.8</b>	<b>(3.5)</b>	<b>(86.5)</b>	<b>(4.1)</b>	<b>(70.3)</b>

The loan drawdown and repayments have been made under the Group's revolving loan facilities.

## 9. Tax

Corporation tax for the interim period is estimated based on the best estimates of the weighted average annual corporation tax rate expected to apply to each taxable entity for the full financial year. The resultant average Group rate for the current year is expected to be higher from the effective tax rate used for the year ended 31 December 2008 due to the jurisdictions in which the taxable profits arise.

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax method. Under the tonnage tax method, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised.

## 10. Retirement Benefit Schemes

Retirement benefit scheme valuations have been updated at the half year. Scheme assets have been valued as per investment managers valuations at 30 June 2009. In consultation with the actuary to the principal group defined benefit pension schemes, pension scheme liabilities have been estimated using the same assumptions as at 31 December 2008.

	Unaudited	Unaudited	Audited
	6 months ended	6 months ended	12 months ended
	30 Jun 2009	30 Jun 2008	31 Dec 2008
	€m	€m	€m
Opening (deficit) / surplus	(24.7)	25.9	25.9
Current service cost	(1.0)	(1.2)	(2.4)
Employer contributions paid	1.8	1.1	2.5
Other finance (expense) / income	(0.6)	2.0	3.9
Actuarial loss	(4.8)	(19.5)	(55.9)
Other	(0.1)	0.2	1.3
<b>Net (deficit) / surplus</b>	<b>(29.4)</b>	<b>8.5</b>	<b>(24.7)</b>
Schemes in surplus	3.2	17.2	2.7
Schemes in deficit	(32.6)	(8.7)	(27.4)
<b>Net (deficit) / surplus</b>	<b>(29.4)</b>	<b>8.5</b>	<b>(24.7)</b>

## 11. Net cash from operating activities

		Unaudited	Unaudited	Audited
		30 Jun	30 Jun	31 Dec
		2009	2008	2008
	Notes	€m	€m	€m
<b>Operating activities</b>				
Profit for the period		4.9	16.5	40.5
Adjustments for:				
Finance costs (net)		1.3	(0.2)	(1.2)
Income tax expense		0.9	1.0	2.5
Retirement benefit obligation – service cost		1.0	1.2	2.4
Retirement benefit obligation – payments		(1.8)	(1.1)	(2.5)
Depreciation of property, plant and equipment		11.3	11.8	23.0
Amortisation of intangible assets		0.5	0.5	1.3
Amortisation of deferred income		(0.1)	(0.1)	(0.1)
Share-based payment expense		0.2	-	0.6
Gain on disposal of property, plant and equipment		(0.1)	(3.9)	(4.0)
Decrease in other provisions		-	-	(0.1)
<b>Operating cash flow before movements in working capital</b>		<b>18.1</b>	<b>25.7</b>	<b>62.4</b>
(Increase) / decrease in inventories		(0.1)	(0.3)	0.5
Decrease / (increase) in receivables		3.8	(0.2)	8.5
Increase / (decrease) in payables		8.8	5.7	(12.1)
<b>Cash generated from operations</b>		<b>30.6</b>	<b>30.9</b>	<b>59.3</b>
Income taxes paid		(0.7)	(0.1)	(3.9)
Interest paid		(1.0)	(2.4)	(4.1)
<b>Net cash from operating activities</b>		<b>28.9</b>	<b>28.4</b>	<b>51.3</b>

## 12. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation.

During the six months ended 30 June 2009 there were no material transactions or balances between Irish Continental Group plc and its key management personnel or members of their close family, other than in respect of remuneration.

## 13. Contingent Assets / Liabilities

There have been no material changes in contingent assets or liabilities as reported in the Group's financial statement for the year ended 31 December 2008.

#### **14. Composition of the Entity**

There have been no changes in the composition of the entity during the period ended 30 June 2009.

#### **15. Redeemable Share Capital**

An Ordinary Resolution approving the sub-division of the then one remaining Redeemable Share (of 0.01 cent nominal value) per ICG unit into 10 Redeemable Shares (of 0.001 cent nominal value) occurred at the Annual General Meeting on 24 June 2009. The Company confirms that an ICG Unit now comprises of one ordinary share (of 65 cent nominal value) and ten Redeemable Shares (of 0.001 cent nominal value). The effective date of this change is 24 June 2009.

#### **16. Subsequent Events**

There were no material subsequent events to report since the period ended 30 June 2009.

#### **17. Board Approval**

This interim report was approved by the Board of Directors of Irish Continental Group plc on 27<sup>th</sup> August 2009.