



IRISH CONTINENTAL GROUP

Thursday 31 August 2017

Interim Management Report for the half year ended 30 June 2017

Irish Continental Group plc (ICG) the leading Irish-based maritime transport group, reports a solid financial performance for the half year ended 30 June 2017.

Highlights

- Revenue up 3.7% to €156.1 million (2016: €150.5 million)
 - EBITDA (pre non-trading items) down 3.0% to €29.6 million (2016: €30.5 million)
 - Sale of the vessel MV Kaitaki yields profit after tax of €25.5 million
 - Basic EPS up 121.4% to 22.8c (2016: 10.3c)
 - Adjusted basic EPS down 9.7% to 9.3c (2016: 10.3c)
 - RoRo freight volumes down 0.4% to 138,600 units (2016: 139,100 units)
 - Cars carried up 2.3% in the period to 174,500 units (2016: 170,500 units)
 - Container volumes shipped in the period up 6.8% to 163,100 teu (2016: 152,700 teu)
 - Port lifts handled in the period up 1.7% to 147,200 lifts (2016: 144,800 lifts)
 - Net cash €26.7 million at 30 June 2017 (31 December 2016 net debt €37.9 million)
 - IAS 19 surplus of €5.0 million at 30 June 2017 (31 December 2016 €13.5 million deficit)
 - Interim dividend 4.01 cent, up 5.0% (2016: 3.82 cent)
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Commenting on the results Chairman John B McGuckian said, I am pleased to report a strong performance in the first six months of the financial year with growth in revenue of 3.7% to €156.1 million. The strong performance for the first half of the financial year is underpinned by increased car volumes and the consolidation of the strong RoRo growth over the last two years in the ferries division together with strong growth across the container and terminal division. During this period we completed the sale of the MV Kaitaki for a profit after tax of €25.5 million. Summer trading remains encouraging across all business areas, we have experienced volume growth in car and freight volumes whilst the further weakening of Sterling is offset by easing Euro fuel prices. We look forward to the arrival in mid-2018 of our new ship which will bring cost savings and significant additional earnings potential to the Group.

30 August 2017

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**INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

RESULTS

Financial Highlights	Six months to 30 June		Change %	Full Year 2016
	2017	2016		
Revenue	€156.1m	€150.5m	+3.7%	€325.4m
EBITDA (pre non-trading items)	€29.6m	€30.5m	-3.0%	€83.5m
EBIT* (including non-trading items)	€48.4m	€20.8m	+132.7%	€62.6m

*Non-trading items €29.3 million (30 June 2016 / 31 December 2016: €nil)

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 €156.1 million compared with €150.5 million in the same period in 2016, an increase of 3.7%. Earnings before interest, tax, depreciation and amortisation (EBITDA) were €29.6 million compared with €30.5 million in the same period in 2016. Earnings before interest and tax (EBIT) were €48.4 million compared with €20.8 million in 2016. Group fuel costs increased by €6.3 million (47.4%) to €19.6 million. Profit before tax was €47.5 million compared with €19.7 million in the first half of 2016. The tax charge amounted to €4.5 million (2016: €0.5 million).

There was a net finance charge of €0.9 million (2016: €1.1 million) which includes net bank interest payable of €0.8 million (2016: €1.1 million) and a net pension interest cost of €0.1 million (2016: €nil). Basic EPS was 22.8c compared with 10.3c in the first half of 2016. Adjusted EPS (before non-trading items and net pension interest cost) amounted to 9.3c (2016: 10.3c).

OPERATIONAL REVIEW

Ferries Division

Financial Highlights	Six months to 30 June		Change %	Full Year 2016
	2017	2016		
Revenue*	€93.7m	€91.5m	+2.4%	€209.8m
EBITDA (pre non-trading items)	€22.9m	€23.9m	-4.2%	€70.7m
EBIT** (including non-trading items)	€43.0m	€15.4m	+179.2%	€52.3m

*Includes intersegment revenue of €3.4 million (30 June 2016: €3.2 million)

**Non-trading items €29.3 million (30 June 2016 / 31 December 2016: €nil)

Operational Highlights	Six months to 30 June		Change %	Full Year 2016
	2017	2016		
Volumes	'000	'000		'000
Cars	174.5	170.5	+2.3%	414.1
Passengers	700.4	688.6	+1.7%	1,622.9
RoRo freight	138.6	139.1	-0.4%	286.1

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 chartering of vessels to third parties. Irish Ferries operated over 2,500 sailings in the period.

Revenue in the division was €93.7 million (2016: €91.5 million) while EBITDA was €22.9 million (2016: €23.9 million). EBIT increased to €43.0 million (2016: €15.4 million).

**INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

OPERATIONAL REVIEW – continued

Ferries Division - continued

In the first half of 2017 total cars carried were 174,500, up 2.3% on the same period in the previous year. Total passenger carryings increased by 1.7% to 700,400 in the period. RoRo freight volumes were down 0.4% to 138,600 units, when compared with the first half of 2016.

The MV Kaitaki was sold on 25 May 2017. In the last financial year ended 31 December 2016 the charter of the vessel generated operating profits of €2.1 million. The division's other vessel chartering activities remained stable during the period. The container vessel MV Ranger remains on time charter to a third party and is currently trading in North West Europe while the MV Elbrader, MV Elbcarrier and MV Elbfeeder remain on time charter to the Group's container shipping subsidiary Eucon. The HSC Westpac Express which was delivered to the Group on 1 June 2016 also remains on bareboat charter to a third party.

Container and Terminal Division

Financial Highlights	Six months to 30 June		Change %	Full Year 2016
	2017	2016		
Revenue*	€66.4m	€62.8m	+5.7%	€123.9m
EBITDA	€6.7m	€6.6m	+1.5%	€12.8m
EBIT	€5.4m	€5.4m	-	€10.3m

**Includes intersegment revenue of €0.6 million (30 June 2016: €0.6 million)*

Operational Highlights	Six months to 30 June		Change %	Full Year 2016
	2017	2016		
Volumes	'000	'000		'000
Container volumes shipped (teu*)	163.1	152.7	+6.8%	303.6
Port lifts	147.2	144.8	+1.7%	288.1

*teu: twenty foot equivalent units

The Container and Terminal Division includes the intermodal shipping line Eucon as well as the division's strategically located container terminals in Dublin and in Belfast.

Revenue in the division increased by 5.7% to €66.4 million (2016: €62.8 million), EBITDA increased to €6.7 million (2016: €6.6 million) while EBIT remained at €5.4 million (2016: €5.4 million).

Total containers shipped were up 6.8% at 163,100 teu (2016: 152,700 teu). Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 1.7% to 147,200 lifts (2016: 144,800 lifts). DFT's volumes were up 2.5%, while BCT's lifts were up 0.5%.

**INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

GROUP FINANCIAL POSITION

A summary cash flow as at 30 June 2017 is presented below:

Cash Flow	Six months to 30 June		Full Year
	2017 €m	2016 €m	2016 €m
Operating profit (EBIT)*	48.4	20.8	62.6
Non trading items	(29.3)	-	-
Depreciation	10.5	9.7	20.9
EBITDA* (pre non-trading items)	29.6	30.5	83.5
Working capital movements	19.4	27.0	4.7
Pension payments in excess of service costs	(0.5)	(1.1)	(1.8)
Other	0.4	0.1	0.1
Cash generated from operations	48.9	56.5	86.5
Interest paid	(0.8)	(1.2)	(2.3)
Tax paid	(0.5)	(0.2)	(2.1)
Capex	(13.2)	(17.5)	(57.0)
Free cash flow*	34.4	37.6	25.1
Net asset sales	44.7	-	1.3
Dividends	(14.6)	(13.8)	(21.0)
Share issue	0.8	2.6	2.7
Interest received	-	0.1	0.1
Net flows	65.3	26.5	8.2
Opening net debt	(37.9)	(44.3)	(44.3)
Translation/other	(0.7)	(1.1)	(1.8)
Closing net cash / (debt) *	26.7	(18.9)	(37.9)

**Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 17.*

The principal drivers for the movement from a net debt position of €37.9 million at 31 December 2016 to a net cash position of €26.7 million at 30 June 2017 relate to EBITDA for the period of €29.6 million, the proceeds from the sale of the MV Kaitaki of €44.7 million and an overall positive working capital movement of €19.4 million mainly within payables as deferred revenue is at a higher level at the end of June when compared to December, ahead of the peak summer tourism trading. These positive movements are offset by capital expenditure in the period of €13.2 million which principally comprised annual vessel overhaul, expansion of DFT capacity and payments in relation to the scrubber for the new build. During the period a final dividend for 2016 amounting to €14.6 million was paid.

**INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

GROUP FINANCIAL POSITION - continued

A summary balance sheet as at 30 June 2017 is presented below:

Balance Sheet	Six months to 30 June		Full Year
	2017	2016	2016
	€m	€m	€m
Property, plant & equipment and intangible assets	192.0	180.1	205.1
Retirement benefit surplus	7.9	2.9	2.4
Other current assets	48.1	42.9	41.9
Cash and bank balances	68.7	46.9	42.2
Total assets	316.7	272.8	291.6
Non-current borrowings	1.7	48.2	1.7
Retirement benefit obligation	2.9	35.7	15.9
Other non-current liabilities	1.7	3.7	3.6
Current borrowings	40.3	17.6	78.4
Other current liabilities	78.8	74.1	47.6
Total liabilities	125.4	179.3	147.2
Total equity	191.3	93.5	144.4
Total equity and liabilities	316.7	272.8	291.6

The principal movements in the property, plant and equipment and intangible assets in the period relates to the disposal of MV Kaitaki which had a net book value of €15.4 million at the date of sale, depreciation in the period of €10.5 million and scheduled replacement expenditure.

Total borrowings have reduced by €38.1 million (2016: €3.5 million) since year end which relates to the loan repayment of €37.7 million (2016: €6.5 million) and lease repayments of €0.4 million (2016: €0.6 million). At 30 June 2017 the Group had not utilised any short term overdraft facilities (2016: €3.6 million).

The total net surplus of all defined benefit pension schemes at 30 June 2017 was €5.0 million in comparison to a net deficit of €13.5 million at 31 December 2016. The improvement in pension deficit since 31 December 2016 reflects an actuarial gain of €17.6 million, arising from investment performance and the positive effect of an increase in the discount rate used to value scheme liabilities.

Shareholders' equity increased to €191.3 million from €144.4 million at 31 December 2016. The movements primarily comprised of the profit for the financial period of €43.0 million and the actuarial gain arising on retirement benefit schemes and less dividends paid of €14.6 million.

DIVIDEND

The Board has declared an interim dividend of 4.01 cent per ICG Unit payable on 6 October to shareholders on the register at 22 September 2017.

INTERIM MANAGEMENT REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

FUEL

	Six months to 30 June		Change %	Full Year
	2017	2016		2016
Fuel costs	€19.6m	€13.3m	+47.4%	€32.2m

Group fuel costs in the first half of 2017 amounted to €19.6 million (2016: €13.3 million). The increase in fuel costs was due to the increase in global US Dollar oil prices.

In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs. The Group has in place a transparent fuel surcharge mechanism linked to the spot market for fuel oils. In line with the increased cost of fuel, surcharge revenues were higher.

FLEET CHANGES

On 17 May 2017, the Group announced that it has entered into a Memorandum of Agreement (“MOA”) for the sale of the passenger ferry MV Kaitaki to the New Zealand ferry operator KiwiRail. The vessel was delivered to KiwiRail on 25 May 2017. The agreed consideration of €45.0 million, payable in cash, was received on delivery and will be utilised for general corporate purposes.

As previously announced in 2016, ICG has entered into an agreement with the German company Flensburger Schiffbau-Gesellschaft & Co.KG (“FSG”) whereby FSG has agreed to build a cruise ferry for ICG at a contract price of €144 million. The vessel remains on schedule for delivery during 2018.

FINANCING

The Company has agreed term sheets with preferred long term finance providers and additionally received firm commitments of a revolving credit facility of €75 million.

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 of 2017.

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 on an ongoing basis. The principal risks and uncertainties faced by the Group as set out in detail on pages 38 and 39 of the 2016 Annual Report are; safety and business continuity, IT systems, information security and cyber threats, commercial and market risk, commodity price risk, financial risks and retirement benefit schemes.

These risks continue to be the most likely risks to effect the Group for the second half of the year.

The Group notes the triggering of Article 50 of the EU Treaty by the government of the United Kingdom on 29 March 2017 initiating a two year process for the UK to exit the EU. This may impact on Group risks through the creation of opportunities and threats though the impact cannot be reliably measured at this point.

INTERIM MANAGEMENT REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

EVENTS AFTER THE REPORTING PERIOD

The Board has declared an interim dividend of 4.01 cent per ICG Unit in respect 2017.

There have been no other material events affecting the Group to report since 30 June 2017.

GOING CONCERN

After making enquiries and taking into account the Group's committed existing banking facilities which extend to September 2017 and firm commitments for replacement banking facilities of €75 million, the Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. In forming this view the Directors have considered the future cash requirements of the Group's business in the context of the economic environment over the next 12 months, the principal risks and uncertainties facing the Group, the Group's budget plan and the medium term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which the Directors have negotiated. 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 neither been audited nor reviewed by the auditors of the Group.

CURRENT TRADING & OUTLOOK

In the period from 1 July 2017 to 26 August 2017 118,900 cars were carried on our services which is an increase of 3.1% on the same period in 2016. Foot passengers carried, which are of lesser significance to our tourism performance, increased by 1.7% from 1 July 2017 to 26 August 2017, resulting in an overall increase in total passengers of 2.2% in the period.

RoRo freight carryings in the period from 1 July 2017 to 26 August 2017 increased by 0.4% over the corresponding period with total units of 43,600.

Cumulatively in the period from 1 January 2017 to 26 August 2017, Irish Ferries carried 293,400 cars up 2.7% while the number of passengers carried increased to 1,174,900 passengers, up 1.9%, compared with the same period last year. In the Roll on Roll off freight market, Irish Ferries carried 182,200 units, a decrease of 0.2% compared with the same period in 2016.

In the period from 1 July 2017 to 26 August 2017, the Container and Terminal division container carryings were 48,400, an increase of 4.1% on the corresponding period last year. Port lifts were 45,100, an increase of 2.5% compared to the same period last year.

Cumulatively in the period from 1 January 2017 to 26 August 2017, container volumes shipped were up 6.2% at 211,500 teu compared with the same period last year. Port lifts rose by 1.9% to 192,300 lifts year on year.

In the absence of unforeseen circumstances, the outlook for the remainder of the year is for a continuation of the overall business momentum seen to date.

**INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

FORWARD-LOOKING STATEMENTS

This report contains certain forward-looking statements. 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. These forward-looking 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.

John B. McGuckian
Chairman
30 August 2017

INTERIM MANAGEMENT REPORT FOR THE HALF YEAR ENDED 30 JUNE 2017

RESPONSIBILITY STATEMENT

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

Each of the directors confirm that to the best of their knowledge and belief:

- the Group Condensed Financial Statements for the half year ended 30 June 2017 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 2017, and a description of the principal risks and uncertainties for the remaining six months; and
- 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.

On behalf of the Board

Eamonn Rothwell Chief Executive Officer
David Ledwidge Chief Financial Officer
30 August 2017

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Notes	Half year ended 30 Jun 2017			Half year ended 30 Jun 2016	Year ended 31 Dec 2016
		Pre non-trading items Unaudited €m	Non – trading items Unaudited €m	Total Unaudited €m	Unaudited €m	Audited €m
Revenue	3	156.1	-	156.1	150.5	325.4
Depreciation and amortisation		(10.5)	-	(10.5)	(9.7)	(20.9)
Employee benefits expense		(10.0)	-	(10.0)	(9.2)	(22.0)
Other operating expenses		(116.5)	-	(116.5)	(110.8)	(219.9)
		19.1	-	19.1	20.8	62.6
Non- trading items	5	-	29.3	29.3	-	-
Operating profit		19.1	29.3	48.4	20.8	62.6
Investment revenue		-	-	-	0.1	0.1
Finance costs		(0.9)	-	(0.9)	(1.2)	(2.3)
Profit before taxation		18.2	29.3	47.5	19.7	60.4
Income tax expense		(0.7)	(3.8)	(4.5)	(0.5)	(1.6)
Profit for the financial period: all attributable to equity holders of the parent		17.5	25.5	43.0	19.2	58.8
Earnings per ordinary share – expressed in € cent per share						
Basic	6	-	-	22.8c	10.3c	31.4c
Diluted	6	-	-	22.6c	10.2c	31.1c

The accompanying notes form an integral part of the half-yearly report.

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2017**

		Half year ended 30 Jun 2017 Unaudited €m	Half year ended 30 Jun 2016 Unaudited €m	Year ended 31 Dec 2016 Audited €m
Profit for the financial period		43.0	19.2	58.8
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
- Fair value losses arising during the financial period		-	(0.2)	(0.1)
- Transfer to Condensed Consolidated Income Statement net settlement of cash flow hedge		0.2	0.2	0.4
Exchange differences on translation of foreign operations		0.2	(2.0)	(2.8)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain / (loss) on defined benefit pension schemes	12	17.6	(28.5)	(9.6)
Deferred tax on defined benefit pension schemes		(0.1)	0.8	0.7
Other comprehensive income / (expense) for the financial period		17.9	(29.7)	(11.4)
Total comprehensive income / (expense) for the financial period: all attributable to equity holders of the parent		60.9	(10.5)	47.4

The accompanying notes form an integral part of the half-yearly report.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

		30 Jun 2017 Unaudited €m	30 Jun 2016 Unaudited €m	31 Dec 2016 Audited €m
Assets				
Non-current assets				
Property, plant and equipment	7	191.4	179.3	204.3
Intangible assets	8	0.6	0.8	0.8
Retirement benefit surplus	12	7.9	2.9	2.4
		199.9	183.0	207.5
Current assets				
Inventories		2.2	2.1	2.3
Trade and other receivables		45.9	40.8	39.6
Cash and bank balances	9	68.7	46.9	42.2
		116.8	89.8	84.1
Total assets		316.7	272.8	291.6
Equity and liabilities				
Equity				
Share capital		12.3	12.2	12.2
Share premium		16.4	15.6	15.7
Other reserves		(12.2)	(11.7)	(11.8)
Retained earnings		174.8	77.4	128.3
Equity attributable to equity holders		191.3	93.5	144.4
Non-current liabilities				
Borrowings	9	1.7	48.2	1.7
Deferred tax liabilities		0.9	3.0	2.7
Provisions		0.6	0.4	0.6
Deferred grant		0.2	0.3	0.3
Retirement benefit obligation	12	2.9	35.7	15.9
		6.3	87.6	21.2
Current liabilities				
Borrowings	9	40.3	17.6	78.4
Trade and other payables		72.3	72.5	46.7
Derivative financial instruments		-	0.5	0.2
Current income tax liabilities		5.8	0.4	-
Provisions		0.6	0.6	0.6
Deferred grant		0.1	0.1	0.1
		119.1	91.7	126.0
Total liabilities		125.4	179.3	147.2
Total equity and liabilities		316.7	272.8	291.6

The accompanying notes form an integral part of the half-yearly report.

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2017 - UNAUDITED**

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2017	12.2	15.7	(11.8)	128.3	144.4
Profit for the financial period	-	-	-	43.0	43.0
Other comprehensive (expense) / income	-	-	(0.1)	18.0	17.9
Total comprehensive (expense) / income for the financial period	-	-	(0.1)	61.0	60.9
Employee share-based payments expense	-	-	0.4	-	0.4
Share issue	0.1	0.7	-	-	0.8
Dividends (note 4)	-	-	-	(14.6)	(14.6)
Transferred to retained earnings on exercise of share options	-	-	(0.7)	0.7	-
Settlement of equity plans through market purchase of shares	-	-	-	(0.6)	(0.6)
	0.1	0.7	(0.4)	46.5	46.9
Balance at 30 June 2017	12.3	16.4	(12.2)	174.8	191.3
Analysed as follows:					
Share capital					12.3
Share premium					16.4
Other reserves					(12.2)
Retained earnings					174.8
					191.3

Other Reserves comprise the following:

	Share Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2017	7.3	2.4	(0.2)	(21.3)	(11.8)
Other comprehensive income / (expense)	-	-	0.2	(0.3)	(0.1)
Employee share-based payments expense	-	0.4	-	-	0.4
Transferred to retained earnings on exercise of share options	-	(0.7)	-	-	(0.7)
	-	(0.3)	0.2	(0.3)	(0.4)
Balance at 30 June 2017	7.3	2.1	-	(21.6)	(12.2)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2016 - UNAUDITED**

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2016	12.1	13.1	(9.0)	99.3	115.5
Profit for the financial period	-	-	-	19.2	19.2
Other comprehensive expense	-	-	(1.7)	(28.0)	(29.7)
Total comprehensive expense for the financial period	-	-	(1.7)	(8.8)	(10.5)
Employee share-based payments expense	-	-	0.1	-	0.1
Share issue	0.1	2.5	-	-	2.6
Dividends (note 4)	-	-	-	(13.8)	(13.8)
Transferred to retained earnings on exercise of share options	-	-	(1.1)	1.1	-
Settlement of equity plans through market purchase of shares	-	-	-	(0.4)	(0.4)
	0.1	2.5	(2.7)	(21.9)	(22.0)
Balance at 30 June 2016	12.2	15.6	(11.7)	77.4	93.5
Analysed as follows:					
Share capital					12.2
Share premium					15.6
Other reserves					(11.7)
Retained earnings					77.4
					93.5

Other Reserves comprise the following:

	Share Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2016	7.3	3.3	(0.5)	(19.1)	(9.0)
Other comprehensive expense	-	-	-	(1.7)	(1.7)
Employee share-based payments expense	-	0.1	-	-	0.1
Transferred to retained earnings on exercise of share options	-	(1.1)	-	-	(1.1)
	-	(1.0)	-	(1.7)	(2.7)
Balance at 30 June 2016	7.3	2.3	(0.5)	(20.8)	(11.7)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR FINANCIAL ENDED 31 DECEMBER 2016 - AUDITED**

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2016	12.1	13.1	(9.0)	99.3	115.5
Profit for the financial year	-	-	-	58.8	58.8
Other comprehensive expense	-	-	(1.9)	(9.5)	(11.4)
Total comprehensive (expense) / income for the financial year	-	-	(1.9)	49.3	47.4
Employee share-based payments expense	-	-	0.2	-	0.2
Share issue	0.1	2.6	-	-	2.7
Dividends (note 4)	-	-	-	(21.0)	(21.0)
Settlement of equity plans through market purchase of shares	-	-	-	(0.4)	(0.4)
Transferred to retained earnings on exercise of share options	-	-	(1.1)	1.1	-
	0.1	2.6	(2.8)	29.0	28.9
Balance at 31 December 2016	12.2	15.7	(11.8)	128.3	144.4

Analysed as follows:

Share capital	12.2
Share premium	15.7
Other reserves	(11.8)
Retained earnings	128.3
	144.4

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2016	7.3	3.3	(0.5)	(19.1)	(9.0)
Other comprehensive income / (expense)	-	-	0.3	(2.2)	(1.9)
Employee share-based payments expense	-	0.2	-	-	0.2
Transferred to retained earnings on exercise of share options	-	(1.1)	-	-	(1.1)
	-	(0.9)	0.3	(2.2)	(2.8)
Balance at 31 December 2016	7.3	2.4	(0.2)	(21.3)	(11.8)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

	Notes	30 Jun 2017 Unaudited €m	30 Jun 2016 Unaudited €m	31 Dec 2016 Audited €m
Net cash inflow from operating activities	13	47.6	55.1	82.1
Cash flow from investing activities				
Interest received		-	0.1	0.1
Net proceeds on disposal of property, plant and equipment		44.7	-	1.3
Purchases of property, plant and equipment		(13.2)	(17.4)	(56.7)
Purchase of intangible assets		-	(0.1)	(0.3)
Net cash inflow / (outflow) from investing activities		31.5	(17.4)	(55.6)
Cash flow from financing activities				
Dividends paid to equity holders of the Company		(14.6)	(13.8)	(21.0)
Repayments of bank borrowings		(37.7)	(6.5)	(13.0)
Repayments of obligations under finance leases		(0.4)	(0.5)	(1.1)
Proceeds on issue of ordinary share capital		0.8	2.6	2.7
Settlement of equity plans through market purchase of shares		(0.6)	(0.4)	(0.4)
New bank loans raised		-	-	25.0
Net cash outflow from financing activities		(52.5)	(18.6)	(7.8)
Net increase in cash and cash equivalents		26.6	19.1	18.7
Cash and cash equivalents at the beginning of the period		42.2	25.0	25.0
Effect of foreign exchange rate changes		(0.1)	(0.8)	(1.5)
Cash and cash equivalents at the end of the period	9	68.7	43.3	42.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

1. General information

The Group Condensed Financial Statements are considered non-statutory financial statements for the purposes of the Companies Act 2014 and in compliance with section 340(4) of that Act we state that:

- the Group Condensed Financial Statements for the half year to 30 June 2017 have been prepared to meet our obligation to do so under the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended);
- the Group Condensed Financial Statements for the half year to 30 June 2017 do not constitute the statutory financial statements of the Group;
- The figures disclosed relating to 31 December 2016 have been derived from the statutory financial statements for the financial year ended 31 December 2016 which were audited, received an unqualified audit report and have been filed with the Registrar of Companies; and
- The interim figures included in the Group Condensed Financial Statements for the six months ended 30 June 2017 and the comparative amounts for the six months ended 30 June 2016 have been neither audited nor reviewed.

Certain financial measures set out in our Half Yearly Report to 30 June 2017 are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures ("APMs") provides useful supplementary information which, when viewed in conjunction with the Company's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before non-trading items*, interest, tax, depreciation and amortisation.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest and tax.	Measures the Group's earnings from ongoing operations.
Free cash flow	Free cash flow comprises operating cash flow less capital expenditure.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.

*Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

2. Accounting policies

The Group Condensed Financial Statements for the six months ended 30 June 2017 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the related Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The accounting policies and methods of computation applied in preparing these Group Condensed Financial Statements are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2016, which is available at www.icg.ie.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

2. Accounting policies - continued

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.

There are a number of new standards, amendments to standards and interpretations that are not yet effective and have not been applied in preparing the Group Condensed Financial Statements. The principal new standards, amendments to standards and interpretations, none of which have been EU endorsed, are as follows:

Title	Effective date – periods beginning on or after
IFRS 9 Financial Instruments (2009 and subsequent amendments in 2010 and 2013)	1 January 2018
IFRS 15 Revenue from contracts with customers	1 January 2018
IFRS 16 Leases	1 January 2019

IFRS 15 Revenue from contracts with customers and IFRS 9 Financial Instruments (2009 and subsequent amendments in 2010 and 2013) are not expected to have a material impact on the Group's financial statements.

IFRS 16 Leases sets out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. It eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model where the lessee is required to recognise assets and liabilities for all material leases that have a term of greater than a year. The Group is currently evaluating the impact that IFRS 16 will have on its financial statements. On adoption of the standard the effects on the Group's financial statements will be dependent on the transition option chosen, the contractual terms at date of adoption and the Group's marginal borrowing costs. The principal known material long term leases that are expected to exist on the latest adoption date relate to long term leases of property. The application of IFRS16 to these leases is not expected to have a material effect on Group net assets, but may have a material effect individually on lease asset totals and lease liability totals. The effects on Group profits are also expected to be immaterial on a net basis with higher depreciation and interest charges largely offset by a reduction in operating expenses. IFRS 16 is expected to be endorsed by the EU during 2017.

Other than the changes to assumptions used in relation to the valuation of retirement benefit obligations there have been no material changes in estimates in these half yearly financial information based on the estimates that have previously been made in the prior year financial statements to 31 December 2016.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

3. Segmental information: Analysis by class of business

The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organised into two operating segments; Ferries and Container & Terminal. These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group. The principal activities of the Ferries segment are the operation of combined RoRo passenger ferries and chartering of vessels. The principal activities of the Container & Terminal segment are the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services. There has been no change in the basis of segmentation or in the basis measurement of segment profit or loss in the period. Under IFRS 8: Operating Segments, the Group has determined that the operating segments are (i) Ferries and (ii) Container and Terminal.

	Half year ended				Year ended	
	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	External Revenue	Profit before tax	External Revenue	Profit before tax	External Revenue	Profit before tax
	€m	€m	€m	€m	€m	€m
Ferries	93.7	13.7	91.5	15.4	209.8	52.3
Container and Terminal	66.4	5.4	62.8	5.4	123.9	10.3
Inter-segment Revenue	(4.0)	-	(3.8)	-	(8.3)	-
Operating profit	-	19.1	-	20.8	-	62.6
Non trading items	-	29.3	-	-	-	-
Net Interest - Ferries	-	(0.9)	-	(1.0)	-	(2.1)
Net interest - Container and Terminal	-	-	-	(0.1)	-	(0.1)
Total	156.1	47.5	150.5	19.7	325.4	60.4

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

Net Assets (equity attributable to equity holders)

	Half year ended	Half year ended	Year ended
	30 Jun 2017	30 Jun 2016	31 Dec 2016
	€m	€m	€m
Ferries	136.9	92.2	158.0
Container and Terminal	27.7	20.2	24.3
	164.6	112.4	182.3
Net cash / (debt)	26.7	(18.9)	(37.9)
Total	191.3	93.5	144.4

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 2016.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

4. Dividend

	Half year ended 30 Jun 2017 €m	Half year ended 30 Jun 2016 €m	Year ended 31 Dec 2016 €m
Interim dividend	-	-	7.2
Final dividend	14.6	13.8	13.8
	14.6	13.8	21.0

In June 2017 a final dividend of 7.760 cent per ICG Unit was declared and paid for the financial year ended 31 December 2016. In June 2016 a final dividend of 7.387 cent per ICG Unit was paid for the year ended 31 December 2015. In September 2016 an interim dividend of 3.82 cent per ICG Unit was paid for the year ended 31 December 2016.

5. Non-trading items

On 17 May 2017, the Group completed the sale of the vessel MV Kaitaki to KiwiRail of New Zealand.

The MV Kaitaki which was commissioned by and delivered to ICG in 1995 became surplus to ICG's operational requirements following delivery of our cruise ferry Ulysses in 2001. MV Kaitaki has been on charter outside the Group since 2002, most recently to the buyers KiwiRail who operate the vessel in New Zealand.

	Half year ended 30 June 2017 €m
Consideration	
Total consideration	45.0
Gain on disposal of vessel	
Consideration	45.0
Disposal costs	(0.3)
Net proceeds	44.7
NBV of vessel disposed of	(15.4)
Gain on disposal	29.3
Total consideration	45.0
Tax payable (2017: 12.5%)	5.6
Deferred tax credit on disposal of vessel	(1.8)
Tax on disposal	3.8

The gain on disposal of the vessel is included in the profit for the period and is disclosed on a separate line in the Condensed Consolidated Income Statement.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

6. Earnings per share

	Half year ended 30 Jun 2017 '000	Half year ended 30 Jun 2016 '000	Year ended 31 Dec 2016 '000
Number of shares			
Weighted average number of ordinary shares for the purpose of basic earnings per share	188,332	186,803	187,536
Effect of dilutive potential ordinary shares: Share options	1,842	1,811	1,692
Weighted average number of ordinary shares for the purpose of diluted earnings per share	190,174	188,614	189,228

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 adjusted diluted earnings per share have been adjusted to take into account the non-trading items together with the net interest on defined benefit pension obligations.

Profit attributable to ordinary shareholders

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:

	Half year ended 30 Jun 2017 €m	Half year ended 30 Jun 2016 €m	Year ended 31 Dec 2016 €m
Earnings			
Earnings for the purpose of basic and diluted earnings per share - Profit for the financial period attributable to equity holders of the parent	43.0	19.2	58.8
Effect of non-trading items	(25.5)	-	-
Effect of net interest expense on defined benefit pension schemes	0.1	-	-
Earnings for the purpose of adjusted earnings per share	17.6	19.2	58.8
	Cent	Cent	Cent
Basic earnings per share	22.8	10.3	31.4
Diluted earnings per share	22.6	10.2	31.1
Adjusted basic earnings per share	9.3	10.3	31.4
Adjusted diluted earnings per share	9.3	10.2	31.1

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

7. Property, plant and equipment

	Assets under construction	Vessels	Plant and Equipment	Vehicles	Land and Buildings	Total
	€m	€m	€m	€m	€m	€m
Cost						
At 1 January 2017	31.8	342.2	56.5	1.0	26.5	458.0
Additions	5.7	7.0	0.3	0.2	-	13.2
Disposals	-	(63.7)	(0.7)	(0.2)	-	(64.6)
Exchange differences	-	(0.2)	(0.1)	-	-	(0.3)
At 30 June 2017	37.5	285.3	56.0	1.0	26.5	406.3
Accumulated depreciation						
At 1 January 2017	-	203.1	41.1	0.7	8.8	253.7
Charge for period	-	8.6	1.5	0.1	0.2	10.4
Disposals	-	(48.3)	(0.7)	(0.2)	-	(49.2)
Exchange differences	-	-	-	-	-	-
At 30 June 2017	-	163.4	41.9	0.6	9.0	214.9
Carrying amount						
At 1 January 2017	31.8	139.1	15.4	0.3	17.7	204.3
At 30 June 2017	37.5	121.9	14.1	0.4	17.5	191.4
At 30 June 2016	-	146.5	15.8	0.4	16.6	179.3

8. Intangible assets

	Software €m
Cost	
At 1 January 2017	10.5
Additions	-
At 30 June 2017	10.5
Amortisation	
At 1 January 2017	9.7
Charge for the period	0.2
At 30 June 2017	9.9
Carrying amount	
At 1 January 2017	0.8
At 30 June 2017	0.6
At 30 June 2016	0.8

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

9. Net debt and cash

	Cash €m	Overdrafts €m	Loans €m	Leases €m	Total €m
At 1 January 2017					
Current assets	42.2	-	-	-	42.2
Creditors due within one year	-	-	(77.7)	(0.7)	(78.4)
Creditors due after one year	-	-	-	(1.7)	(1.7)
	42.2	-	(77.7)	(2.4)	(37.9)
Cash flow					
Cash flow	26.5	-	-	-	26.5
Foreign exchange rate changes	-	-	-	-	-
Drawdown	-	-	-	-	-
Repayment	-	-	37.7	0.4	38.1
	26.5	-	37.7	0.4	64.6
At 30 June 2017					
Current assets	68.7	-	-	-	68.7
Creditors due within one year	-	-	(40.0)	(0.3)	(40.3)
Creditors due after one year	-	-	-	(1.7)	(1.7)
	68.7	-	(40.0)	(2.0)	26.7
At 30 June 2016					
Current assets	46.9	-	-	-	46.9
Creditors due within one year	-	(3.6)	(13.0)	(1.0)	(17.6)
Creditors due after one year	-	-	(46.2)	(2.0)	(48.2)
	46.9	(3.6)	(59.2)	(3.0)	(18.9)

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled as follows:

	30 Jun 2017 €m	30 Jun 2016 €m	31 Dec 2016 €m
Cash and bank balances	68.7	46.9	42.2
Bank overdraft	-	(3.6)	-
Cash and cash equivalents	68.7	43.3	42.2

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

10. 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 Company and subsidiaries that are within the EU approved Tonnage Tax jurisdictions have elected to be taxed under the tonnage tax scheme. Under the tonnage tax scheme, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised.

11. Financial instruments and risk management

The Groups activities expose it to a variety of financial risks including interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury and accounting departments. A combination of derivative financial instruments and treasury management techniques are used to manage these underlying risks. These interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2016 Annual Report. There have been no changes to the risk management procedures or policies since the 2016 year end.

Fair value hierarchy

The Group has adopted the following fair value measurement hierarchy for financial instruments:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: techniques that use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair value of financial assets and financial liabilities that are carried in the Condensed Consolidated Statement of Financial Position at fair value are classified within Level 2 of the fair value hierarchy as market observable inputs (forward rates and yield curves) are used in arriving at fair values. There have been no movement between levels in the current period.

Valuation techniques and inputs used are as described in Note 21 of the 2016 Annual Report.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

11. Financial instruments and risk management - continued

Fair value of financial assets and financial liabilities measured at amortised cost

At 30 June 2017 the carrying value and fair value of borrowings was €42.0 million and €42.1 million respectively (31 December 2016: €80.1 million and €80.5 million respectively), which consists of the bank overdraft, loans and leases in Note 9.

The fair value of borrowings at 30 June 2017 was higher than the carrying value reflecting a reduction in the estimated discount rate of the Group's own credit risk.

The fair value of the following financial assets and financial liabilities approximate their carrying value:

- Trade and other receivables
- Cash and bank balances
- Trade and other payables

Fair value of derivative financial instruments

Derivative financial instruments are measured in the Condensed Consolidated Statement of Financial Position at fair value. The fair values of derivative financial instruments are based on market price calculations using financial models based on market observable rates.

The fair value of derivative financial instruments was €nil as at 30 June 2017 (31 December 2016: a liability of €0.2 million) which consisted of interest rate swaps. All cash flow hedges were effective and fair value losses of €nil (31 December 2016: losses of €0.1 million) were recorded in other comprehensive income and net settlements amounted to €0.2 million (31 December 2016: €0.4 million).

The Group utilised interest rate swaps during the period ended 30 June 2017 and year ended 31 December 2016 whereby it swapped its entire EURIBOR floating interest rate exposure under the amortising term loan facility for fixed interest rates. This contract terminated during the period and the notional capital amount outstanding on this contract at 30 June 2017 was €nil (31 December 2016: €37.7 million). Notional amounts for all future periods match the amortising schedule of the loan agreement. The estimated fair value of €nil (31 December 2016: €0.2 million) has been accumulated in equity.

The Group utilises currency derivatives to hedge future cash flows in the management of its exchange rate exposures. At 30 June 2017 and 31 December 2016 there were no material outstanding forward foreign exchange contracts.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

12. 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 2017. In consultation with the actuary to the principal group defined benefit pension schemes, the discount rate used in relation to the pension scheme liabilities is 1.90% for Euro liabilities (31 December 2016: 1.70%) and 2.45% for Sterling liabilities (31 December 2016: 2.50%).

At 30 June 2017 the Group's total obligation in respect of defined benefit schemes totals €273.8 million (31 December 2016: €288.3 million). The schemes held assets of €278.8 million (31 December 2016: €274.8 million), giving a net pension surplus of €5.0 million (31 December 2016: €13.5 million net deficit).

The principal assumptions used for the purpose of the actuarial valuations which are reflective of market conditions that exist at 30 June 2017, were as follows:

	Half year ended				Year ended	
	30 Jun 2017		30 Jun 2016		31 Dec 2016	
	Sterling	Euro	Sterling	Euro	Sterling	Euro
Discount rate	2.45%	1.90%	2.70%	1.40%	2.50%	1.70%
Inflation rate	2.45%	1.50%	2.90%	1.40%	3.45%	1.60%
Rate of increase of pensions in payment	3.15%	0.60% - 0.70%	2.75%	0.50% - 0.60%	3.15%	0.70% - 0.80%
Rate of pensionable salary increases	0.00% - 1.00%	0.00% - 1.00%	1.36%	0.00% - 1.00%	1.00%	0.00% - 1.00%

Movement in retirement benefit schemes net deficit

	Half year ended 30 Jun 2017 €m	Half year ended 30 Jun 2016 €m	Year ended 31 Dec 2016 €m
Opening deficit	(13.5)	(5.1)	(5.1)
Current service cost	(0.9)	(0.9)	(1.9)
Employer contributions paid	1.4	2.0	3.7
Net interest cost	(0.1)	-	-
Actuarial gain / (loss)	17.6	(28.5)	(9.6)
Other	0.5	(0.3)	(0.6)
Net surplus / (deficit)	5.0	(32.8)	(13.5)
Schemes in surplus	7.9	2.9	2.4
Schemes in deficit	(2.9)	(35.7)	(15.9)
Net surplus / (deficit)	5.0	(32.8)	(13.5)

The improvement in pension deficit since 31 December 2016 reflects an actuarial gain of €17.6 million (31 December 2016: actuarial loss €9.6 million), arising from investment performance and the positive effect of an increase in the discount rate used to value scheme liabilities.

No provision has been made against scheme surpluses as the Group believe having reviewed the rules of the relevant schemes, the surplus will accrue to the Group in the future.

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2017**

13. Net cash from operating activities

	Half year ended 30 Jun 2017 €m	Half year ended 30 Jun 2016 €m	Year ended 31 Dec 2016 €m
Operating activities			
Profit for the financial period / year	43.0	19.2	58.8
Adjustments for:			
Finance costs (net)	0.9	1.1	2.2
Income tax expense	4.5	0.5	1.6
Retirement benefit schemes – current service cost	0.9	0.9	1.9
Retirement benefit schemes – payments	(1.4)	(2.0)	(3.7)
Depreciation of property, plant and equipment	10.4	9.6	20.6
Amortisation of intangible assets	0.2	0.2	0.4
Amortisation of deferred grant	(0.1)	(0.1)	(0.1)
Share-based payment expense	0.4	0.1	0.2
Gain on disposal of property, plant and equipment	(29.3)	-	(0.3)
Increase in provisions	-	-	0.2
Operating cash flow before movements in working capital	29.5	29.5	81.8
Decrease / (increase) in inventories	0.1	(0.2)	(0.4)
(Increase) / decrease in receivables	(6.3)	0.2	1.4
Increase in payables	25.6	27.0	3.7
Cash generated from operations	48.9	56.5	86.5
Income taxes paid	(0.5)	(0.2)	(2.1)
Interest paid	(0.8)	(1.2)	(2.3)
Net cash generated from operating activities	47.6	55.1	82.1

At 30 June 2017 and 30 June 2016 the overall working capital movements amounted to €19.4 million and €27.0 million respectively, which relate to seasonal working capital inflows that are expected to unwind in the second half of the year.

14. 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 2017 there were no material changes to, or material transactions between Irish Continental Group plc and its key management personnel or members of their close family, other than in respect of remuneration and dividends. There were no other material related party transactions in the period.

15. 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 2016.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2017

16. Impairment

Under IFRS, goodwill and other indefinite-lived intangible assets are required to be tested at least annually for impairment. As the Group does not have these types of assets no impairment review is required.

In relation to assets other than those listed above, the Group assessed those assets to determine if there were any indications of impairment. No internal or external indications of impairment were identified and consequently no impairment review was performed.

17. Composition of the entity

There have been no changes in the composition of the entity during the period ended 30 June 2017.

18. Commitments

	30 Jun 2017 €m	30 Jun 2016 €m	31 Dec 2016 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for	116.9	147.1	122.2

19. Events after the reporting period

The Board has declared an interim dividend of 4.01 cent per ICG Unit in respect of 2017.

There have been no other material events affecting the Group to report since 30 June 2017.

20. Board approval

This interim report was approved by the Board of Directors of Irish Continental Group plc on 30 August 2017.