IRISH CONTINENTAL GROUP

HALF YEARLY FINANCIAL REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2014

- Strong revenue growth, up 8.1%, facilitated by the introduction of the new vessel *'Epsilon'*
- *'Epsilon'* drives volume growth in RoRo freight, up 18.5%
- Cars carried up 5.9% in the period
- Net Debt down to €71.9 million from €93.4 million at 31 December 2013
- Interim dividend 3.465 cent, up 5%
- Strong volume growth in summer, in both RoRo freight (up 25%) and cars (up 12%)
- Agreement reached with Pension Trustee on recovery plan

Financial Highlights	**Six months to 30 June**		**Change %**	**Financial Year**
	2014	**2013**		**2013**
Revenue	€130.7m	€120.9m	+8.1%	€264.7m
EBITDA (Reported)	€14.0m	€15.8m	-11.4%	€49.2m
EBITDA (Excl. *'Epsilon'*)	€17.0m	€15.8m	+7.6%	n/a
Operating Profit	€5.2m	€6.4m	-18.8%	€30.0m
Profit before tax	€2.7m	€3.3m	-18.2%	€23.7m
Basic EPS*	1.3c	1.6c	-18.8%	12.7c
Adjusted EPS*	1.7c	2.2c	-22.7%	13.8c
Dividend**	3.465c	3.3c	+5.0%	10.0c

* EPS from continuing operations
**As restated for the 10-for-1 share split (refer to note 2)

Operational Highlights	**Six months to 30 June**		
	2014	**2013**	**Change %**
Volumes	**000**	**000**	
Cars	150.9	142.5	+5.9%
Passengers	683.8	678.4	+0.8%
RoRo Freight	118.1	99.7	+18.5%
Container Freight (teu.***)	142.7	140.6	+1.5%
Port Lifts	92.7	86.4	+7.3%

***teu.: twenty foot equivalent units

Comment

In a comment John B. McGuckian Chairman stated;

''The introduction of the new RoRo ship *'Epsilon'* on the Dublin-Holyhead and Dublin-Cherbourg routes has allowed us to grow both our freight and tourism businesses substantially during the year to date. I am particularly pleased with the growth in our RoRo freight business, up 20% in volume terms year to date (23 August 2014) while car volumes also remain strong – up 8% year to date (23 August 2014). The increases in both flows of business vindicate our decision to incur the necessary start-up costs in providing this much needed capacity.''

28 August 2014

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INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2014

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 €130.7 million compared with €120.9 million in the same period in 2013, an increase of 8.1%. Earnings before interest, tax, depreciation and amortisation (EBITDA) were €14.0 million compared with €15.8 million in the same period in 2013. On a like-for-like basis i.e. excluding the newly introduced vessel *'Epsilon'*, EBITDA was up €1.2 million on the prior year. Operating profit was €5.2 million compared with €6.4 million in 2013. Group fuel costs were up €2.5 million (10.5%) to €26.4 million, however when *'Epsilon'* (€3.6 million) is excluded, fuel costs decreased by €1.1 million (4.6%) to €22.8 million. There was a net finance charge of €2.5 million (2013: €3.1 million) which includes a net pension interest cost of €0.7 million (2013: €1.0 million) and net bank interest payable of €1.8 million (2013: €2.1 million). Profit before tax was €2.7 million compared with €3.3 million in the first half of 2013. The tax charge amounted to €0.3 million (2013: €0.3 million). Basic EPS was 1.3c compared with 1.6c* in the first half of 2013. Adjusted EPS (before non-trading items and net pension interest cost) amounted to 1.7c (2013: 2.2c*).

DIVIDEND

The Board declares an interim dividend of 3.465 cent per ICG Unit payable on 3 October to shareholders on the register at 19 September 2014.

SUB-DIVISION OF ICG UNITS

At an Extraordinary General Meeting held on 22 May 2014, ICG received shareholder approval to complete a 10-for-1 share split which was implemented on 9 June 2014. The purpose of this share split is to improve the marketability and liquidity of ICG's Units.

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 over 2,500 sailings in the period, up 19% on 2013. Utilising the chartered vessel *'Epsilon'* which was introduced in December 2013, we inaugurated our once weekly Dublin to Cherbourg service during the period and also added 18 sailings per week on Dublin-Holyhead enhancing our service frequency on this route. The financial results for the period reflect the additional costs of operating the *'Epsilon'* during the start-up phase on both the Dublin-Cherbourg and Dublin-Holyhead routes.

Revenue in the division was €77.7 million (2013: €69.4 million) while EBITDA was €10.3 million (2013: €12.1 million). Operating profit decreased to €2.8 million (2013: €4.0 million). On a like-for-like basis i.e. excluding the *'Epsilon'*, revenue was up slightly on the prior year at €69.5 million, EBITDA was up 9.9% at €13.3 million while operating profit was €5.8 million versus €4.0 million in the same period last year. Fuel costs in the division were up €2.9 million (16.9%) to €20.1 million, however when *'Epsilon'* (€3.6 million) is excluded, fuel costs decreased by €0.7 million (4.1%) to €16.5 million.

In the first half of 2014 passengers carried were up 0.8% at 683,800 while total cars carried were 150,900, up 5.9% on the same period in the previous year. In RoRo freight, Irish Ferries' volumes were up 18.5% to 118,100 units, when compared with the first half of 2013 reflecting the additional capacity of the *'Epsilon'* which represented 92% of the increase, and also a growing freight market.

* As restated for the 10-for-1 share split (refer to note 2)

OPERATIONAL REVIEW - continued

The MV Kaitaki remained on its 4 year charter to KiwiRail during the period, trading in New Zealand.

In April 2014, the Group received, in full settlement, all amounts due under the terms of the Bareboat Hire Purchase Agreement relating to the sale of the vessel *'Bilbao'* concluded in 2010. Under this Agreement, the finance lease receivable was originally to have been received in instalments from the Russian company, St. Peter Line, over the period to September 2016. The funds were utilised towards the reduction of net debt.

Container and Terminal Division

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.

Turnover in the division was up 2.9% to €53.7 million (2013: €52.2 million), EBITDA was in line with the prior year at €3.7 million while operating profit was also unchanged at €2.4 million (2013: €2.4 million). Fuel costs in the division were down €0.4 million (6.0%) to €6.3 million.

Total containers shipped were up 1.5% at 142,700 teu (2013: 140,600 teu). Units lifted at the division's port facilities in Dublin and Belfast were up 7.3% at 92,700 lifts (2013: 86,400 lifts).

As reported in the 2013 Annual Report, Belfast Harbour Commissioners intend to consolidate the two existing container terminals in Belfast into one location at Victoria Terminal 3. The Group has submitted a proposal to operate the consolidated terminal in Belfast and the process is on-going.

FINANCIAL POSITION

EBITDA for the period was €14.0 million compared with €15.8 million in the same period in 2013. Cash flow generated from operations was €24.5 million versus €23.1 million in 2013. Capital expenditure in the period was €6.7 million (2013: €6.6 million) while pension payments in excess of service costs amounted to €1.0 million (2013: €2.4 million). Free cash flow (net cash from operating activities after capital expenditure) was €15.1 million compared with €14.2 million in the previous half year.

Net debt at the end of the period amounted to €71.9 million and this compares with €93.4 million at 31 December 2013. Amounts received from the early settlement of the Bareboat Hire Purchase Agreement relating to the sale of the vessel *'Bilbao'* were used in the reduction of net debt. Also during the period the final dividend for 2013, amounting to €12.4 million was paid.

Shareholders' equity decreased to €24.7 million from €42.2 million at 31 December 2013. The main reasons for the decrease were primarily due to the dividend paid of €12.4 million and €6.1 million of total comprehensive expense, which includes an actuarial loss arising on the retirement benefit obligation of €8.2 million and a profit for the period of €2.4 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 second half of 2014 include:

- operational risks such as risks to safety and business continuity,
- commercial and market risks due to reduced demand for passenger and freight services combined with the risk of increased supply of shipping capacity due to the mobility of assets, and
- financial and commodity risks arising from the current financial and economic environment.

These have not changed since the publication of the last Annual Report and further details on these principal risks and uncertainties are outlined in detail in the 2013 Annual Report.

SULPHUR DIRECTIVE

As set out in the 2013 Annual Report, the EU Sulphur Directive will come into force from 1 January 2015 in many parts of Northern Europe, including the North Sea and the English Channel, but not the Irish Sea. In short, it will reduce the permissible level of sulphur in bunker fuel from 1.0% to 0.1%. For the Group the main impact will be to require vessels in the Eucon fleet to burn low sulphur fuel, which is currently approximately 50% more expensive than the cost of existing fuel. In Irish Ferries (until 2020 at least) the impact will be limited to the section of the Ireland / France route which falls within the English Channel. The Group has communicated with affected freight customers in recent weeks on how they will be impacted by this change in environmental regulations. Ultimately this environmental requirement is an additional cost which will have to be borne by the end users.

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.

PENSIONS

Shortly before the period end the Company and the Trustee of the Irish Ferries Limited Pension Scheme entered into an agreement to resolve the deficit in the scheme which amounted to €69 million on the statutory Minimum Funding Standard basis. Under the relevant legislation consultation has been taking place with the members of the scheme and the period of consultation has now ended. As a result the funding proposal developed by the Company and the Trustee has been sent to the Irish Pensions Authority for approval.

Under the terms of the proposal, liabilities of the scheme will be reduced by the replacement of guaranteed pension increases for some members of the scheme with discretionary pension increases linked to the funding of the scheme. The Company will make deficit payments of €2.0 million per year (of which €500,000 will be into an escrow account) for a projected period of 10 years to 2023.

POST BALANCE SHEET EVENTS

There have been no material subsequent events, outside the ordinary course of business, to report since the period ended 30 June 2014.

GOING CONCERN

After making enquiries and taking into account the Group's committed banking facilities which extend to September 2017, 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 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 & OUTLOOK

Trading in the peak summer season has been strong. In the 8 weeks from 1 July 2014 to 23 August 2014 total passengers carried were up 9%, while cars carried were up 12%. Roll on Roll off freight volumes remained strong, up 25% during the 8 weeks. In the Container and Terminal division container carryings were down 7% during this period, due mainly to a change in the mix of deep sea transhipment business, while port lifts were up 5% compared to the same period last year.

Cumulatively in the 34 weeks to 23 August 2014, Irish Ferries carried 1,140,200 passengers, up 4% while the number of cars carried rose 8% to 255,700 compared with the same period last year. In the Roll on Roll off freight market, Irish Ferries carried 154,700 units, an increase of 20% compared with the same period in 2013. Container freight volumes shipped were flat at 181,300 teu compared with the same period last year, while port lifts rose by 7% to 120,200 lifts year on year.

The outlook for the remainder of the year is for a continuation of the trends seen to date, with continued growth in RoRo freight particularly.

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
27 August 2014

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.

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

- the Group Condensed Financial Statements for the half year ended 30 June 2014 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 2014, 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.

Eamonn Rothwell Chief Executive Officer
Garry O'Dea Finance Director
27 August 2014

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Half year ended 30 Jun 2014 €m	Half year ended 30 Jun 2013 €m	Year ended 31 Dec 2013 €m
Revenue		130.7	120.9	264.7
Depreciation and amortisation		(8.8)	(9.4)	(19.2)
Employee benefits expense		(8.4)	(8.2)	(17.8)
Other operating expenses		(108.3)	(96.9)	(197.7)
Operating profit		**5.2**	**6.4**	**30.0**
Investment revenue		0.1	0.1	0.2
Finance costs		(2.6)	(3.2)	(6.5)
Profit before taxation		**2.7**	**3.3**	**23.7**
Income tax expense		(0.3)	(0.3)	(0.4)
Profit from continuing operations		**2.4**	**3.0**	**23.3**
Discontinued operations				
Non-trading items		-	-	3.5
Total discontinued operations		-	-	3.5
Profit for the period: all attributable to equity holders of the parent		**2.4**	**3.0**	**26.8**
Earnings per ordinary share* – expressed in € cent per share				
Basic	5	1.3c	1.6c	14.6c
Diluted	5	1.3c	1.6c	14.5c
From continuing operations:				
Basic	5	1.3c	1.6c	12.7c
Diluted	5	1.3c	1.6c	12.6c

*As restated for the 10-for-1 share split (refer to note 2)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	Half year ended 30 Jun 2014 €m	Half year ended 30 Jun 2013 €m	Year ended 31 Dec 2013 €m
Profit for the period		**2.4**	**3.0**	**26.8**
Items that may be reclassified subsequently to profit or loss:				
Cash flow hedges:				
- Fair value (losses) / gains arising during the period		(0.7)	0.7	0.2
- Transfer to Consolidated Income Statement net settlement of cash flow hedge		0.1	0.2	0.4
Exchange differences on translation of foreign operations		0.2	0.1	-
Deferred tax movements		(0.1)	0.1	-
Exchange difference on defined benefit pension schemes		0.1	(0.1)	(0.2)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial (loss) / gain on defined benefit pension schemes	12	(8.2)	2.0	14.3
Deferred tax movements		0.1	-	(0.1)
Other comprehensive (expense) / income for the period		**(8.5)**	**3.0**	**14.6**
Total comprehensive (expense) / income for the period: all attributable to equity holders of the parent		**(6.1)**	**6.0**	**41.4**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	30 Jun 2014 €m	30 Jun 2013* €m	31 Dec 2013 €m
Assets				
Non-current assets				
Property, plant and equipment	6	161.5	171.2	163.5
Intangible assets	7	0.8	0.8	0.8
Finance lease receivable	8	-	16.3	14.7
Retirement benefit surplus	12	4.7	4.0	4.7
		167.0	**192.3**	**183.7**
Current assets				
Inventories		3.1	2.6	2.7
Trade and other receivables		41.0	37.8	33.0
Derivative financial instruments		-	0.3	-
Cash and bank balances	9	11.3	23.0	18.5
		55.4	**63.7**	**54.2**
Total assets		**222.4**	**256.0**	**237.9**
Equity and liabilities				
Equity				
Share capital		12.0	11.9	12.0
Share premium		9.4	7.6	8.5
Other reserves		(9.6)	(8.6)	(9.3)
Retained earnings		12.9	0.9	31.0
Equity attributable to equity holders		**24.7**	**11.8**	**42.2**
Non-current liabilities				
Borrowings	9	67.6	112.4	95.2
Trade and other payables		-	0.7	0.6
Deferred tax liabilities		3.8	3.9	3.9
Provisions		0.4	0.4	0.4
Deferred grant		0.5	0.6	0.6
Retirement benefit obligation	12	49.2	55.3	41.4
		121.5	**173.3**	**142.1**
Current liabilities				
Borrowings	9	15.6	16.0	16.7
Trade and other payables		59.4	53.9	35.9
Derivative financial instruments		0.6	-	-
Current income tax liabilities		0.1	0.5	0.5
Provisions		0.4	0.4	0.4
Deferred grant		0.1	0.1	0.1
		76.2	**70.9**	**53.6**
Total liabilities		**197.7**	**244.2**	**195.7**
Total equity and liabilities		**222.4**	**256.0**	**237.9**

*As restated (refer to note 2)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 30 JUNE 2014

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2014	**12.0**	**8.5**	**(9.3)**	**31.0**	**42.2**
Profit for the period	-	-	-	2.4	2.4
Other comprehensive expense	-	-	(0.4)	(8.1)	(8.5)
Total comprehensive expense for the period	**-**	**-**	**(0.4)**	**(5.7)**	**(6.1)**
Employee share-based payments expense	-	-	0.1	-	0.1
Share issue	-	0.9	-	-	0.9
Dividends (note 4)	-	-	-	(12.4)	(12.4)
	-	**0.9**	**(0.3)**	**(18.1)**	**(17.5)**
Balance at 30 June 2014	**12.0**	**9.4**	**(9.6)**	**12.9**	**24.7**

Analysed as follows:	
Share capital	12.0
Share premium	9.4
Other reserves	(9.6)
Retained earnings	12.9
	24.7

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2014	**7.3**	**3.1**	**-**	**(19.7)**	**(9.3)**
Other comprehensive (expense) / income	-	-	(0.6)	0.2	(0.4)
Employee share-based payments expense	-	0.1	-	-	0.1
Balance at 30 June 2014	**7.3**	**3.2**	**(0.6)**	**(19.5)**	**(9.6)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2013

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2013	**11.9**	**7.5**	**(9.6)**	**8.2**	**18.0**
Profit for the period	-	-	-	3.0	3.0
Other comprehensive income	-	-	1.0	2.0	3.0
Total comprehensive income for the period	**-**	**-**	**1.0**	**5.0**	**6.0**
Share issue	-	0.1	-	-	0.1
Dividends (note 4)	-	-	-	(12.3)	(12.3)
	-	**0.1**	**1.0**	**(7.3)**	**(6.2)**
Balance at 30 June 2013	**11.9**	**7.6**	**(8.6)**	**0.9**	**11.8**

Analysed as follows:	
Share capital	11.9
Share premium	7.6
Other reserves	(8.6)
Retained earnings	0.9
	11.8

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2013	**7.3**	**3.4**	**(0.6)**	**(19.7)**	**(9.6)**
Other comprehensive income	-	-	0.9	0.1	1.0
Balance at 30 June 2013	**7.3**	**3.4**	**0.3**	**(19.6)**	**(8.6)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2013	**11.9**	**7.5**	**(9.6)**	**8.2**	**18.0**
Profit for the year	-	-	-	26.8	26.8
Other comprehensive income	-	-	0.6	14.0	14.6
Total comprehensive income for the year	**-**	**-**	**0.6**	**40.8**	**41.4**
Employee share-based payments expense	-	-	0.1	-	0.1
Share Issue	0.1	1.0	-	-	1.1
Dividends (note 4)	-	-	-	(18.4)	(18.4)
Transferred to retained earnings on exercise of share options	-	-	(0.4)	0.4	-
	0.1	**1.0**	**0.3**	**22.8**	**24.2**
Balance at 31 December 2013	**12.0**	**8.5**	**(9.3)**	**31.0**	**42.2**

Analysed as follows:

Share capital	12.0
Share premium	8.5
Other reserves	(9.3)
Retained earnings	31.0
	42.2

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2013	**7.3**	**3.4**	**(0.6)**	**(19.7)**	**(9.6)**
Other comprehensive income	-	-	0.6	-	0.6
Employee share-based payments expense	-	0.1	-	-	0.1
Transferred to retained earnings on exercise of share options	-	(0.4)	-	-	(0.4)
	-	**(0.3)**	**0.6**	**-**	**0.3**
Balance at 31 December 2013	**7.3**	**3.1**	**-**	**(19.7)**	**(9.3)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2014

	Notes	30 Jun 2014 €m	30 Jun 2013 €m	31 Dec 2013 €m
Net cash inflow from operating activities	13	**21.8**	**20.8**	**35.6**
Cash flow from investing activities				
Interest received		0.1	0.1	0.2
Proceeds on disposal of property, plant and equipment		-	0.1	0.4
Net proceeds received on disposal of subsidiary		-	6.8	9.4
Payment received on finance lease receivable	8	17.8	1.4	2.9
Purchases of property, plant and equipment		(6.5)	(6.4)	(8.4)
Purchase of intangible assets		(0.2)	(0.2)	(0.3)
Net cash inflow from investing activities		**11.2**	**1.8**	**4.2**
Cash flow from financing activities				
Dividends paid to equity holders of the Company		(12.4)	(12.3)	(18.4)
Repayments of bank borrowings		(30.6)	(14.5)	(31.9)
Repayments of obligations under finance leases		(0.4)	(0.3)	(0.7)
Proceeds on issue of ordinary share capital		0.9	0.1	1.1
New bank loans raised		-	5.0	5.0
Inception of new finance lease		0.4	-	1.2
Net cash outflow from financing activities		**(42.1)**	**(22.0)**	**(43.7)**
Net (decrease) / increase in cash and cash Equivalents		(9.1)	0.6	(3.9)
Cash and cash equivalents at the beginning of the period		**18.5**	**22.3**	**22.3**
Effect of foreign exchange rate changes		0.1	0.1	0.1
Cash and cash equivalents at the end of the period	9	**9.5**	**23.0**	**18.5**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2014

1. General information

These condensed financial statements do not comprise statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The figures disclosed relating to 31 December 2013 have been derived from the consolidated financial statements which were audited, received an unqualified audit report and have been filed with the Registrar of Companies.

The interim figures included in the condensed financial statements for the six months ended 30 June 2014 and the comparative amounts for the six months ended 30 June 2013 are unaudited.

Irish Continental Group plc uses alternative performance measures as key financial indicators to assess the underlying performance of the Group. These include EBITDA, operating profit, net debt, adjusted earnings per share and free cash flow. These measures have been explained and defined in the 2013 Annual Report.

2. Accounting policies

The Group Condensed Financial Statements for the six months ended 30 June 2014 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 condensed financial statements are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2013, which is available at www.icg.ie.

Reclassification between trade and other payables and current tax liabilities

The comparative information for 30 June 2013 has been re-presented to include payroll taxes, pay related social insurance and value added tax within trade and other payables, which were previously disclosed under current tax liabilities.

Restatement of Earnings per Share and Dividend per share

The comparative information for the earnings per share calculation has been restated to reflect the 10-for-1 share split which occurred on 9 June 2014. The comparative dividend per ICG Unit information has also been restated on a split-adjusted basis.

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.

At 30 June 2014, the following Standards and Interpretations have become effective since our last Annual Report:

Title	**Effective date – periods beginning on or after**
IAS 32 Financial Instruments: Disclosures	1 January 2014
IAS 36 Impairment of Assets	1 January 2014
IAS 39 Financial Instruments: Recognition and Measurement	1 January 2014
IFRIC 21 Levies	1 January 2014

There have been no material changes in estimates in these interim accounts based on the estimates that have previously been made in the prior year interim accounts to 30 June 2013 and the prior year financial statements to 31 December 2013.

3. Segmental information: Analysis by class of business

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 2014		30 Jun 2013		31 Dec 2013	
	Revenue €m	Profit €m	Revenue €m	Profit €m	Revenue €m	Profit €m
Ferries	77.7	2.8	69.4	4.0	161.7	24.9
Container and Terminal	53.7	2.4	52.2	2.4	104.3	5.1
Inter-segment Revenue	(0.7)	-	(0.7)	-	(1.3)	-
Operating Profit	**-**	**5.2**	**-**	**6.4**	**-**	**30.0**
Net Interest - Ferries	-	(2.4)	-	(3.0)	-	(6.1)
Net interest - Container and Terminal	-	(0.1)	-	(0.1)	-	(0.2)
Non-trading items	-	-	-	-	-	3.5
External Revenue / Profit before tax	**130.7**	**2.7**	**120.9**	**3.3**	**264.7**	**27.2**

Revenue in the Group's Ferries 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 2013.

4. Dividend

	Half year ended 30 Jun 2014 €m	Half year ended 30 Jun 2013 €m	Year ended 31 Dec 2013 €m
Interim dividend of 3.3c* per ICG Unit	-	-	6.1
Final dividend of 6.7c* per ICG Unit	12.4	12.3	12.3
	12.4	**12.3**	**18.4**

In June 2014 a final dividend of 6.7 cent* per ICG Unit was paid for the year ended 31 December 2013. In June 2013 a final dividend of 6.7 cent* per ICG Unit was paid for the year ended 31 December 2012. In September 2013 an interim dividend of 3.3 cent* per ICG Unit was paid for the year ended 31 December 2013.

*As restated for the 10-for-1 share split (refer to note 2)

5. Earnings per share

Number of shares	Half year ended 30 Jun 2014 '000	Half year ended 30 Jun 2013* '000	Year ended 31 Dec 2013* '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	184,221	183,480	183,650
Effect of dilutive potential ordinary shares: Share options	1,488	700	970
Weighted average number of ordinary shares for the purpose of diluted adjusted earnings per share	**185,709**	**184,180**	**184,620**

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the period.

The earnings used in both the adjusted basic and diluted earnings per share have been adjusted to take into account non-trading items and the net interest cost on defined benefit pension schemes.

Profit attributable to ordinary shareholders

	Half year ended 30 Jun 2014 Cent	Half year ended 30 Jun 2013* Cent	Year ended 31 Dec 2013* Cent
Basic earnings per share	1.3	1.6	14.6
Diluted earnings per share	1.3	1.6	14.5
Adjusted basic earnings per share	1.7	2.2	13.8
Adjusted diluted earnings per share	1.7	2.2	13.7

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:

Earnings	€m	€m	€m
Earnings for the purpose of basic and diluted earnings per share - Profit for the period attributable to equity holders of the parent	**2.4**	**3.0**	**26.8**
Earnings for the purpose of adjusted earnings per share - Profit for the period attributable to equity holders of the parent	2.4	3.0	26.8
Effect of non-trading items	-	-	(3.5)
Effect of net interest expense on defined benefit pension schemes	0.7	1.0	2.0
Earnings for the purpose of adjusted earnings per share	**3.1**	**4.0**	**25.3**

*As restated for the 10-for-1 share split (refer to note 2)

5. Earnings per share - continued

Continuing operations

	Half year ended 30 Jun 2014 Cent	Half year ended 30 Jun 2013* Cent	Year Ended 31 Dec 2013* Cent
Basic earnings per share	1.3	1.6	12.7
Diluted earnings per share	1.3	1.6	12.6
Adjusted basic earnings per share	1.7	2.2	13.8
Adjusted diluted earnings per share	1.7	2.2	13.7

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:

Earnings	**€m**	**€m**	**€m**
Earnings for the purpose of basic and diluted earnings per share - Profit for the period attributable to equity holders of the parent	**2.4**	**3.0**	**23.3**
Earnings for the purpose of adjusted earnings per share - Profit for the period attributable to equity holders of the parent	2.4	3.0	23.3
Effect of net interest expense on defined benefit pension schemes	0.7	1.0	2.0
Earnings for the purpose of adjusted earnings per share	**3.1**	**4.0**	**25.3**

*As restated for the 10-for-1 share split (refer to note 2)

6. Property, plant and equipment

	Passenger ships	Plant and equipment	Vehicles	Land and buildings	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2014	302.3	53.9	1.5	25.3	383.0
Additions	5.6	0.8	0.1	-	6.5
Disposals	-	(0.7)	(0.1)	(0.2)	(1.0)
Exchange differences	-	0.2	-	-	0.2
At 30 June 2014	**307.9**	**54.2**	**1.5**	**25.1**	**388.7**
Accumulated depreciation					
At 1 January 2014	175.4	35.2	0.9	8.0	219.5
Charge for period	6.8	1.6	0.2	0.1	8.7
Disposals	-	(0.7)	(0.1)	(0.2)	(1.0)
Exchange differences	-	-	-	-	-
At 30 June 2014	**182.2**	**36.1**	**1.0**	**7.9**	**227.2**
Net book amounts					
At 1 January 2014	126.9	18.7	0.6	17.3	163.5
At 30 June 2014	**125.7**	**18.1**	**0.5**	**17.2**	**161.5**
At 30 June 2013	134.1	18.9	0.6	17.6	171.2

At 30 June 2014 the Group has entered into commitments to the value of €1.5 million (2013: €1.3 million) for the purchase of fixed assets.

7. Intangible assets

	Software
	€m
Cost	
At 1 January 2014	9.3
Additions	0.2
At 30 June 2014	**9.5**
Amortisation	
At 1 January 2014	8.5
Charge for the period	0.2
At 30 June 2014	**8.7**
Carrying amount	
At 1 January 2014	0.8
At 30 June 2014	**0.8**
At 30 June 2013	0.8

8. Finance lease receivable

	30 Jun 2014 €m	30 Jun 2013 €m	31 Dec 2013 €m
Current finance lease receivable	-	3.0	3.1
Non-current finance lease receivable	-	16.3	14.7
	-	**19.3**	**17.8**
Opening balance	17.8	20.7	20.7
Finance income recognised in Revenue	0.3	0.7	1.4
Amounts received	(18.1)	(2.1)	(4.3)
	-	**19.3**	**17.8**

In April 2014, the Group received, in full settlement, all amounts due under the terms of the Bareboat Hire Purchase Agreement relating to the sale of the vessel 'Bilbao' which was concluded in 2010. Under the Agreement, the finance lease receivable was originally to have been received in instalments from the Russian company, St. Peter Line, over the period to September 2016. The funds were utilised towards the reduction of net debt.

9. Net debt and cash

	Cash €m	Overdrafts €m	Loans €m	Leases €m	Total €m
At 1 January 2014					
Current assets	18.5	-	-	-	18.5
Creditors due within one year	-	-	(16.0)	(0.7)	(16.7)
Creditors due after one year	-	-	(92.3)	(2.9)	(95.2)
	18.5	**-**	**(108.3)**	**(3.6)**	**(93.4)**
Cash flow	(7.2)	-	-	-	(7.2)
Foreign exchange rate changes	-	-	-	(0.1)	(0.1)
Drawdown	-	(1.8)	-	(0.4)	(2.2)
Repayment	-	-	30.6	0.4	31.0
	(7.2)	**(1.8)**	**30.6**	**(0.1)**	**21.5**
At 30 June 2014					
Current assets	11.3	-	-	-	11.3
Creditors due within one year	-	(1.8)	(13.0)	(0.8)	(15.6)
Creditors due after one year	-	-	(64.7)	(2.9)	(67.6)
	11.3	**(1.8)**	**(77.7)**	**(3.7)**	**(71.9)**
At 30 June 2013					
Current assets	23.0	-	-	-	23.0
Creditors due within one year	-	-	(15.5)	(0.5)	(16.0)
Creditors due after one year	-	-	(110.2)	(2.2)	(112.4)
	23.0	**-**	**(125.7)**	**(2.7)**	**(105.4)**

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

9. Net debt and cash - continued

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 2014 €m	**30 Jun 2013 €m**	**31 Dec 2013 €m**
Cash and bank balances	11.3	23.0	18.5
Bank overdraft	(1.8)	-	-
Cash and cash equivalents	**9.5**	**23.0**	**18.5**

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 2013 Annual Report. There have been no changes to the risk management procedures or policies since the 2013 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 are classified in “Level 2” fair value hierarchy as market observable inputs (forward rates and yield curves) are used in arriving at fair values.

11. Financial instruments and risk management - continued

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

At 30 June 2014 the fair value of borrowings was €78.8 million (31 December 2013: €107.0 million)

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 Statement of Financial Position at fair value. The fair values of derivative financial instruments are based on market price calculations using financial models.

The fair value of derivative financial instruments was a liability of €0.6 million as at 30 June 2014 (31 December 2013: €nil). The derivative financial instruments at 30 June 2014 consisted of interest rate swaps and forward foreign exchange contracts. All cash flow hedges were effective and fair value losses of €0.7 million (31 December 2013: gains of €0.2 million) were recorded in other comprehensive income and net settlements amounted to €0.1 million (31 December 2013: €0.4 million).

The Group utilised interest rate swaps during the period ended 30 June 2014 and year ended 31 December 2013 whereby it swapped its entire EURIBOR floating interest rate exposure under the amortising term loan facility for fixed interest rates. The notional capital amount outstanding of this contract at 30 June 2014 was €70.2 million (31 December 2013: €93.3 million) and the notional amounts for all future periods match the amortising schedule of the loan agreement. The estimated fair value has been accumulated in equity and will be subsequently recognised in the Consolidated Income Statement in the same period as the hedge expense.

The Group utilises currency derivatives to hedge future cash flows in the management of its exchange rate exposures. At 30 June 2014 the fair value of outstanding forward foreign currency contracts amounted to an asset of €49,000. At 31 December 2013 there were no material outstanding forward foreign exchange contracts.

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 2014. 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 2.90% for Euro liabilities (31 December 2013: 3.60%) and 4.20% for Sterling liabilities (31 December 2013: 4.35%).

At 30 June 2014 the Groups total obligation in respect of defined benefit schemes totals €287.9 million (31 December 2013: €267.2 million). The schemes held assets of €243.4 million (31 December 2013: €230.5 million), giving a net pension deficit of €44.5 million (31 December 2013: €36.7 million). The increase in the total obligation was primarily due to a decrease in the discount rate.

The principal assumptions used for the purpose of the actuarial valuations were as follows:

	Half year ended				**Year ended**	
	30 Jun 2014		**30 Jun 2013**		**31 Dec 2013**	
	Sterling	**Euro**	**Sterling**	**Euro**	**Sterling**	**Euro**
Discount rate	4.20%	2.90%	4.60%	3.80%	4.35%	3.60%
Inflation rate	3.40%	1.80%	3.30%	2.00%	3.55%	2.00%
Rate of increase of pensions in payment	3.10%	1.60% - 1.80%	3.05%	1.80% - 2.00%	3.20%	1.80% - 2.00%
Rate of general salary increases	3.90%	2.80%	4.30%	3.00%	4.05%	3.00%

	Half year ended 30 Jun 2014 €m	**Half year ended 30 Jun 2013 €m**	**Year ended 31 Dec 2013 €m**
Opening deficit	(36.7)	(54.6)	(54.6)
Current service cost	(1.0)	(0.9)	(1.9)
Employer contributions paid	1.2	2.8	5.6
Past service credit	0.8	0.5	2.1
Net interest cost	(0.7)	(1.0)	(2.0)
Actuarial (loss) / gain	(8.2)	2.0	14.3
Other	0.1	(0.1)	(0.2)
Net deficit	**(44.5)**	**(51.3)**	**(36.7)**
Schemes in surplus	4.7	4.0	4.7
Schemes in deficit	(49.2)	(55.3)	(41.4)
Net deficit	**(44.5)**	**(51.3)**	**(36.7)**

13. Net cash from operating activities

	30 Jun 2014 €m	30 Jun 2013 €m	31 Dec 2013 €m
Operating activities			
Profit for the year	2.4	3.0	26.8
Adjustments for:			
Finance costs (net)	2.5	3.1	6.3
Income tax expense	0.3	0.3	0.4
Retirement benefit obligation – service cost	1.0	0.9	1.9
Retirement benefit obligation – payments	(1.2)	(2.8)	(5.6)
Retirement benefit obligation – past service credit	(0.8)	(0.5)	(2.1)
Depreciation of property, plant and equipment	8.7	9.3	19.0
Amortisation of intangible assets	0.2	0.2	0.3
Amortisation of deferred grant	(0.1)	(0.1)	(0.1)
Share-based payment expense	0.1	-	0.1
Non-trading item: Gain on disposal of subsidiary	-	-	(3.5)
Gain on disposal of property, plant and equipment	-	(0.1)	(0.4)
Increase in other provisions	-	-	-
Operating cash flow before movements in working capital	**13.1**	**13.3**	**43.1**
(Increase) / decrease in inventories	(0.4)	0.1	-
Increase in receivables	(11.1)	(6.4)	(1.5)
Increase / (decrease) in payables	22.9	16.1	(1.3)
Cash generated from operations	**24.5**	**23.1**	**40.3**
Income taxes paid	(0.8)	(0.1)	(0.2)
Interest paid	(1.9)	(2.2)	(4.5)
Net cash generated from operating activities	**21.8**	**20.8**	**35.6**

At 30 June 2014 and 2013 the increase in payables is due to the seasonality of the business, giving rise to an increase in deferred revenue, as at 30 June 2014 and 2013.

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 2014 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.

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 2013.

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 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 2014.

18. Subsequent events

There have been no material subsequent events, outside the ordinary course of business, to report since the period ended 30 June 2014.

19. Board approval

This interim report was approved by the Board of Directors of Irish Continental Group plc on 27 August 2014.