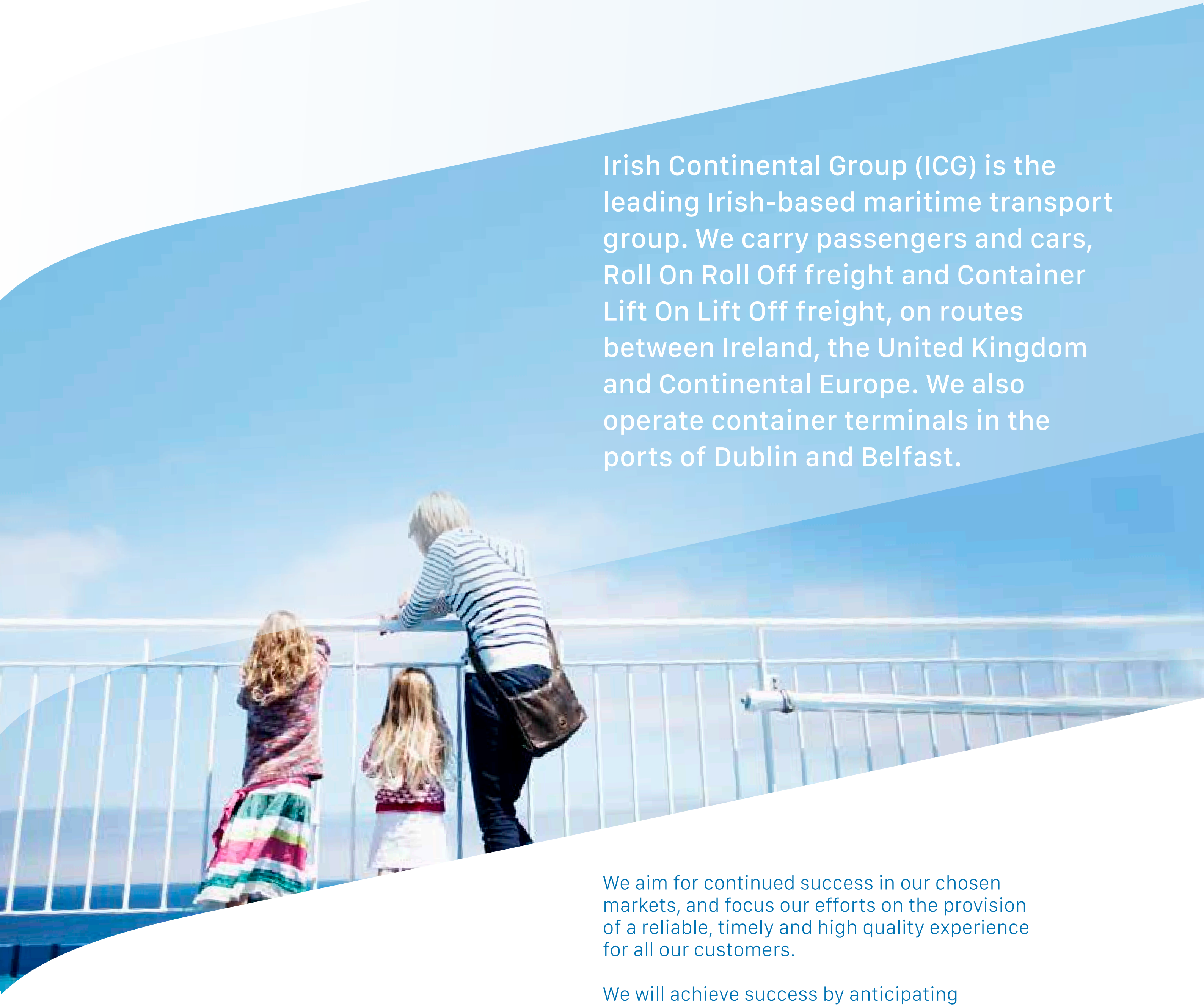
2014 ANNUAL REPORT AND FINANCIAL STATEMENTS

IRISH CONTINENTAL GROUP

Irish Continental Group (ICG) is the leading Irish-based maritime transport group. We carry passengers and cars, Roll On Roll Off freight and Container Lift On Lift Off freight, on routes between Ireland, the United Kingdom and Continental Europe. We also operate container terminals in the ports of Dublin and Belfast.



We aim for continued success in our chosen markets, and focus our efforts on the provision of a reliable, timely and high quality experience for all our customers.

We will achieve success by anticipating our customers' needs and matching their requirements with superior services through constant innovation and the rapid application of technology.

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

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www.icg.ie


IRISH FERRIES
www.irishferries.com

BUSINESS REVIEW

in this section

Revenue for the year grew 9.6% to €290.1 million while EBITDA was up 2.6%, at €50.5 million. Adjusted EPS, which excludes non-trading items, and the net interest cost on defined benefit pension schemes, was 12.3% higher at 15.5 cent.

Read more from the Chairman's Statement on page 10

Business Review

The Group

Irish Continental Group (ICG) is the leading Irish-based maritime transport group. We carry passengers and cars, Roll On Roll Off (RORO) freight and Container Lift On Lift Off (LOLO) freight, on routes between Ireland, the United Kingdom and Continental Europe. We also operate container terminals in the ports of Dublin and Belfast.

Ferries Division

Modern fleet of multi-purpose ferries operating between the Republic of Ireland and Britain and France, and on charter.

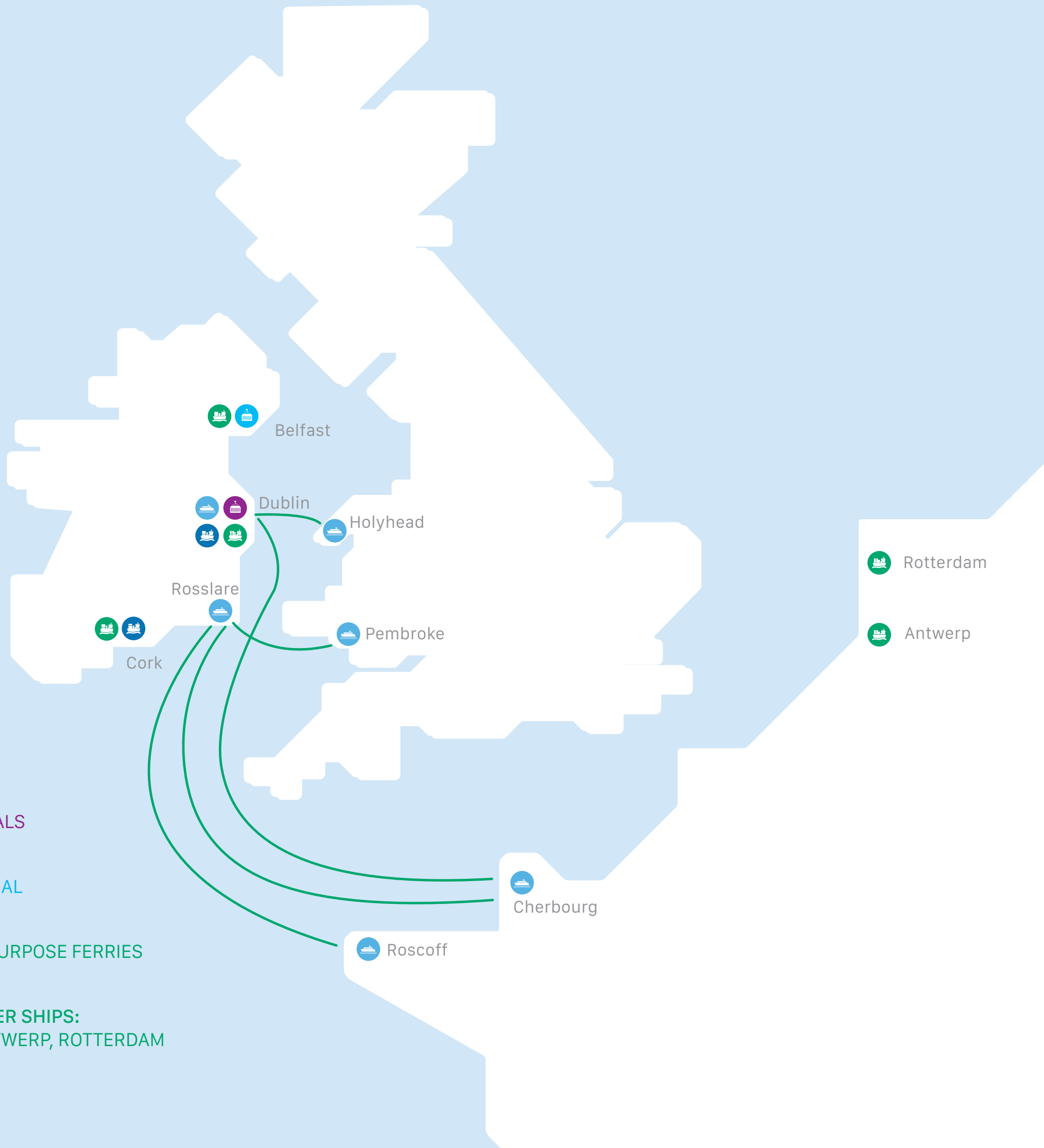
1.6 million passengers carried during 2014 on up to 17 daily sailings.

Key freight positions on short sea routes between the Republic of Ireland and Britain.

Inclusive package holidays to the Republic of Ireland and Britain.

Container and Terminal Division

Container shipping services between Ireland and Continental Europe, operating modern fleet and equipment, as well as stevedoring and related services for container traffic at Dublin and Belfast Ports.



IRISH FERRIES

EUCON

DUBLIN FERRYPORT TERMINALS

BELFAST CONTAINER TERMINAL

ROUTES SERVED BY MULTI-PURPOSE FERRIES

PORTS SERVED BY CONTAINER SHIPS:
BELFAST, DUBLIN, CORK, ANTWERP, ROTTERDAM

Business Review

Financial Highlights

Revenue

up 9.6%

EBITDA*

up 2.6%

Net Debt**

down 34.4%

Adjusted EPS*(cent)

up 12.3%

*Definitions of key performance measures are set out on page 16.
** Net debt comprises of cash and bank balances less borrowings.

Business Review

Our Group at a Glance

Reliability

'*Ulysses*' has never lost a sailing due to adverse weather despite travelling over 182,000 kilometres each year during service, which is the equivalent to circumventing the earth over 4.5 times!

Power

'*Jonathan Swift*', which can travel up to speeds of 80kph, propels itself across the Irish Sea with 4 large water jets which pump 60 tonnes of sea water per second.

Accuracy

'Isle of Inishmore' can fix its position within 10 metres using 8 satellites whilst completing its 250 kilometre round trip between Rosslare and Pembroke.

Always On irishferries.com

Our passenger booking website irishferries.com received almost 5.5 million visits in 2014 delivering over 80% of the car and passenger bookings transacted last year.

In 2014, we were delighted to be voted by travel trade professionals as the 'Best Ferry Company' for the 8th time in a row at the 'Irish Travel Trade News Awards', and for the 5th time in a row at the 'Irish Travel Industry Awards'.

Read more from the Operating Review on page 18

RORO Freight

With a cutting edge online booking facility and the continuous monitoring of bookings and sailings available at the touch of a button, the Group transported almost 248,000 RORO freight units into and out of Ireland during 2014, offering a market leading service.

Customer First

Passengers are never out of touch with a complimentary Wi-Fi service offered on all sailings across all routes.

Priority Boarding, Speedy Exit and Club Class Lounges are also available to enhance the customer experience.

Connected Container Shipping

Eucon transported just over 277,000 teu in 2014 while providing shipping services to 20 countries throughout Europe.

Strategic Terminal Locations

Our strategically located terminals in Dublin and Belfast handled 187,000 containers over our terminals, with up to 1,000 truck moves per day handled at our Dublin terminal alone.

Business Review

Five Year Summary

Non Statutory Income Statement Information	2014	2013	2012[1]	2011[1]	2010
	€m	€m	€m	€m	€m
Revenue	290.1	264.7	256.1	251.7	262.2
Other operating expenses and employee benefits expense	(239.6)	(215.5)	(210.3)	(204.4)	(208.6)
Depreciation and amortisation	(17.8)	(19.2)	(19.3)	(20.2)	(22.1)
	32.7	30.0	26.5	27.1	31.5
Non-trading items[2]	28.7	-	(2.1)	-	9.4
Interest (net)	(4.7)	(6.3)	(3.4)	(0.7)	(0.8)
Profit before taxation	56.7	23.7	21.0	26.4	40.1
Taxation	(0.7)	(0.4)	(0.5)	(0.8)	(1.1)
Profit from continuing operations	56.0	23.3	20.5	25.6	39.0
Discontinued operations					
Profit from discontinued operations	-	-	0.9	2.1	-
Non-trading items[2]: Gain on disposal of discontinued operations	-	3.5	21.0	-	-
Total discontinued operations	-	3.5	21.9	2.1	-
Profit for the year	56.0	26.8	42.4	27.7	39.0
EBITDA	50.5	49.2	46.5	49.1	53.6
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share[3]					
-Basic	30.4	14.6	18.3	11.1	15.7
-Adjusted[4]	15.5	13.8	10.9	11.0	12.1
Dividend per share[3]	10.5	10.0	10.0	10.0	10.0
Shares in issue at year end[3]:	m	m	m	m	m
-ICG Units including treasury shares	184.5	184.0	183.4	257.7	258.9
-Treasury shares	-	-	-	9.0	9.0
Average shares in issue	184.5	183.7	231.4	249.3	248.7
	Number	Number	Number	Number	Number
Number of shareholdings	1,729	1,716	1,830	1,673	1,551

[1] In 2012, the Group sold its North Sea feeder operations. Accordingly, these operations have been treated as discontinued in 2012. The 2011 statistics have been re-presented to be consistent with 2012. Years prior to 2011 have not been re-presented.

[2] 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.

[3] The comparative information has been adjusted for the 10-for-1 sub-division of ICG Units which became effective on 9 June 2014.

[4] Adjusted earnings exclude pension interest and non-trading items.

Non Statutory Consolidated Statement of Financial Position	**2014**	2013	2012	2011	2010
	€m	€m	€m	€m	€m
Property, plant and equipment and intangible assets	154.7	164.3	175.0	182.9	194.9
Retirement benefit surplus	5.4	4.7	3.7	4.4	4.0
Other assets	59.4	68.9	80.0	67.3	76.2
Total assets	219.5	237.9	258.7	254.6	275.1
Equity capital and reserves	61.3	42.2	18.0	151.6	178.0
Retirement benefit obligation	29.5	41.4	58.3	36.9	21.5
Other non-current liabilities	71.5	100.7	129.0	23.1	29.4
Current liabilities	57.2	53.6	53.4	43.0	46.2
Total equity & liabilities	219.5	237.9	258.7	254.6	275.1
Non Statutory Consolidated Statement of Cash flows					
Net cash inflow from operating activities	39.7	35.6	26.9	36.5	42.8
Net cash inflow / (outflow) from investing activities	10.0	4.2	13.4	(1.8)	(5.0)
Net cash outflow from financing activities	(48.9)	(43.7)	(27.4)	(42.3)	(37.6)
Cash and cash equivalents at the beginning of the year	18.5	22.3	9.5	17.2	17.0
Effect of foreign exchange rate changes	0.1	0.1	(0.1)	(0.1)	-
Closing cash and cash equivalents	19.4	18.5	22.3	9.5	17.2
	€m	€m	€m	€m	€m
Net debt	61.3	93.4	116.0	7.8	6.3
	Times	Times	Times	Times	Times
Net Debt / EBITDA	1.2x	1.9x	2.5x	0.2x	0.1x
	%	%	%	%	%
Gearing (Net debt as a percentage of shareholders' funds)	100%	221%	644%	5%	4%

Business Review

Chairman's Statement

2014 Performance

I am pleased to be able to report that 2014 proved to be another successful year for the Group, with a positive financial and operational performance, and a strengthening of the Group's strategic positioning as the leading maritime transport provider in the Republic of Ireland. Revenue for the year grew 9.6% to €290.1 million while EBITDA was up 2.6%, at €50.5 million. Adjusted EPS, which excludes non-trading items, and the net interest cost on defined benefit pension schemes, was 12.3% higher at 15.5 cent.

Irish Ferries had a strong year with revenue up 14.0% at €184.3 million due to higher freight and passenger revenue driven largely by the first full year effect of the operation of the additional vessel '*Epsilon*', which had been introduced into the fleet in late 2013. EBITDA in the division was up 3.9% to €43.1 million (2013: €41.5 million) while EBIT was up 12.4% at €28.0 million (2013: €24.9 million) principally due to higher freight and car volumes. While the introduction of the '*Epsilon*' was expected to have a short-term negative impact on earnings due to the inevitable gradual build-up of traffic, the performance of the vessel has exceeded our expectations for its first year of operation. We have exercised the option to continue the charter of the vessel into the current year and we hold an option to extend the charter into 2016.

In the Container and Terminal division revenue was up 2.6% at €107.0 million (2013: €104.3 million). EBITDA was down 3.9% at €7.4 million (2013: €7.7 million) while EBIT was €4.7 million (2013: €5.1 million), held back by reduced feeder carryings.

Pensions

During the year we completed negotiations on a recovery plan with the trustee of the Group's largest defined benefit pension scheme. Under the terms of the recovery plan, liabilities in the scheme have been reduced by the removal of guaranteed inflation-linked pension increases for some scheme members while the funding of the plan has been enhanced through a payment plan which will see the Group contribute annual payments of €1.5 million per annum (supplemented by €0.5 million per annum into an escrow account) until 2023 or until the deficit is eliminated, if earlier.

The changes agreed give rise to a net gain of €28.7 million which includes a curtailment gain of €31.0 million less directly related costs and has been accounted for as a non-trading credit.

Finance

We ended the year in a strong financial position with net debt at €61.3 million, down from €93.4 million the previous year.

John B. McGuckian
Chairman

Dividend

During the year the Group paid the final dividend for 2013 of 6.7 cent per ICG Unit. The Group also paid an interim dividend for 2014 of 3.465 cent per ICG Unit, and the Board is proposing a final dividend of 7.035 cent per ICG Unit, payable in June 2015, making a total dividend for 2015 of 10.5 cent per ICG Unit, an increase of 5% on the prior year.

Sub – division of ICG Units

During the year the Board received shareholder approval to implement a 10-for-1 sub-division of its ordinary shares and to redeem all of the redeemable shares in issue. The purpose of these actions was to improve the marketability and liquidity of ICG's Units. As a result the comparative EPS, dividend per share and number of ordinary shares have been restated.

Corporate Governance and the Board

The Board acknowledges the importance of good corporate governance practices. We have developed a corporate governance framework based on the application of the principles and provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex. We report on this framework in the Corporate Governance Statement on pages 42 to 50.

During the year I led the annual evaluation of Board performance of which further details are set out in the Corporate Governance Statement on page 46. As Chairman, I am satisfied that the Board operates effectively for the long term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

A number of Board changes will take place in the first half of 2015. Tony Kelly, will retire from his position as Marketing Director, and from the Board, on 31 March, after 42 years service, having reached his retirement age this year. Tony joined B&I Line (now Irish Ferries) in 1973. He joined the Group on ICG's acquisition of B&I Line in 1992, and joined the Board of ICG in 2002.

Tony has made an enormous contribution to the development of ICG during his long tenure with the company. During this period the business has grown from a small base to its current status as the leading shipping company between Ireland and the UK and between Ireland and Continental Europe. The Board recognises the very significant contribution that Tony has made over his long and distinguished career.

Garry O'Dea, will also retire from the Board, and from his position as Finance Director, on 31 May, after 27 years service, on reaching his normal retirement age. Garry joined the Group, from CRH plc, in 1988, on ICG's flotation on the Irish Stock Exchange. The Board acknowledges Garry's unique contribution to the development of ICG as a plc, during his 27 years with the Group and in particular the quality and depth of his contribution to the growth and financial strength of the Group.

We wish both Tony and Garry our very best wishes for the future.

Business Review

Chairman's Statement - continued

> Revenue in the final quarter of 2014 was up 11.7% on the same period in 2013 resulting in a full year rise in revenue of 9.6% versus 9.0% for the 9 months to the end of September 2014.

Sulphur Directive

On 1 January 2015, the EU Sulphur Directive came into force in many parts of Northern Europe, including the North Sea and the English Channel termed as Sulphur Emission Control Area's (SECA's), but not the Irish Sea. This reduced the permissible level of sulphur in bunker fuel from 1.0% to 0.1% for vessels in these SECA's. For the Group the main impact is for vessels in the Eucon fleet to consume, higher cost, low sulphur fuel while in Irish Ferries the impact was limited to the section of the Ireland-France route that falls in the English Channel. The increased costs from consuming this low sulphur fuel are being passed onto the end user via increased surcharges.

Outlook

Since our last update to the market, in November 2014, trading conditions have continued to improve. Revenue in the final quarter of 2014 was up 11.7% on the same period in 2013 resulting in a full year rise in revenue of 9.6% versus 9.0% for the 9 months to the end of September 2014. The improved momentum has continued into the first two months of 2015. In the first

two months of 2015 passenger carryings are ahead of last year with cars carried and RORO freight volumes significantly ahead of 2014. In the Container and Terminal division, containers carried are down slightly while port lifts are ahead of the same period in 2014.

Lower world fuel prices have softened the impact of the introduction of the low sulphur directive in the English Channel and are also providing a stimulus to the transportation sector generally. As a result of these factors and bearing in mind the general improvement in the economic outlook in our sphere of operations, we look forward, in the absence of unforeseen circumstances, to continued growth in revenue and earnings in financial year 2015.

Finally, as always, I would like to conclude by thanking the management and staff of the Group for their continued contribution to the success of the Group to the benefit of all stakeholders.

John B. McGuckian,
Chairman

Business Review

Operating and Financial Review

This Operating and Financial Review provides information to shareholders and the Review should not be relied upon by any other party or for any other purpose.

The Review contains certain forward-looking statements and these statements are made by the Directors in good faith, based on the information available to them up to the time of their approval of this report. These 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 Operating and Financial Review 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.

This Operating and Financial Review discusses the following:

> This Operating and Financial Review 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.

Business Review

Operating and Financial Review - continued

Long Term Strategy and Business Objectives

Irish Continental Group plc is a focused provider of maritime passenger and freight services with its principal operations in North West Europe. The Group operates through two divisions: the Ferries Division comprising Irish Ferries and ship chartering activities, and the Container & Terminal Division, which includes the shipping line, Eucon, and two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland. Further details on these operations are set out in the Operating Review on page 18.

There are two principal elements to the Group's strategy for delivering value to shareholders:

- Investment in quality assets in order to achieve economies of scale consistent with a superior customer service; and
- Benchmarking costs to industry best practice to enable the Group to compete vigorously in its chosen markets.

Divisional performance is measured using the following financial objectives:

- EBITDA (earnings before non-trading items, interest, tax, depreciation and amortisation): a measure of the cash generated by the business from its operations;
- EBIT (earnings before non-trading items, interest and tax); and
- ROACE (return on average capital employed): EBIT expressed as a percentage of average capital employed (consolidated net assets, excluding net debt and pension assets / liabilities).

Group performance is measured against the same objectives and also against the following financial objectives:

- EPS (earnings per share);
  - Basic EPS is profit attributable to ordinary shareholders divided by the weighted average number of ordinary shares in issue for the year.
  - Adjusted EPS is adjusted to exclude the net interest cost on defined benefit pension schemes and non-trading items.
- Free cash flow (operating cash flow less capital expenditure).

These financial objectives are supported by a primary operational objective which is schedule integrity (the number of sailings completed versus scheduled sailings).

Results for the 2014 Financial Year

A summary of the key financial results is set out in the table below. A detailed review of the divisional operations is set out in the Operating Review on page 18.

		Ferries		Container & Terminal		Inter-segment		Group	
		2014	2013	2014	2013	2014	2013	2014	2013
	Note	€m	€m	€m	€m	€m	€m	€m	€m
Revenue		184.3	161.7	107.0	104.3	(1.2)	(1.3)	290.1	264.7
EBITDA	1	43.1	41.5	7.4	7.7	-	-	50.5	49.2
EBIT	2	28.0	24.9	4.7	5.1	-	-	32.7	30.0
Non-trading items (net)[1]		28.7	-	-	3.5	-	-	28.7	3.5
Net pension interest expense		-	-	-	-	-	-	(1.2)	(2.0)
Other finance charges		-	-	-	-	-	-	(3.5)	(4.3)
Net interest		-	-	-	-	-	-	(4.7)	(6.3)
Profit before tax		-	-	-	-	-	-	56.7	27.2
Free cash flow	3	-	-	-	-	-	-	31.7	26.9
EPS:									
EPS Basic	4	-	-	-	-	-	-	30.4c	14.6c
EPS Adjusted	4	-	-	-	-	-	-	15.5c	13.8c
ROACE	5	21.3%	16.4%	16.9%	17.9%	-	-	20.5%	16.6%

[1] The current year non-trading item comprises the curtailment gain realised on the implementation of the Pension deficit funding agreement less any related costs. The comparative figure comprises additional profit booked from the disposal of a subsidiary in 2012.

Notes:

1. **EBITDA:** Group EBITDA for the year was up 2.6%, at €50.5 million (2013: €49.2 million). The increase in EBITDA was primarily due to increased revenue flows partially offset by higher fuel costs, up 8.6% to €53.0 million (2013: €48.8 million), arising from the first full year effect of operating an additional vessel, '*Epsilon*' in 2014. EBITDA in the Ferries division increased by 3.9%, to €43.1 million, while the Container and Terminal division decreased by 3.9%, to €7.4 million.

2. **EBIT:** Group EBIT for the year increased by 9.0% to €32.7 million (2013: €30.0 million). The Ferries division increase was 12.4%, while the Container and Terminal division was 7.8% lower.

3. **Free cash flow:** The Group's free cash flow was €31.7 million (2013: €26.9 million). The increase was due to an increase in cash flows from operating activities, up €4.1 million to €39.7 million, and a decrease in capital expenditure, down €0.7 million to €8.0 million.

4. **EPS:** Adjusted EPS (before non-trading items and the net interest cost on defined benefit pension schemes) was 15.5 cent compared with 13.8 cent in 2013. Basic EPS was 30.4 cent compared with 14.6 cent in 2013. The reason for the increase in Basic EPS is due to an increase in profit attributable to equity holders of the parent to €56.0 million (2013: €26.8 million). The increase in profit is largely due to the increase in the non-trading credit to €28.7 million (2013: €3.5 million) as set out in note 6 to the Financial Statements.

5. **ROACE:** The Group achieved a return on average capital employed of 20.5% (2013: 16.6%). This increased return is due to the increase in EBIT from €30.0 million to €32.7 million, and a decrease in average capital employed from €180.5 million to €159.5 million. The Ferries Division achieved a return on average capital employed of 21.3% while the Container and Terminal division achieved 16.9%.

Schedule integrity: The Ferries division successfully delivered 93% of scheduled sailings compared with 94% in the previous year.

Business Review

Operating and Financial Review - continued

Operating Review

Ferries Division

The Ferries division employs five owned multipurpose ferries, four of which are operating on routes to and from the Republic of Ireland and one chartered out and operating in New Zealand. In addition to the owned fleet the division also charters in one further vessel as part of its operations. This chartered vessel, '*Epsilon*', introduced to the fleet in late 2013 and, which is an enhancement of Irish Ferries service offering, has provided 18 additional weekly sailings between Dublin and Holyhead as well as a weekly round trip between Dublin and Cherbourg in France.

As a result of the introduction of the '*Epsilon*', Irish Ferries increased its sailings across its route network, from 4,381 in 2013 to 5,210 in 2014 (up 19%), carrying passengers, passenger vehicles and RORO freight. Utilisation of deck space was enhanced by the balanced demands of passenger traffic for day sailings and freight traffic for night sailings.

Fleet Summary:

Ferry	Type	Employment
MV *Ulysses*	Ropax*	Dublin – Holyhead
HSC *Jonathan Swift*	High Speed Ferry	Dublin – Holyhead
MV *Isle of Inishmore*	Ropax*	Rosslare – Pembroke
MV *Oscar Wilde*	Ropax*	Rosslare – Cherbourg / Roscoff
MV *Kaitaki*	Ropax*	Charter – New Zealand
MV *Epsilon* (chartered)	Ropax*	Dublin – Holyhead / Cherbourg

*A Ropax ferry is a vessel with RORO freight and passenger capacity.

Revenue in the division was 14.0% higher than the previous year at €184.3 million while operating profit (before non-trading items) was €28.0 million compared with €24.9 million in 2013. The increase in profit was due primarily to increased freight and passenger revenue partially offset by additional operating costs of the newly introduced '*Epsilon*'. While underlying fuel prices were lower in the year compared with 2013, particularly in the last quarter, the operation of the '*Epsilon*' meant that the division's total fuel cost was 13.7% higher than the previous year at €40.7 million (2013: €35.8 million). Revenue in the first half of the year increased 12.0% to €77.7 million (2013: €69.4 million), while in the second half revenue increased 15.5%, to €106.6 million (2013: €92.3 million).

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.

Car and Passenger Markets
It is estimated that the overall car market, to and from the Republic of Ireland, grew by approximately 3.6% in 2014 to 780,000 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have grown by 2.4%. Irish Ferries' car carryings performed strongly during the year, at 381,800 cars, (2013: 350,900), up 8.8% on the previous year. In the first half Irish Ferries grew its car volumes by 5.9% while in the second half, which includes the busy summer holiday season, the increase was higher, at 10.8%. The strong market and Irish Ferries performances reflect the positive performance of the Irish tourist industry as the number of cars inbound to Ireland from other markets exceeds Irish originating traffic bound for the U.K., France and further afield. Initiatives by the tourist industry such as the Wild Atlantic Way, have been instrumental in promoting 'own car' tourism around the west and southern Irish coasts, and have helped broaden the distribution of tourists around the island.
The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland also grew by 2.6% in 2014, to a total of 3.2 million passengers, while the all-island market grew by 1.6%. Irish Ferries' passenger numbers carried were up 4.8% at 1.643 million (2013: 1.568 million). In the first half of the year, Irish Ferries passenger volumes were up by 0.8% and in the second half of the year, which is seasonally more significant; the growth in passenger numbers was 7.8%.

Undoubtedly the increase in frequency provided by the *'Epsilon'* has contributed to the strong performance by Irish Ferries. Irish Ferries now offers a schedule of 6 daily departures from Dublin and Holyhead compared with 4 previously and a schedule of 9 weekly sailings between Ireland and France, up from 7 previously.

We continue to invest in our online retailing activity, by means of our consumer facing transactional website www.irishferries.com. This fully responsive website is available in English, French, German and Italian languages, and is accessible on desktops, tablets and smartphones, as well as through an iPhone app.

Given the commercial value of our website and booking engine, considerable attention is paid to ensuring that these systems are continuously available, robust and secure. Enhancements and developments to reflect the evolution in online buying behaviour as well the introduction of new platforms, browsers and screen sizes are regularly delivered in line with our strategy of offering an accessible and user friendly system in all environments where a potential customer may wish to transact with us.

We appreciate that the performance of e-tourism source markets and that of our own performance are closely linked and we continue to work very closely with the relevant state tourism promotional bodies including: Tourism Ireland, Atout France, Visit England and Visit Wales. These partnerships are on-going and involve activities such as co-operative marketing, joint sales initiatives and joint publicity and social media campaigns.

In 2014, we were delighted to be voted by travel trade professionals as the 'Best Ferry Company' for the 8th time in a row at the *'Irish Travel Trade News Awards'*, and for the 5th time in a row at the *'Irish Travel Industry Awards'*. In the case of the *'Irish Travel Trade News Awards'*, Irish Ferries carried away this accolade for the 17th time since their inception 23 years ago.

Business Review

Operating and Financial Review - continued

Freight

The RORO freight market between the Republic of Ireland, and the U.K. and France, which had resumed growth in 2013, continued to develop in 2014 with the total number of trucks and trailers up by around 6.7% to approximately 838,000 units. On an all-island basis, the market was up around 3.3% to approximately 1.6 million units.

Irish Ferries' carryings, at 247,900 freight units (2013: 205,300), were up 20.8% in the year reflecting a strong performance by Irish Ferries relative to the market (volumes were up 18.5% in the first half and 22.9% in the second half). The increased capacity provided by the '*Epsilon*' was a major contributor to the growth as was the increased frequency the vessel offers Irish Ferries' freight clients with a freight departure on the key Dublin - Holyhead route every six hours rather than the previous twelve hour frequency.

Irish Ferries has also been proactive in the online environment for freight customers. In recent years high quality mobile options have been developed, alongside the traditional PC channel, whereby customers can access our freight reservations systems with ease. This has facilitated an increasing proportion of our business being booked via our website www.irishferriesfreight.com.

Chartering

The '*Kaitaki*' remained on its 4 year charter to KiwiRail during the year, operating in New Zealand.

In April 2014, the Group received €17.0 million in full settlement of all amounts then 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 charterer, St. Peter Line, over the period to September 2016. The funds were utilised towards the reduction of net debt.

Container and Terminal Division

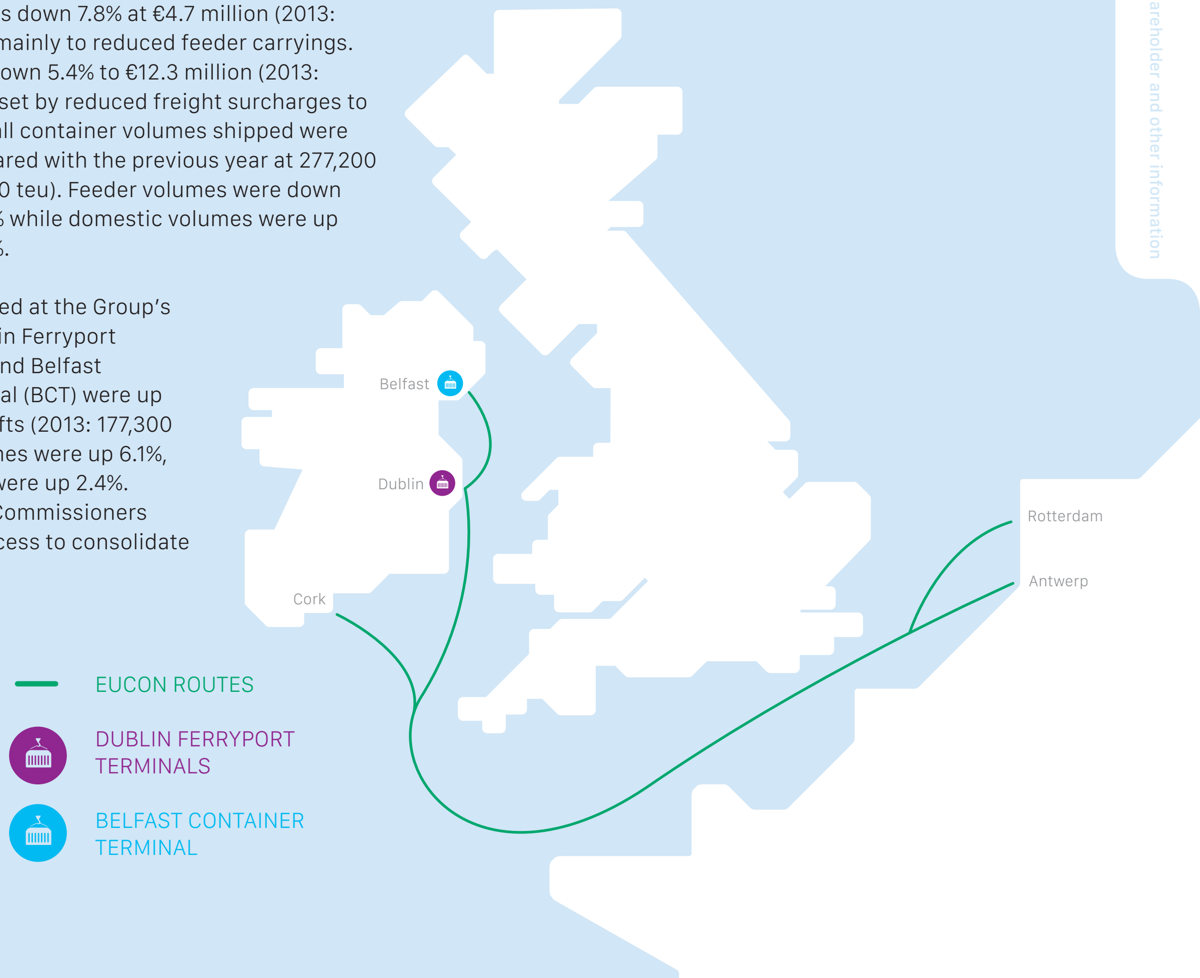
The Container and Terminal division includes the intermodal shipping line Eucon as well as the division's strategically located container terminals in Dublin and in Belfast. Eucon is the market leader in the sector, operating a fleet of chartered container vessels ranging in size from 400 – 1,000 teu capacity (teu = twenty foot equivalent unit, the standard measure in the container industry), connecting the Irish ports of Dublin, Cork and Belfast with the Continental ports of Rotterdam and Antwerp. We ceased calling to Le Havre (Radicatel) in January 2015 in order to concentrate our capacity on our Rotterdam and Antwerp services. Eucon deploys 3,000 owned and leased containers (equivalent to 5,800 teu) of varying types thereby allowing the Line to offer the full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters.

Revenue in the division increased to €107.0 million (2013: €104.3 million). The revenue is derived from container handling and related ancillary revenues at our terminals and in Eucon from a mix of domestic door-to-door, quay-to-quay and feeder services with 71% (2013: 70%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner. Operating profit in the division was down 7.8% at €4.7 million (2013: €5.1 million) due mainly to reduced feeder carryings. Fuel costs were down 5.4% to €12.3 million (2013: €13.0 million), offset by reduced freight surcharges to customers. Overall container volumes shipped were down 0.7% compared with the previous year at 277,200 teu (2013: 279,200 teu). Feeder volumes were down approximately 4% while domestic volumes were up approximately 2%.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 5.5% at 187,000 lifts (2013: 177,300 lifts). DFT's volumes were up 6.1%, while BCT's lifts were up 2.4%. Belfast Harbour Commissioners (BHC) tender process to consolidate

the two existing container terminals in Belfast (one of which is BCT) into one location at Victoria Terminal 3 is on-going. In response to an invitation from BHC, Irish Continental Group has submitted a proposal to operate the consolidated terminal.

On 1 January 2015, the EU Sulphur Directive came into force in many parts of Northern Europe, including the North Sea and the English Channel termed as Sulphur Emission Control Area's (SECA's). This reduced the permissible level of sulphur in bunker fuel from 1.0% to 0.1% for vessels in these SECA's requiring the vessels in the Eucon fleet to consume higher cost, low sulphur fuel. The increased costs from consuming this low sulphur fuel are being passed onto the end user via increased surcharges in order to maintain a viable freight network for the benefit of Ireland's exporters and importers.



Business Review

Operating and Financial Review - continued

Principal Risks and Uncertainties

The Group has a risk management structure in place which is designed to identify, manage and mitigate the principal risks and uncertainties which it faces, details of which are set out below.

Risk	Description of risk	Mitigation
Safety and business continuity	The Group is dependent on the safe operation of its vessels and plant & equipment. There is a risk that any of the Group's vessels could be involved in an incident which could cause loss of life and cargo, and cause significant interruption to the Group's business. The business of the Group is also exposed to the risk of interruption from incidents such as mechanical failure, or other loss of critical port installations or vessels, or from labour disputes either within the Group or in key suppliers, for example ports or fuel suppliers.	In mitigation, the Group ensures that management systems within its compass instil a safety culture throughout all aspects of operations both ashore and afloat through the application of appropriate policies and procedures in place. Regular audits ensure continued compliance to these high standards is maintained. The Group carries insurance in respect of passenger, cargo and third party liabilities, but does not carry insurance for business interruption due to the cost involved relative to the insurable benefits. The operation of vessels of the type listed by the Group is subject to significant regulatory oversight by flag state, port state and other regulatory authorities.
Information security	Maintaining adequate IT systems and infrastructure to support growth and development may be affected by: • accidental exposure or deliberate theft of sensitive information; • loss of service or system availability; • significant system changes or upgrades; and • cybercrime	IT standards and policies have been subject to on-going review to ensure they conform to appropriate best practices. IT disaster recovery and crisis management plans are in place and tested. Dedicated IT personnel with the appropriate technical expertise are in place to oversee IT security.
Commercial and market risk	The passenger market is subject to prevailing economic conditions, the strength of sterling relative to the euro (which impacts positively on both incoming demand to Ireland and on translation of Sterling revenues) and to the competitive threat from short-haul and regional airlines. The freight market is subject to general economic conditions and in particular the level of international trade in North West Europe together with overall capacity offerings. Given the mobile nature of ships there is also the risk of additional capacity arising in any of the Group's trading areas at relatively short notice.	The Group adopts a dynamic pricing approach and utilises pricing initiatives in the passenger market to mitigate against these risks. The Group has commercial arrangements with freight customers which mitigate the immediate effects of additional market capacity but in the medium term the Group is exposed to the dilution of its customer base.

Risk	Description of risk	Mitigation
Commodity price risk	In terms of commodity price risk the Group's vessels consume heavy fuel oil (HFO), marine diesel / gas oil (MDO/MGO) and lubricating oils, all of which continue to be subject to price volatility. The Group must also manage the risks inherent in changes to the specification of fuel oil which are introduced under international and EU law from time to time.	The Group's policy has been to purchase these commodities in the spot markets and to remain unhedged. Bunker costs of the Container and Terminal division are offset to a large extent by the application of prearranged price-adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow.
Financial risks	Financial risk arises in the ordinary course of business, specifically the risk of default by debtors, availability of credit insurance, fluctuations in both foreign exchange rates and interest rates, and availability of financing.	Details on mitigation of these financial risks are set out on page 30 under Financial risk management.
Retirement benefit schemes	The Group's defined benefit pension schemes are exposed to the risks arising from changes in interest and inflation rates, life expectancy, and changes in the market value of investments. In addition to normal risks attributable to the Group's defined benefit pension schemes, the Group is exposed to the risk attributable to its membership of the multi-employer scheme, the Merchant Navy Officer Pension Fund (MNOPF), where the participating employers have joint and several liability for the obligations of the scheme. The rules of the scheme provide for joint and several liability for employers for the obligations of the scheme which had a funding shortfall of £152 million as at 31 March 2012. This means the Group is exposed, with other performing employers, to a pro rata share of the obligations of any employers who default on their obligations. The Group is also exposed to the risk of a discontinuance basis debt arising (a "Section 75 debt") if it ceases participation in the MNOPF. This would be a larger sum than the on-going deficit share and represents a contingent liability.	These risks are mitigated through balanced investment strategies and supported by appropriate funding through on-going and deficit employer contributions. The Group monitors its exposure to the MNOPF and maintains a dialogue with the Trustees via MNOPF employer group.

Business Review

Operating and Financial Review - continued

Resources

The Group has the following key resources with which to pursue its key objectives:

• A modern owned ferry fleet and container terminals
• Access to strategically located ports and slot times
• Recognised brand names
• Experienced, qualified staff

Fleet and terminals

In the Ferries division the Group employed five owned ferries during the year. Four ferries were operated by the Group, the '*Oscar Wilde*' (31,914 Gross tonnage (GT)), delivered 1987, the 'Isle of Inishmore' (34,031 GT), delivered 1997, the '*Jonathan Swift*' (5,989 GT), delivered 1999 and the '*Ulysses*' (50,938 GT), delivered 2001. The '*Kaitaki*' (22,365 GT), delivered 1995, was chartered out on bareboat charter. In addition, the '*Epsilon*' (26,375 GT), delivered 2011, was chartered in on bareboat charter and was operated by the Group.

The Group's leased 33 acre terminal in Dublin Port comprises 480 metres of berths for container ships, with a depth of 9 to 11 metres and is equipped with 3 modern Liebherr gantry cranes (40 tonne capacity), 8 rubber tyred gantries (40 tonne capacity) and 1 reachstacker (45 tonne capacity) on a strategically located site within three kilometres of Dublin city centre and within one kilometre of the Dublin Port Tunnel, providing direct access to Ireland's motorway network. In Belfast our terminal comprises of an 11.5 acre site on the County Antrim side of the port, equipped with 1 mobile crane and 3 straddle carriers.

Port access

The Group has access to strategically located ports in Ireland, the UK and France in respect of its scheduled ferry services. A key aspect of such access is appropriate slot times, which are critical for the operation of such services.

Recognised brand names

The Group has invested substantially in its brands: *Irish Ferries* in the passenger and RORO freight market place and *Eucon* in the container freight market.

Experienced, qualified staff

The Group, which has a rich history and origins dating back to 1837, has highly experienced and competent staff. The Group has a decentralised structure giving divisional management substantial autonomy in the management of their own divisions. At the end of 2014, the Group had 322 employees compared with 318 at the start of the year, located in Ireland (Dublin, Rosslare and Cork), the UK (Liverpool, Holyhead, Pembroke and Belfast) and The Netherlands (Rotterdam).

Environmental and Safety Review

Environment

Irish Continental Group recognises that all forms of transport, including ships, have an unavoidable impact on the environment. Ships in particular generate CO_2 emissions, sulphur emissions and the requirement for waste disposal as well as other impacts. The Group is committed to minimising such negative impacts in the following ways:

CO_2 emissions

The volume of CO_2 emitted is directly proportional to fuel consumption. The Group seeks to minimise such emissions by reducing fuel consumption as much as possible consistent with the safe and efficient operation of the fleet. This is achieved through technical and operational initiatives. These technical initiatives are documented within each vessels Ship Energy Efficiency Management Plan (an International Convention for the Prevention of Pollution from Ships (MARPOL) requirement which involves setting targets for CO_2 reduction). In recent years initiatives have included various projects; moving to LED strip lighting; installing variable frequency drives to motors such as those fitted to air conditioning systems as well as limiting main engine power.

Sulphur emissions

The quantity of sulphur emitted by the Group's vessels depends on the volume and type of fuel consumed. The permissible sulphur content of fuel consumed was reduced in recent years to a maximum of 1% to 1.5%, compared with 3.5% previously. Since 2010, in certain circumstances, only fuel with a maximum sulphur content of 0.1% may be consumed whilst passenger vessels are in port. Under the International Convention for the Prevention of Pollution from Ships (MARPOL, Annex VI) as from 1 January 2015 this limit of 0.1% now applies to all vessels whilst operating within Sulphur Emission Control Areas (SECA's). This affects the Group's operations while vessels are at sea in the North Sea, and in the English Channel serving routes between Ireland and Continental Europe. In relation to the Irish Sea the next change in permissible sulphur content under MARPOL is scheduled for 2020 when the limit is due to reduce from 1.5% to 0.5%. This is subject to a fuel availability study to be carried out in 2018 which may result in a deferral to 2025.

Business Review

Operating and Financial Review - continued

Waste disposal / other
We continue to minimise the impact of waste disposal through consistent compliance with the International Convention for the Prevention of Pollution from ships (MARPOL 73/78). We use an oil recovery system to recycle all waste oil from our ships. Our bulk purchasing reduces the number of deliveries and packaging, and we segregate all waste cardboard packaging for recycling. The painting of the underwater hulls of all our ferries is with tin-free, non-toxic paints to avoid the release of harmful agents into the sea. We also minimise to the best of our ability wave generation to minimise disturbance of coastal habitats while we strive to be at the forefront in promoting customer awareness of the marine environment. Energy Efficiency Awareness Training is undertaken for all crew to highlight obvious areas where they can contribute to power savings and Ecocamel shower heads have been installed in a number of cabins within the fleet together with tap flow restrictors which has significantly reduced the fleet's water consumption.

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

Safety
It is a matter of priority for the Group, given the nature of our operations that the wellbeing of all those who work within the Group or travel on-board our vessels are safeguarded through adherence to statutory health and safety standards and international maritime regulations.

The Safety, Health and Welfare at Work Act, 2005, impose certain requirements on employers and the Group has taken the necessary action to comply with the Act, including the adoption of safety statements in appropriate locations. On occasions where incidents occur in the workplace leading to personal injury the Group may be subject to investigation by the appropriate regulatory authority and in cases where the Group is found to be in breach of regulations the Group may be subject to enforcement action.

Irish Continental Group ensures that management systems within its compass instil a safety culture throughout all aspects of operations both ashore and afloat. Management is responsible for ensuring that health and safety issues are identified, monitored, reviewed and developed. The Group ensures that there are appropriate policies and procedures in place with targets and monitoring of performance. Regular audits ensure continued compliance to these high standards is maintained.

Irish Continental Group ensures that all its ships are designed, operated and maintained in compliance with the International Convention for the Safety of Life at Sea (SOLAS) to ensure the safety of our crew, our passengers and the cargo that is to be transported on our ships is safely stowed and carried in compliance with these regulations and in accordance with best practice. In addition Irish Continental Group ensures that its ships are operated in compliance with the International Safety Management Code (ISM Code), which is the international standard for the safe management and operation of ships and for pollution prevention. Irish Continental Group is also in full compliance with the International Ship and Port Facility Security code requirements (ISPS Code).

It is a priority for the Group to ensure that all those who work within its structures are provided with a high level of safety and quality training. Information for the promotion of a Health and Safety culture and its attendant responsibilities is made available. Instruction and training in the appropriate and relevant matters is followed so that all are enabled to work safely and to also contribute towards a safer working environment.

In addition to the Group's own internal verification procedures, we are subject to inspection by the relevant National and International Statutory bodies, which are charged with the responsibility to monitor all regulated operations to ensure that all the specific requirements are compliant.

During 2014, the on-board management of the Irish Ferries ships was performed by Matrix Ship Management Limited, Cyprus, on behalf of Irish Continental Group. There is an on-going monitoring and reporting system in place to ensure that at all times the Group is aware of all relevant statutory legislation applicable to its business and the Group seeks to achieve the highest level of compliance with such legislation in all its activities.

Eamonn Rothwell,
Chief Executive

Business Review

Operating and Financial Review - continued

Financial Review

Results

Revenue for the year amounted to €290.1 million (2013: €264.7 million) while operating profit (before non-trading items) amounted to €32.7 million compared with €30.0 million in 2013. Principal variations on the prior year include the increase in revenue by €25.4 million (9.6%) as set out above, partially offset by increased operating costs including an increase in group wide fuel costs which were €4.2 million higher at €53.0 million (2013: €48.8 million).

Non-trading items were €28.7 million in the current year resulting from the curtailment gain recognised as a result of the pension deficit funding agreement concluded during the year. The net interest expense was €3.5 million (2013: €4.3 million) before a net interest cost on defined benefit pension schemes of €1.2 million (2013: €2.0 million). This resulted in profit before tax from continuing operations of €56.7 million (2013: €23.7 million). The prior year had a non-trading gain of €3.5 million from the recognition of profit on the disposal of a subsidiary which was included in discontinued operations.

Taxation

The tax charge of €0.7 million compared with a charge of €0.4 million in 2013. The taxation charge comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax rate for qualifying shipping activities) in Ireland.

Earnings per share

Adjusted EPS (before non-trading items and the net interest cost on defined benefit pension schemes) was 15.5 cent compared with 13.8 cent in 2013. Basic EPS was 30.4 cent compared with 14.6 cent in 2013. The reason for the increase in Basic EPS is due to an increase in profit attributable to equity holders of the parent to €56.0 million (2013: €26.8 million). The increase in profit is largely due to the increase in the non-trading credit to €28.7 million (2013: €3.5 million) as set out in note 6 to the financial statements.

Cash flow and investment

EBITDA for the year was €50.5 million (2013: €49.2 million). There was a net outflow of working capital of €2.2 million, due to an increase in receivables of €4.8 million partially offset by a decrease in inventories of €0.7 million and an increase in payables of €1.9 million. The Group made payments, in excess of service costs to the Group's pension funds of €3.9 million. Cash generated from operations amounted to €44.4 million (2013: €40.3 million).

Net interest paid was €3.5 million (2013: €4.3 million) while taxation paid was €1.1 million (2013: €0.2 million).

Capital expenditure was €8.0 million (2013: €8.7 million) which primarily included the annual refits of the vessels and new containers to enhance the Eucon fleet of equipment.

Arising from the cash flows set out above and dividend payments of €18.8 million, share issues of €1.2 million, payments of €17.8 million received on the finance lease receivable and other net cash inflows of €0.1 million, net debt at year end was €61.3 million (2013: €93.4 million).

Dividend

During the year a final dividend of 6.7 cent per ICG Unit was paid for the year ended 31 December 2013 and also an interim dividend of 3.465 cent per ICG Unit was paid for the year ended 31 December 2014. The Board is proposing a final dividend of 7.035 cent per ICG Unit in respect of the year ended 31 December 2014.

Pensions

The Group has five, separately funded, company sponsored defined benefit pension schemes covering employees in Ireland, the UK and the Netherlands. The Group also participates in the UK based industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) in which participating employers share joint and several liability. Aggregate pension assets in the five company-sponsored schemes at year end were €256.5 million (2013: €230.5 million), while combined pension liabilities were €279.2 million (2013: €265.2 million). The pension liabilities have increased due to the continued decline in the discount rate partially offset by both a reduction in the inflation rate assumption and also the curtailment gain of €31.0 million arising on the main company sponsored scheme as a result of the pension deficit funding agreement. The discount rate for Euro liabilities has fallen from 3.6% to 2.0% while the rate for sterling liabilities has fallen from 4.35% to 3.65%. Of the Group's five schemes, three were in surplus at year end (€5.4 million versus €4.7 million in 2013), while two were in deficit (€28.1 million versus €39.4 million in 2013). In addition, the Group's share of the deficit in the industry wide scheme, the MNOPF, based on the last actuarial valuation as at 31 March 2012, is €1.4 million (2013: €2.0 million).

During the year the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, the Irish Ferries Limited Pension Scheme. Under the terms of the agreement, 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 to the scheme of €1.5 million per annum for a projected period of 10 years to 2023, or until the deficit is eliminated if earlier, with additional payments of €0.5 million per annum to an escrow account, the balance of which will also be payable to the scheme in certain circumstances. The reduction in liability arising has been estimated at €31.0 million by the scheme actuary.

Business Review

Operating and Financial Review – continued

Financial risk management

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

The Group has the following facilities with its lenders; a €63.7 million amortising term loan facility and a €40.0 million multi-currency revolving credit facility together with a €15.0 million overdraft and trade guarantee facility. The amortising term loan facility is secured on certain of the Group's vessels while the revolving credit and overdraft facilities are cross guaranteed within the Group. The floating interest rate on the amortising facility was swapped for a fixed interest rate for the full term following drawdown in 2012. The interest rate on the revolving credit facility is based on EURIBOR plus a variable margin related to overall group debt levels relative to EBITDA. The principal covenants under the agreement are a maximum Group net debt level by reference to EBITDA and interest cover. The Group is in compliance with these covenants at 31 December 2014.

The Group's current committed bank facilities under the above arrangements amount to €118.7 million (2013: €148.3 million). Total amounts utilised at 31 December 2014 amounted to €80.1 million (2013: €109.0 million). The Group draws under its revolving facility to fund its seasonal working capital requirements.

The Group had finance lease liabilities of €4.5 million at 31 December 2014 (2013: €3.6 million).

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

Interest rate management

The Group borrows in required currencies at both fixed and floating rates of interest, exposing it to interest rate risk. The Group's policy is to fix interest rates on a proportion of the Group's medium to long term debt exposure in individual currencies, having regard to current market rates and future trends. The Group uses interest rate swaps to hedge interest rate exposure. The Group also leases certain items of plant and equipment under finance leases where the interest rates are fixed at the contract date. At 31 December 2014, 81% (2013: 87%) of the Group's gross debt was at fixed rates with a weighted average repricing period of 2.9 years (2013: 3.8 years). The weighted average fixed rate of interest is 3.5% (2013: 3.5%). Debt interest cover, before non-trading items, for the year was 9 times (2013: 7 times).

Currency management
The Group's primary operating currency is the Euro. The Group also has significant sterling and US dollar cash flows. The Group's principal policy to minimise currency risk is to match foreign currency assets and liabilities and to match cash flows of like currencies. The Group also reduces transactional currency risk in US dollars through the use of forward exchange contracts. This minimises exposure in relation to fuel and insurance costs and in container leasing. Sterling revenues and expenses are netted, with excess sterling revenues available to purchase dollars in settling dollar costs.

Commodity price management
Bunker oil costs constitute a separate and significant operational risk, partly as a result of historically significant price fluctuations. Bunker costs of the Container and Terminal division are offset to a large extent by the application of prearranged price-adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. Bunker consumption was 107,400 tonnes in 2014 (2013: 93,100 tonnes). The cost per tonne of HFO fuel in 2014 was 5.6% lower than in 2013 while MGO was 6.2% lower.

Credit risk
The Group's credit risk arising on its financial assets is principally attributable to its trade and other receivables and the finance lease receivable. The concentration of credit risk in relation to trade and other receivables is limited due to the exposure being spread over a large number of counterparties and customers.

Liquidity
It is Group policy to invest surplus cash balances on a short term basis. At year end 100% (2013: 100%) of the Group's cash resources had a maturity of three months or less. Net debt at 31 December 2014 was €61.3 million (2013: €93.4 million) made up of borrowings of €84.0 million (2013: €111.9 million) which is offset by cash and bank balances of €22.7 million (2013: €18.5 million). At the year-end, 79% of the Group's bank borrowings are due to mature after one year (2013: 85% maturing after one year). Overdraft facilities are in place to secure short term funding.

Garry O'Dea,
Finance Director

Business Review

Our Fleet

MV Ulysses

Year Delivered:	**2001**
Gross Tonnage:	**50,938**
Lane metres:	**4.1km**
Car capacity:	**1,342**
Passenger capacity:	**1,875**

MV Oscar Wilde

Year Delivered:	**1987**
Gross Tonnage:	**31,914**
Beds:	**1,376**
Car capacity:	**580**
Passenger capacity:	**1,458**

MV Isle of Inishmore

Year Delivered:	**1997**
Gross Tonnage:	**34,031**
Lane metres:	**2.1km**
Car capacity:	**855**
Passenger capacity:	**2,200**

HSC Jonathan Swift

Year Delivered:	**1999**
Gross Tonnage:	**5,989**
Speed:	**39 knots**
Car capacity:	**200**
Passenger capacity:	**800**

MV Epsilon (chartered)

Year Delivered:	2011
Gross Tonnage:	26,375
Lane metres:	2.8km
Beds:	272
Passenger capacity:	500

MV Kaitaki

Year Delivered:	1995
Gross Tonnage:	22,365
Beds:	274
Car capacity:	600
Passenger capacity:	1,650

MV Elbtrader

(One of the chartered container ships employed by the Container and Terminal Division)


IRISH FERRIES
DUBLIN Swift

CORPORATE GOVERNANCE

in this section

Corporate Governance is concerned with how companies are directed and controlled.

Read more from the Corporate Governance Statement on page 42

Business Review
Corporate Governance
Financial Statements
Shareholder and other information

Corporate Governance

The Board

The Group's non-executive Directors are:

John B. McGuckian
BSc (Econ)
Chairman

John B. McGuckian, aged 75, has been a Director for 27 years having been appointed as a non-executive Director in 1988 and Chairman in 2004. He has a wide range of interests, both in Ireland and internationally. He is a Director of Cooneen Textiles Limited. He is a former Director of a number of listed companies and he has previously acted as the Chairman of; the International Fund for Ireland, the Industrial Development Board for Northern Ireland, UTV Media plc (where he was also a member of the Remuneration Committee) and as Senior Pro-Chancellor and Chairman of the Senate of the Queen's University of Belfast.

Catherine Duffy
BA LegSc, DipLeg Stds
Independent Director

Catherine Duffy, aged 53, has been a Director for 3 years having been appointed to the Board in 2012. Catherine is a Senior Partner in the Banking and Financial Services Department at law firm A&L Goodbody. Catherine is a member and a former Chair of the International Legal Advisory Panel to the Aviation Working Group of Unidroit. She was previously a non-executive Director of Beaumont Hospital and a member of the first Advisory Group to the Irish Maritime Development Office, a government sponsored organisation set up to promote and assist the development of Irish shipping and shipping services.

Brian O'Kelly
BBS, FCA
Independent Director

Brian O'Kelly, aged 52, was appointed to the Board in January 2013. Brian qualified as a Chartered Accountant with KPMG and was subsequently a Director of ABN AMRO Corporate Finance. Brian is Managing Director of Goodbody Corporate Finance and is an executive director of Ganmac Holdings, the parent company of Goodbody Stockbrokers. He is a member of the Listing Committee of the Irish Stock Exchange.

John Sheehan
FCA
Independent Director

John Sheehan, aged 49, was appointed to the Board in October 2013. John holds a senior position with Ardagh Group, a leading operator in the global glass and metal packaging sector with operations principally in Europe and North America. John has over 20 years of experience at management level with exposure to international acquisition and development projects. He was formerly Head of Equity Sales at NCB Stockbrokers, now part of Investec Bank, where he spent thirteen years in a range of roles and directly covered various industry sectors including transport and aviation. John qualified as a Chartered Accountant with PwC.

The Group's executive Directors are:

Eamonn Rothwell
BComm, MBS, FCCA, CFA UK
Chief Executive Officer

Eamonn Rothwell, aged 59, has been a Director for 28 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is a Director of The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited and Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited and Interferry Inc. He is a past executive Director of stockbrokers NCB Group. Prior to that, he worked with Allied Irish Banks plc and Bord Fáilte Eireann (The Irish Tourist Board).

Garry O'Dea
BComm, FCA
Finance Director

Garry O'Dea, aged 59, has been a Director for 27 years having joined the Group in 1988 and having been appointed Finance Director the same year. He qualified as a Chartered Accountant with KPMG, the international professional services firm, following which, in 1981, he joined the international building materials group CRH plc, where he worked in a number of financial positions until joining Irish Continental Group in 1988.

Tony Kelly
FCIT
Marketing Director - Irish Ferries

Tony Kelly, aged 59, joined Irish Ferries in 1973 and worked in a variety of operational and marketing roles within the Group. He has been a Director for 13 years having been appointed to the Board in 2002. He is a former Director of the all-Ireland tourism body Tourism Ireland and a Director and former Chairman of the Irish Tourism Industry Confederation.

The company secretary is:

Thomas Corcoran
BComm, FCA
Company Secretary

Thomas Corcoran, aged 50, joined the Company in 1989 from the international professional services firm PwC, where he qualified as a Chartered Accountant. He was appointed Company Secretary in 2001.

Corporate Governance

Report of the Directors

The Directors present their Annual Report together with the audited financial statements of the Group for the year ended 31 December 2014.

Results for the year and Business Developments

Details of the results for the year are set out in the Consolidated Income Statement on page 65 and in the related notes forming part of the financial statements. The fair review of the development of the business of the Company and its subsidiaries is set out in the Operating and Financial Review on pages 14 to 31. This includes a description of the principal risks and uncertainties and the key performance indicators.

The profit which has been transferred to reserves, and the dividends paid during the year ended 31 December 2014 are set out in the Consolidated Statement of Changes in Equity on page 68 for the Group and the Company Statement of Changes in Equity on page 71 for the Company.

Research and Development

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

Dividend

In June 2014, a final dividend of 6.7 cent per ICG Unit was paid in respect of the year ended 31 December 2013.

In September 2014, an interim dividend of 3.465 cent per ICG Unit was paid in respect of the year ended 31 December 2014.

The Board is proposing a final dividend of 7.035 cent per ICG Unit to be paid in June 2015.

Board of Directors

The Board members are listed on pages 36 to 37 of this report.

In accordance with the Articles of Association, one third of the Directors are required to retire from office at each Annual General Meeting of the Company. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire at the 2015 Annual General Meeting and offer themselves for re-election. Biographical details of the Directors are set out on pages 36 to 37 of this report and the result of the annual board evaluation is set out on page 46.

Proper Books of Account

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

Going Concern

The Financial Statements have been prepared on the going concern basis and, the Directors report that they have satisfied themselves at the time of approving the financial statements that the Group and Company are going concerns, having adequate financial 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 of 2015, the principal risks and uncertainties facing the Group (pages 22 to 23), the Group's 2015 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 are available to the Group and Company.

The Group's current committed bank facilities amount to €118.7 million (2013: €148.3 million) comprising an amortising term loan facility of €63.7 million (2013: €93.3 million), a multi-currency revolving credit facility of €40.0 million (2013: €40.0 million) and an overdraft and trade guarantee facility of €15.0 million (2013: €15.0 million). Total amounts utilised at 31 December 2014 amounted to €80.1 million (2013: €109.0 million).

Subsidiary and Associated Undertakings

A list of the principal companies in which the Company is beneficially entitled to more than 20% in nominal value of the shares carrying voting rights is set out in note 17 to the financial statements.

International Financial Reporting Standards

Irish Continental Group presents its Annual Report and Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2014 and that have been adopted by the European Union.

Principle 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 include operational risks such as risks to safety and business continuity, information security, commercial and market risks combined with the risk of increased supply of shipping capacity due to the mobility of assets and financial and commodity risks arising in the ordinary course of business. Further details of risks and uncertainties are set out on pages 22 to 23.

Substantial Shareholdings

The latest notifications of substantial interests in the share capital of the Company received by the Company on or before 4 March 2015 were as follows:

Beneficial Holder as Notified	Number of Units	% of Issued Units
Franklin Templeton Institutional, LLC	28,936,348	15.7%
Eamonn Rothwell	27,475,000	14.9%
Wellington Management Company, LLP	13,034,762	7.1%
Marathon Asset Management, LLP	12,842,510	6.9%
Ameriprise Financial Inc.	8,846,690	4.8%
BlackRock Inc.	7,375,272	4.0%
F&C Management Limited	5,590,234	3.0%

Corporate Governance

Report of the Directors – continued

Director's and Company Secretary's Shareholdings

The interests of the Directors and Secretary of the Company and their spouses and minor children in the share capital of the Company at 31 December 2014, or at the date of retirement if earlier, and 1 January 2014, or at the date of appointment if later, all of which were beneficial, were as follows:

	31/12/2014 ICG Units	1/1/2014 ICG Units
Director		
John B. McGuckian	296,140	296,140
Eamonn Rothwell	27,291,010	29,791,010
Catherine Duffy	-	-
Tony Kelly	300,880	300,880
Garry O'Dea	1,095,940	1,345,940
Brian O'Kelly	41,740	21,740
John Sheehan	15,000	-
Company Secretary		
Thomas Corcoran	24,720	5,000

ICG Units are explained on page 136 of this report.

Auditors

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

Corporate Governance

The Group applies the principles and provisions of The UK Corporate Governance Code ("the Code") as adopted by the Irish Stock Exchange (ISE) and the UK Financial Services Authority and of the Irish Corporate Governance Annex ("the Annex") issued by the ISE. A corporate governance statement is set out on pages 42 to 50 and incorporated into this report by cross reference.

Key Performance Indicators

The Group uses a set of headline key performance indicators to measure the performance of its operations. In addition, other performance indicators are measured at individual business unit level.

Earnings before non-trading items, interest, tax, depreciation and amortisation (EBITDA)
EBITDA for the year was up 2.6% at €50.5 million (2013: €49.2 million). The increase in EBITDA was primarily due to increased revenue flows, partially offset by higher fuel costs, up 8.6% to €53.0 million (2013: €48.8 million) arising from the first full year effect of operating an additional vessel in 2014.

Earnings before non-trading items, interest and tax (EBIT)
EBIT for the year increased by 9.0%, to €32.7 million (2013: €30.0 million).

Free cash flow
The Group's free cash flow measure is net cash flow from operating activities adjusted for replacement capital expenditure. Group free cash flow was €31.7 million in 2014 (2013: €26.9 million) or 97% (2013: 90%) of Group operating profit (before non-trading items) of €32.7 million (2013: €30.0 million). The increase was due to an increase in cash flow from operating activities, up €4.1 million to €39.7 million, and a decrease in capital expenditure, down €0.7 million to €8.0 million.

Earnings per share (EPS)
Adjusted EPS (before non-trading items and the net interest cost on defined benefit pension schemes) was 15.5 cent compared with 13.8 cent in 2013. Basic EPS was 30.4 cent compared with 14.6 cent in 2013. The reason for the increase in Basic EPS is due to an increase in profit attributable to equity holders of the parent to €56.0 million (2013: €26.8 million). The increase in profit is largely due to the increase in the non-trading credit to €28.7 million (2013: €3.5 million) as set out in note 6 to the financial statements.

Return on average capital employed (ROACE)
Capital employed is taken as consolidated net assets, excluding net debt and pension assets/liabilities. EBIT of €32.7 million (2013: €30.0 million) expressed as a percentage of capital employed results in a return on the average of opening and closing capital employed of 20.5% in the current year (2013: 16.6%).

Schedule integrity
In the Ferries division 93% of scheduled sailings were achieved compared with 94% in the previous year.

Future Developments

2015 will see the implementation of the EU Sulphur Directive which requires vessels sailing in Sulphur Emission Control Areas (SECA's) to burn fuel with sulphur content no greater than 0.1%. In ICG's case this requires vessels in Eucon's fleet to consume low sulphur fuel in the English Channel and in the case of Irish Ferries' the two vessels serving the ports of Cherbourg and Roscoff will be similarly affected. Apart from the operational and financial consequences of this new environmental regulation there is the possibility that it will result in modal shifts of transport from longer sea routes within the SECA's to shorter routes where the impact is less pronounced.

Subsequent Events

There have been no material subsequent events, outside the ordinary course of business, to report since the year ended 31 December 2014.

Annual Report and Financial Statements

This Annual Report together with the Financial Statements for the year ended 31 December 2014 was approved by the Directors on 4 March 2015. The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy.

Annual General Meeting

Notice of the Annual General Meeting, which will be held on Wednesday 20 May 2015, will be notified to shareholders in April 2015.

On behalf of the Board

Eamonn Rothwell, *Director*
Garry O'Dea, *Director*

4 March 2015
Registered Office: Ferryport, Alexandra Road, Dublin 1, Ireland.

Corporate Governance

Corporate Governance Statement

Corporate Governance is concerned with how companies are directed and controlled. The Board acknowledges the importance of good corporate governance and the Group applies the principles and provisions of The UK Corporate Governance Code (September 2012) ("the Code") as adopted by the Irish Stock Exchange (ISE) and the UK Financial Conduct Authority and of the Irish Corporate Governance Annex ("the Irish Annex") issued by the ISE. Both the Code and the Annex were in effect for the whole period since the last review. The Code can be viewed on the Financial Reporting Council's (FRC) website (www.frc.org.uk) and the Annex on the ISE website (www.ise.ie). Under the interpretative provisions of the Irish Annex, the Group is regarded as a smaller company. This statement explains how the Group has applied the principles set out in the Code and the Annex.

In addition to the code, the Group is also subject to the requirements of Company law, comprising the Companies Acts 1963 to 2013, and the listing rules of the ISE and the UK Listing Authority together with the Company's Memorandum and Articles of Association. Throughout the year ended 31 December 2014 and to date the Group has been in compliance with the provisions of the Code and the requirements set out in the Annex.

John B. McGuckian
Chairman

Board of directors

The Board is collectively responsible for the long-term success of the Group. Pursuant to the Articles of Association, the Directors of the Company are empowered to exercise all such powers as are necessary to manage and run the Company, subject to the provisions of the Companies Acts 1963 to 2013.

The Board consists of three executive and four non-executive Directors. Details of the professional and educational backgrounds of each director encompassing the experience and expertise that they bring to the Board are set out on pages 36 to 37. The Board believes that it is of a size and structure and that, the Directors bring an appropriate balance of skills, experience, independence and knowledge to enable the Board to discharge it's respective duties and responsibilities effectively, with no individual or group of individuals dominating the Board's decision making. Each of the non-executive Directors has a broad range of business experience independent of the Group both domestically and internationally.

All of the non-executive Directors are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. In considering their independence, the Board has taken into account a number of factors including their length of service on the Board, cross-directorships and material business interests.

Mr McGuckian has served on the Board for more than nine years since his first appointment. Mr McGuckian has a wide range of interests and experience both domestically and internationally. The Board has considered the knowledge, skills and experience that he contributes and believes him to be both independent in character and judgement and to be of continued significant benefit to the Board. Mr McGuckian was also considered to be independent at the date of appointment as Chairman in 2004.

All Directors are appointed by the Board for an initial term not exceeding three years, subject to annual re-election at the Annual General Meeting. The terms and conditions of appointment of non-executive Directors appointed after 2002 are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company. On appointment, Directors are given the opportunity to familiarise themselves with the operation of the Group, to meet with executive management, and to access any information they may require. Non-executive Directors are deemed to be independent on appointment and this status is reviewed annually. Each Director brings independent judgement to bear on issues of strategy, risk and performance. Under the Articles each director is subject to re-election at least every three years but in accordance with the Code the Board has agreed that each Director will be subject to annual re-election at the Annual General Meeting.

The Board having considered his experience appointed Mr Brian O'Kelly as the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other directors if necessary. Mr O'Kelly is also available to shareholders if they have concerns which have not been resolved through the normal channels of Chairman, Chief Executive, or other executive Directors, or for which such contact is inappropriate.

Board procedures

The Board agrees a schedule of regular meetings each calendar year and also meets on other occasions if necessitated with contact between meetings as required in order to progress the Group's business. Director attendances at scheduled meetings are set out on page 44. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. The agenda and relevant papers, including management accounts and minutes of all Board and Committee meetings held since the previous meeting, are circulated in advance of meetings. Non-executive Directors are expected to utilise their expertise and experience to constructively challenge proposals tabled at the meetings. The non-executive Directors are also given regular opportunity to meet with executive management and view the Group's operations in order to ensure that they are familiar with the Group's businesses.

The Board has a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group's business including approval of financial statements, budgets (including capital expenditure), acquisitions or disposals, dividends and share redemptions. Certain additional matters are delegated to Board Committees, of which additional information is set out later in this report.

The roles of Chairman and Chief Executive are separate, set out in writing and approved by the Board. The Board has also delegated the management of the Group to the Executive Management, through the direction of the Chief Executive.

The Chairman holds meetings with the non-executive Directors without the executive Directors present and the non-executives also meet once a year, without the Chairman present, to appraise the Chairman's performance.

There is a procedure for Directors in the furtherance of their duties to take independent professional advice, at the expense of the Group, if they consider this necessary. The Group carries director liability insurance which indemnifies Directors in respect of legal actions that may be taken against them in the course of discharging their duties as directors. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

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

Board committees

During the year ended 31 December 2014, there were three standing Board Committees with formal terms of reference; the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition the Board will establish ad-hoc sub-committees to deal with other matters as necessary. All Board committees have written terms of reference setting out their authorities and duties delegated by the Board. The terms of reference are available, on request, from the Company Secretary and on the Group's website.

Details on the role of the committees and the work undertaken in the period under review are set out on pages 51, 54 and 55 respectively.

Corporate Governance

Corporate Governance Statement - continued

Attendance at scheduled Board and Board Committee meetings during the year ended 31 December 2014 was as follows:

Director	Board		Audit		Nomination		Remuneration	
	A	B	A	B	A	B	A	B
J. B. McGuckian	10	10	-	-	1	1	1	1
E. Rothwell	10	10	-	-	1	1	-	-
C. Duffy	10	8	3	2	1	1	-	-
T. Kelly	10	10	-	-	-	-	-	-
G. O'Dea	10	10	-	-	-	-	-	-
B.O'Kelly	10	10	3	3	-	-	4	4
J. Sheehan	10	10	3	3	-	-	4	4

Column A indicates the number of scheduled meetings held during the year where the Director was a member of the Board and / or committee.

Column B indicates the number of scheduled meetings attended during the year where the Director was a member of the Board and / or committee.

Communications with shareholders

The Board promotes good communications with shareholders and the Group commits resources to shareholder communication commensurate with its size. Other than during close periods and subject to the requirements of the Takeover Code, when applicable, the Chief Executive and the Finance Director have a regular dialogue with its major shareholders throughout the year and report on these meetings to the Board. The Senior Independent Director is also available on request to meet with major shareholders.

The Board encourages communications with shareholders and welcomes their participation at all general meetings of the Company.

Regular formal updates are provided to shareholders and are available on the Group's website. These include Interim Management Statements, the Half-Yearly Financial Report, and the Annual Report and Financial Statements. Irish Continental Group's website, www.icg.ie, also provides access to other corporate and financial information, including all regulatory announcements and a link to the current ICG Unit price.

Arrangements will be made for the 2014 Annual Report and 2015 Annual General Meeting Notice to be available to shareholders 20 working days before the meeting and for the level of proxy votes cast for and against each resolution and the number of abstentions, to be announced at the meeting. Further details on the procedures applicable to general meetings are set out on page 48.

In compliance with the Transparency Directive, two Interim Management Statements will be issued during 2015.

Further investor relations information is available on pages 136 to 138 of this report.

Internal control

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

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

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

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

- The Group Risk Management function which reviews key business processes and controls;
- An organisational structure with clearly defined lines of authority and accountability;
- A skilled and experienced Group and divisional management;
- A formally constituted Audit Committee which reviews the operation of the Group Risk Management function, the Internal Audit function, liaises with the External Auditor and reviews the Group's internal control systems;
- The Board of Directors which reviews and approves the annual budget each year which is used for comparison with monthly management accounts throughout the year;
- A centralised treasury function which manages the financial risks of the Group;
- A standardised consolidation system for the preparation of the Group's monthly management accounts, interim and annual consolidated financial statements; and
- The Board of Directors which reviews and monitors the capital expenditure programme on an on-going basis.

The Group maintains a risk register which identifies the nature and extent of the risks faced by each business unit and the Group overall, including financial, operational, and compliance controls and risk management. These risks are prioritised in terms of likelihood of occurrence, estimated financial impact and the Group's ability to reduce the incidence and impact on business operations should any risk materialise. The risk register is reviewed on a regular basis by management and the Board conducts an annual assessment of the significant risks facing the Group and the adequacy of the monitoring and reporting system maintained by management. No material weaknesses were noted by the Board during the year.

Financial control

The Group has a comprehensive system of financial reporting involving budgeting, monthly reporting and variance analysis. The annual budget is reviewed and approved by the Board. Financial results with comparisons against budget are reported to the executive Directors on a monthly basis and are reported to the Board at each Board meeting, usually at least eight times a year. Forecasts are updated regularly to reflect changes in circumstances. Reports to the Board include compliance with banking covenants. At executive Director level, there is daily reporting of liquidity, commodity price and foreign exchange movements while advance passenger bookings and earned revenue reports are reviewed weekly. There is a monthly review of aged trade debtors and receivables to identify risk of non-payment arising from which corrective action can be taken.

Internal audit

An annual internal audit plan is formulated by the Internal Auditor and submitted for review and approval by the Audit Committee of the Board. Following this the Internal Auditor submits a written report to the Board at each Board meeting on a summarised basis. The Internal Auditor meets the Audit Committee on request but at least once a year, without the executive Directors present.

Corporate Governance Statement – continued

Performance evaluation

The Board conducts an annual self-evaluation of the Board as a whole, the Board processes, its committees and individual Directors. The process is led by the Chairman, is forward looking in nature and encompasses aspects including board effectiveness, the composition of the Board, the content and running of Board and Committee meetings, corporate governance, risk and crisis management, and succession planning. Within this process, the non-executive Directors, led by the Senior Independent Director, carry out an evaluation of the Chairman's performance. The performance of individual directors is assessed by the Chairman following discussions, held by the Chairman, with directors on an individual basis. The evaluation process is facilitated by an independent external facilitator on a triennial basis with the last externally facilitated evaluation reported in 2012. The process is continuous with follow up of previous recommendations at each review.

During the year the Chairman reported to the Board on the outcome of the evaluation process which indicated that the Board was operating effectively for the long-term success of the Group and that each Director was contributing effectively and demonstrating commitment to the role. Separately, the Senior Independent Director reported that the Chairman was providing effective leadership of the Board.

Matters pertaining to share capital

The information set out below is required to be contained in the Report of the Directors under Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006). The information represents the position at 31 December 2014.

For the purposes of Regulations 21(2)(c),(e), (j) and (k) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006), the information given under the following headings: (i) Substantial Shareholdings page 39; (ii) Share Option Plans page 56; (iii) Long Term Incentive Plan page 56; (iv) Service Contracts page 56; and (v) Share-based Payments page 116, are deemed to be incorporated into this statement.

Share capital

The authorised share capital of the Company is €29,295,000 divided into 450,000,000 ordinary shares of €0.065 each (Ordinary Shares) and 4,500,000,000 Redeemable Shares of €0.00001 each (Redeemable Shares). This reflects the effect of the 10 for 1 sub-division of the Ordinary Share Capital implemented by the Board which took effect on 9 June 2014 pursuant to an ordinary resolution passed at the Extraordinary General Meeting on 22 May 2014. The Ordinary Shares represent approximately 99.85% and the Redeemable Shares represent approximately 0.15% of the authorised share capital.

Ordinary Shares and Redeemable Shares are inextricably linked as an ICG Unit. No Ordinary Shares or Redeemable Shares may be transferred unless they are transferred in connection with a simultaneous transfer of the other shares with which they are linked as an ICG Unit. An ICG Unit consists of one Ordinary Share and nil Redeemable Shares (at 31 December 2013: an ICG Unit consisted of one Ordinary Share and 10 Redeemable Shares). At a General Meeting of the Company on 22 May 2014, shareholders approved redemption at par and the cancellation of all of the Company's issued Redeemable Shares which was implemented on 6 June 2014.

The rights and obligations attaching to the Ordinary Shares and Redeemable Shares are contained in the Articles of Association of the Company.

Under the Company's Memorandum and Articles of Association the Company at the discretion of the Directors have the power to redeem Redeemable Shares from time to time.

The structure of the Group's and Company's capital and movement during the year are set out in notes 21 and 22 to the financial statements.

It is an event of default under the Group's bank facilities agreement if any person or group of persons acting together becomes the owner of more than fifty per cent of the voting share capital of the Company without the consent of the lenders.

Restrictions on the transfer of shares
Save as set out below there are no limitations in Irish law on the holding of ICG Units and there is no requirement to obtain the approval of the Company, or of other holders of ICG Units, for a transfer of ICG Units. Certain restrictions may from time to time be imposed by laws or regulations such as those relating to insider dealing.

Transfers of Ordinary Shares and Redeemable Shares can only be effected when they are transferred in connection with a simultaneous transfer of the other shares that they are linked as an ICG Unit.

ICG Units are, in general, freely transferable but the Directors may decline to register a transfer of ICG Units upon notice to the transferee, within two months after the lodgement of a transfer with the Company, in the following cases:
(i) a lien is held by the Company; or
(ii) in the case of a purported transfer to an infant or a person lawfully declared to be incapable for the time being of dealing with their affairs.

ICG Units held in certificated form are transferable upon production to the Company's Registrars of the original share certificate and the usual form of stock transfer duly executed by the holder of the shares.

ICG Units held in uncertificated form are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to the ICG Units to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996).

The rights attaching to Ordinary Shares and Redeemable Shares comprised in each ICG Unit remain with the transferor until the name of the transferee has been entered on the Register of Members of the Company.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The powers of the Directors including in relation to the issuing or buying back by the Company of its shares
Under the Articles of Association of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts 1963 to 2013, the Memorandum and Articles of Association of the Company and to any directions given by shareholders at a General Meeting. The Articles further provide that the Directors may make such arrangements as may be thought fit for the management of the Company's affairs including the appointment of such attorneys or agents as they consider appropriate and delegate to such persons such powers as the Directors may deem requisite or expedient.

Pursuant to a special resolution of the shareholders at the Company's Annual General Meeting held on 22 May 2014, the Company, or any of its subsidiaries, were authorised to make market purchases of up to 15% of the issued share capital of the Company. In line with market practice, shareholders will be asked to renew the authority to make market purchases of up to 15% of the Company's issued share capital at the forthcoming Annual General Meeting.

Pursuant to an ordinary resolution of the shareholders at the Company's 2014 Annual General Meeting, and in accordance with the provisions of the Companies Acts 1963 to 2013, the Directors are authorised until the conclusion of the next Annual General Meeting, to allot shares up to an aggregate nominal value of 33.33% of the then present issued Ordinary Share capital and the present authorised but unissued Redeemable Share capital of the Company equivalent to 61,452,817 ICG Units (following the 10-for-1 sub-division of the Ordinary Share Capital implemented by the Board on 9 June 2014), such authority to expire at the conclusion of the Annual General Meeting of the Company to be held in 2015 and shareholders will be asked to renew this authority at the forthcoming Annual General Meeting.

Pursuant to an ordinary resolution passed at the 2014 Annual General Meeting and pursuant to the Directors' powers under the Memorandum and Articles of Association of the Company, the Company on 6 June 2014 redeemed and immediately cancelled all Redeemable Shares in issue such that each ICG Unit then comprised of one Ordinary Shares and nil Redeemable Shares.

Corporate Governance

Corporate Governance Statement – continued

General meetings and shareholders voting rights

Under the Articles of Association, the power to manage the business of the Company is generally delegated to the Directors. However, the shareholders retain the power to pass resolutions at a General Meeting of the Company which may give directions to the Directors as to the management of the Company.

The Company must hold a General Meeting in each year as its Annual General Meeting in addition to any other meetings in that year and no more than fifteen months may elapse between the date of one Annual General Meeting and that of the next. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings. The Directors may at any time call an Extraordinary General Meeting.

Extraordinary General Meetings shall also be convened by the Directors on the requisition of members holding, at the date of the requisition, not less than five percent of the paid up capital carrying the right to vote at General Meetings and in default of the Directors acting within 21 days to convene such a meeting to be held within two months, the requisitionists (or more than half of them) may, but only within three months, themselves convene a meeting.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The holders of ICG Units have the right to receive notice of a General Meeting. In the case of an Annual General Meeting or of a meeting for the passing of a Special Resolution or the appointment of a Director, 21 days' notice at the least, and any other case 14 days' notice at the least (assuming that the shareholders have passed a resolution to this effect at the previous year's Annual General Meeting), needs to be given in writing in the manner provided for in the Articles to all the members (other than those who, under the provisions of the Articles or the conditions of issue of the shares held by them, are not entitled to receive the notice) and to the Auditor for the time being of the Company.

All business is deemed special that is transacted at an Extraordinary General Meeting. All business that is transacted at an Annual General Meeting is also deemed special with the exception of declaring a dividend, receiving the accounts, statements of financial position and reports of the Directors and Auditor, electing Directors in the place of those retiring, consideration of the Report of the Remuneration Committee, appointing the Auditor and fixing of the remuneration of the Auditor.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares held by him. On a poll, every member who is present in person or by proxy has one vote for each share of which he is the holder. A poll may be demanded by the Chairman of the meeting or by at least five members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Deadlines for exercising voting rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to the vote of the meeting. A vote decided on a show of hands is taken forthwith. A vote taken on a poll for the election of the Chairman or on a question of adjournment is also taken forthwith and a poll on any other question is taken either immediately, or at such time (not being more than 30 days from the date of the meeting at which the poll was demanded or directed) as the Chairman of the meeting directs. Where a person is appointed to vote for a shareholder as proxy, the instrument of appointment must be received by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for taking the poll.

Shareholders Rights (Directive 2007/36/EC) Regulations 2009 (S.I. 316/2009)
Every shareholder, irrespective of how many ICG Units they hold, have the right to attend, speak, ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 134A of the Companies Act 1963 (as amended) and pursuant to Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996), specifies record dates for General Meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at the time.

Pursuant to Section 133(B)(1)(a) of the Companies Act 1963, a shareholder, or a group of shareholders who holds at least 3% of the issued share capital of the Company has the right to put an item on the agenda of an Annual General Meeting. In order to exercise this right, written details of the item to be included in the Annual General Meeting agenda must be accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted at the General Meeting together with evidence of the shareholder or group of shareholders shareholding must be received, by the Company, 42 days in advance of the meeting to which it relates.

Pursuant to Section 133(B)(1)(b) of the Companies Act 1963, a shareholder, or a group of shareholders who holds at least 3% of the issued share capital of the Company has the right to table a draft resolution relating to an item on the agenda of a General Meeting. In order to exercise this right, the text of the draft resolution and evidence of the shareholder or group of shareholders shareholding must be received, by the Company, 30 days in advance of the meeting to which it relates.

Details of the postal and email address for shareholders to communicate the information pursuant to Sections 133(B)(1)(a) and 133(B)(1)(b) are set out in the notes to the Notice of the Annual General Meeting. The Company published the date of its Annual General Meeting on its website www.icg.ie on or before 31 December of the previous financial year.

Rules concerning amendment of the Company's Articles of Association
As provided in the Companies Acts 1963 to 2013, the Company may, by special resolution, alter or add to its Articles of Association. A resolution is a special resolution when it has been passed by not less than 75% of the votes cast by shareholders entitled to vote and voting in person or by proxy, at a General Meeting at which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution, has been duly given.

Rules concerning the appointment and replacement of Directors of the Company
Other than in the case of a casual vacancy, Directors of the Company are appointed on a resolution of the shareholders at a General Meeting, usually the Annual General Meeting.

No person, other than a Director retiring at a General Meeting is eligible for appointment as a Director without a recommendation by the Directors for that person's appointment unless, not less than six or more than 40 clear days before the date of the General Meeting, written notice by a shareholder, duly qualified to be present and vote at the meeting, of the intention to propose the person for appointment and notice in writing signed by the person to be proposed of willingness to act, if so appointed, shall have been given to the Company.

The Directors have power to fill a casual vacancy or to appoint an additional Director (within the maximum number of Directors fixed by the Articles (as may be amended by the Company in a General Meeting)) and any Director so appointed holds office only until the conclusion of the next Annual General Meeting following their appointment, when the Director concerned shall retire, but shall be eligible for reappointment at that meeting.

Each Director must retire from office not later than the third Annual General Meeting following their last appointment or reappointment. In addition, one third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to one third), are obliged to retire from office at each Annual General Meeting on the basis of the Directors who have been longest in office since their last appointment.

The Company has adopted the provisions of the UK Corporate Governance Code in respect of the annual election of all Directors. All Directors will retire at the forthcoming Annual General Meeting and following review are being recommended for re-election.

Corporate Governance Statement – continued

A person is disqualified from being a Director, and their office as a Director ipso facto vacated, in any of the following circumstances:

(i) if a receiving order is made against them, or they make any arrangement or composition with their creditors generally;

(ii) if they become of unsound mind;

(iii) if they cease to be a Director, or is prohibited from being a Director under the Companies Acts 1963 to 2013;

(iv) if they resign by notice in writing to the Company;

(v) if they are absent (without leave and without their alternative attending in their absence) for more than 12 consecutive months and the Directors resolve that their office be vacated; and

(vi) if they are convicted of an indictable offence not being an offence under the Road Traffic Act 1961 (or any statutory provision or modification thereof).

Notwithstanding anything in the Articles of Association or in any agreement between the Company and a Director, the Company may, by Ordinary Resolution of which extended notice has been given in accordance with the Companies Acts 1963 to 2013, remove any Director before the expiry of their period of office.

Corporate Governance

Report of the Audit Committee

Composition

At 4 March 2015, the Audit Committee members were non-executive Directors John Sheehan (Chairman), Catherine Duffy and Brian O'Kelly. John Sheehan replaced Brian O'Kelly as Chairman during the year. Catherine Duffy has been a member of the Committee for 3 years. The Board has determined that all appointees are independent and that Brian O'Kelly and John Sheehan have recent and relevant financial experience as outlined in their biographies on pages 36 to 37. The Company Secretary acts as secretary to the Committee.

Meetings

The Committee meets at least three times during the course of each financial year, with each meeting agenda corresponding with the Group's financial year.

The Committee invites the Chief Executive, Finance Director, other senior management, Internal Auditor and External Auditor to attend meetings from time to time. The Committee meets with the Internal Auditor and External Auditor alone at least once a year.

The scheduled meetings take place on the same day as Board meetings. The Chairman provides updates to the Board on key matters discussed and minutes are circulated to the Board.

Role and Responsibilities

The role, responsibilities and duties of the Audit Committee are set out in written terms of reference which were last updated by the Board on 5 March 2014. The terms of reference are available on the Group's website www.icg.ie.

The Committee supports the Board in fulfilling its responsibilities in relation to the integrity of financial reporting and advises whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy. It keeps under review the effectiveness of the Company's internal controls and financial risk management systems, including the internal audit function. It oversees the relationship with the External Auditor, including consideration of the appointment of the External Auditor, the level of audit fees, and any questions of independence, resignation or dismissal. The Committee discusses with the External Auditor the nature and scope of the audit and the findings and results. The Committee also formulates and oversees the operation of the Group's whistleblowing procedures.

Work Performed

The Committee met on three occasions in the period 6 March 2014 to 4 March 2015, and the work undertaken comprised of the following;

Financial Reporting

The Committee reviewed the Group's Half Yearly Financial Report for the six months ended 30 June 2014 and the Statement of Results and Annual Report & Financial Statements, for the year ended 31 December 2014. These reviews considered:

- The appropriateness of the Group's accounting policies and practices;
- The clarity and completeness of disclosures and compliance with financial reporting standards, legislative and regulatory requirements;
- A comparison of these results with management accounts; and
- The critical accounting policies and key sources of estimation applied in the preparation of the financial statements including;

  - Post-retirement benefits

  The Group operates a number of group sponsored pension schemes and is also a participating employer in the Merchant Navy Officers Pension Fund, a multi-employer scheme. Details of these schemes are set out in Note 33 to the financial statements. The size of the pension obligations is material to the Group and sensitive to actuarial assumptions. The Committee has reviewed actuarial advice on the assumptions provided by the Group actuary and discussed these with the External Auditor. The Committee was satisfied that the assumptions used were reasonable and that the obligations set out in the financial statements are consistent with the assumptions.

Corporate Governance

Report of the Audit Committee – continued

- *Non-trading curtailment gain*
  The Committee considered the curtailment gain arising from changes to pension benefits in the Group's main pension scheme as part of a funding proposal to address that schemes deficit under the Irish Pension regulations, having sought actuarial advice on its calculation and discussed the matter with the External Auditor.

- *Going concern*
  The Committee reviewed the appropriateness of using a going concern assumption for the preparation of the Group Financial Statements. The Committee considered future trading projections and available bank facilities and were satisfied that the Group had adequate financial resources to continue in operational existence for the foreseeable future.

- *Useful lives for property, plant and equipment*
  Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of total assets. Changes in the useful lives or residual values may have a significant impact on the annual depreciation and amortisation charge. The Committee reviewed the useful lives of significant assets, along with the residual values used for vessels, and were satisfied that the estimates used were reasonable.

- *Impairment*
  The Group does not have assets which are required to be tested annually for impairment. In relation to other significant assets the Committee made inquiries of management to determine whether there were any indications of impairment. The Committee were satisfied that no internal or external indications of impairment were identified and consequently no impairment review was required.

Following discussion with management and the External Auditor the Committee is satisfied that the financial statements have dealt appropriately with each area of judgement. The External Auditor has also reported to the Committee on any misstatements noted during their audit work in respect of the financial statements for the year ended 31 December 2014 and confirmed that there were no material unadjusted misstatements.

Based on this work the Committee reported to the Board that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance and recommended that the Annual Report and Financial Statements be approved by the Board.

Internal Control

The Committee, on behalf of the Board, reviews the effectiveness of the Company's internal controls and financial risk management systems.

The Committee met with the Internal Auditor without the presence of management. It reviewed and approved the internal audit programme, ensured that the internal audit function is adequately resourced, and considered the major findings of investigations and management's responsiveness to these findings and recommendations.

The Committee also reviewed the report prepared by Internal Audit on business and financial risk reporting to enable the Board to make its annual assessment of the significant risks facing the Group and the adequacy of the monitoring and reporting system maintained by management.

External Audit

The Committee is responsible for managing the relationship with the Group's External Auditor and monitoring their performance, objectivity and independence. Deloitte is the current External Auditor to the Group.

The Committee met with Deloitte prior to the commencement of the audit of the financial statements for the year ended 31 December 2014. The Committee considered Deloitte's internal policies and procedures for maintaining independence and objectivity and their approach to audit quality. Deloitte operate a policy of lead partner rotation and the current lead partner is currently in his fourth year of a five year rotation cycle. The Committee assessed the quality of the external audit plan as presented by Deloitte and satisfied itself as to the expertise and resources being made available. The Committee also reviewed the terms of the Letter of Engagement and approved the level of remuneration.

Deloitte reported their key audit findings to the Committee in March 2015 prior to the finalisation of the financial statements. This report, which included a schedule of unadjusted errors and misstatements, significant judgements and estimations and key areas of risk, was considered by the Committee in forming their recommendation to the Board. The Management Representation Letter was also considered.

The Committee evaluated Deloitte's performance and remains satisfied that they remain effective, objective and independent. The Committee therefore recommended to the Board that Deloitte be retained as auditors to the Group.

The Committee notes the provisions of the UK Corporate Governance Code in respect of audit tendering and the EU Directive on audit reforms and audit tendering which is expected to be enacted into Irish legislation. As the Group currently meets the definition of a smaller company under the Code, the Group intends availing of the exemption under the Code on audit tendering. The Group will comply with the European guidelines on audit tendering once enacted into Irish legislation. Deloitte were appointed External Auditor to the Group in 1994 following a tender process. Under the EU guidelines, the Group will at the latest be required to conduct a tender process for the external audit in respect of the financial year 2020. As Deloitte will have served in excess of 20 years at that time they will not be eligible for re-appointment.

Non-Audit Services

The Committee permits the External Auditor to provide non-audit services where they are satisfied that they do not conflict with auditor independence. The Committee is aware of the proposals in the EU Directive on audit reforms and audit tendering regarding the provision of non-audit services by the External Auditor and will review its policy on this matter to ensure compliance once enacted into Irish legislation. The engagement of the External Auditor to provide non-audit services must be approved by the Committee.

The Audit Committee has considered all relationships between the Company and the external audit firm, Deloitte, including the provision of non-audit services as disclosed in Note 11 to the financial statements. The Committee does not consider that those relationships or the level of non-audit fees impair the auditor's judgement or independence.

Whistleblowing Procedures

The Committee has formulated a whistleblowing policy and put in place procedures to enable employees to raise, in a confidential manner, any genuine concerns about possible financial impropriety or other wrongdoing. The Committee last reviewed this policy and procedures in November 2014.

Corporate Governance

Report of the Nomination Committee

Composition

At 4 March 2015, the Nomination Committee members were non-executive Directors John B. McGuckian (Chairman), Catherine Duffy and executive Director Eamonn Rothwell who have served on this Committee for 15 years, 2 years, and 15 years respectively. The Committee's members professional biographies are set out on pages 36 to 37. The Company Secretary acts as secretary to the Committee

Meetings

The Committee meets as required but at least once during the course of each financial year. The Chairman provides updates to the Board on key matters discussed.

Role and Responsibilities

The role, responsibilities and duties of the Nomination Committee are set out in written terms of reference which were last updated by the Board on 26 November 2003. The terms of reference are available on the Group's website www.icg.ie.

Its duties are to regularly evaluate the balance of skills, knowledge, experience and diversity of the Board and Committees and make recommendations to the Board with regards to any changes. It is also charged with searching out, identifying and proposing to the Board new appointments of executive or non-executive Directors. The committee also considers the re-appointment of any non-executive Director on the expiry of their term of office. In discharging its duties the Committee is cognisant of the requirement to allow for orderly succession and refreshment of the Board. The Committee is also responsible for recommending to the Board an independent external facilitator to assist with the triennial external Board evaluation.

Work Performed

During the year the Committee considered the results of the evaluation of the Board. The Board composition was reviewed and while the Committee was satisfied that the Board size, balance of skills, knowledge, experience and diversity of the Board and Committees were sufficient to enable it to effectively discharge its duties, it was agreed that future potential candidates be identified to ensure orderly Board refreshment.

The Committee, with Mr McGuckian abstaining, also reviewed and recommended to the Board the re-appointment of Mr McGuckian as non-executive Director, subject to re-election by shareholders at the AGM, noting that he has served on the Board for in excess of nine years. In formulating its recommendation the Committee acknowledged the knowledge, skills and experience that he contributes and believes him to be both independent in character and judgement and to be of continued significant benefit to the Board.

The Committee also reviewed the performance of Catherine Duffy as a Director of the Company during her initial three year term and recommended, with Catherine Duffy abstaining, that Catherine be re-appointed as a Director of the Company for a further three year term subject to annual re-election by shareholders at the AGM.

Corporate Governance

Report of the Remuneration Committee

Composition

The Remuneration Committee comprises the non-executive Directors Brian O'Kelly (Chairman) and John Sheehan who have served on this Committee for 2 years and 1 year respectively. Both Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on pages 36 to 37. John Sheehan was appointed to the Committee on 22 May 2014. John B. McGuckian resigned from the committee on 26 August 2014.

Meetings

The Committee meets as required but at least once during the course of each financial year. The Chairman provides updates to the Board on key matters discussed.

Role and Responsibilities

The Committee's duties are to approve the remuneration structures and levels, of the executive Directors and senior management. It ensures a remuneration policy framework such that individuals are appropriately rewarded and motivated to perform in the best interest of the shareholders. In framing remuneration policy the Remuneration Committee has regard to comparable companies in both size and complexity. Remuneration policy is also designed to align remuneration with the financial results of the Group and with the longer term interests of the Group's shareholders. Remuneration comprises salary, performance pay, other benefits, share option awards and restricted share awards.

Work Performed

The Committee met four times during the year. The work performed included consideration of levels of executive Director and senior management remuneration. The level of basic salaries were reviewed by the Committee having regard to job specification, level of responsibility, individual performance and market practice. The Committee approved performance awards, including option grants and awards under the Restricted Share Award Plan to certain employees, based on Group, business unit and individual performance. The Committee reviewed and approved administrative changes to the Group's share option schemes following the sub-division of ICG Units and also recommended that participation in the Restricted Share Plan be extended to executive Directors which was approved by shareholders at the 2014 AGM.

Components of Directors Remuneration

In the year total remuneration of key management including Directors amounted to €3.9 million (2013: €3.6 million). Total Directors' remuneration for the year was €2,764,000 compared with €2,451,000 in 2013 and €2,906,000 in 2012.

The components of Directors' remuneration are set out below:

Salary

Basic salaries of executive Directors were reviewed by the Committee. No increases in basic salaries for executive Directors in 2014 were awarded, with the levels of salary remaining at 2008 levels.

Performance pay and Restricted Shares

Annual performance pay for executive Directors is determined by the Remuneration Committee based on the achievement of the Group's profitability objectives. The principal performance indicator is earnings per share as reported in the audited Financial Statements. Performance pay for the year was €1,224,000 compared with €870,000 in 2013 and €1,346,000 in 2012. For the first time part of the performance pay has been paid in the form of restricted shares awarded under the restricted share plan approved by the shareholders at the AGM in May 2014. Of the performance pay of €1,224,000, €834,000 was made by way of restricted share awards allotted on 2 January 2015 by way of market purchases and €390,000 was paid in cash.

Under the terms of the restricted share plan shares are held in trust for the beneficiaries and may not be sold for a period of 5 years and one month from the date of grant. Part of the cash performance pay in relation to any year is deferred until after the year-end and is normally paid no later than four months after that year-end. There is no explicit arrangement for the recovery of such amounts in the event that the data on which the awards (i.e. audited earnings per share) are based is subsequently found to be materially inaccurate.

Corporate Governance

Report of the Remuneration Committee – continued

Benefits
Benefits comprise the taxable value of company cars and car expenses incurred by the Company.

Pensions
Up to 31 December 2010 the executive Directors had been participants in the Group's contributory defined benefit pension plans under which benefits are accrued annually to provide up to a maximum of two thirds of final pensionable salary at retirement. The plans also provide for death-in-service life insurance cover and also provide for spouse and dependents' pensions in the event of death-in-service or death-in-retirement.

No element of remuneration, other than basic salary, was pensionable. Non-executive Directors do not participate in the Group's pension plans. In 2011, the executive Directors ceased to accrue further benefits under defined benefit pension arrangements. Since then, an allowance is payable to each Director in lieu of pension benefit accrual. The amount of the allowance payable was based on the advice of an independent actuary. The allowance ceases to be payable on the earlier of a Director leaving the service of the Company or on reaching the Director's normal retirement age. Death-in-service benefits continue to be provided to the executive Directors.

Fees
Directors' fees are payable only to non-executive Directors. The level of Directors' fees is determined by the Board and is reviewed from time to time. Directors' fees were last increased in 2004. Eamonn Rothwell is released to serve as a non-executive Director on the Boards of Interferry European Office A.I.S.B.L and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. Any fees received for these positions are paid over to the Group.

Director's Service contracts
There are no Directors' service contracts, except that there is an agreement between the Company and Eamonn Rothwell that, for management retention reasons, in the event of a change in control of the Company (where over 50% of the Company is acquired by a party or parties acting in concert, excluding Eamonn Rothwell) he will have the right to extend his notice period to two years or to receive remuneration in lieu thereof.

Long term incentive plans
There are no long term incentive plans in place other than the Group's 1998 and 2009 share option plans, and restricted share plan.

Share option plans
The Group has two share option plans, the 1998 plan (which expired as regards new grants in 2008) and subsequently the 2009 plan. The purpose of the share option plans is to encourage identification of option holders with shareholders' longer term interests. Under the plans, options have been granted both to Directors and to employees of the Group. The options were granted by the Remuneration Committee on a discretionary basis, based on the employees' expected contribution to the Group in the future. Non-executive Directors are not eligible to participate in the plan.

Share-based payment expense
A charge is recognised in the Consolidated Income Statement in respect of share options issued to executive Directors. The charge in respect of executive Directors for the year ended 31 December 2014 is €1.3 million (2013: €nil) and is included in Employee benefits expense (note 5 to the financial statements) and Related party transactions (note 34 to the financial statements).

Directors' Remuneration

Details of Directors' remuneration for the year ended 31 December 2014 are set out below:

	Salary	Performance Pay		Benefits	Pension	Fees	Total	Total
		Restricted shares	Cash				2014	2013
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors								
E. Rothwell	500	600	314	37	133	-	**1,584**	1,255
G. O'Dea	283	141	43	14	104	-	**585**	566
T. Kelly	206	93	33	22	31	-	**385**	407
Total for executives	**989**	**834**	**390**	**73**	**268**	**-**	**2,554**	**2,228**
Non-executive Directors								
J. B. McGuckian	-	-	-	-	-	90	**90**	90
P. Crowley	-	-	-	-	-	-	**-**	13
B. Somers	-	-	-	-	-	-	**-**	34
C. Duffy	-	-	-	-	-	40	**40**	40
B. O'Kelly	-	-	-	-	-	40	**40**	39
J. Sheehan	-	-	-	-	-	40	**40**	7
Total for non-executives	-	-	-	-	-	210	**210**	223
Total	**989**	**834**	**390**	**73**	**268**	**210**	**2,764**	**2,451**

Director's Pension benefits

The aggregate pension benefits attributable to the executive Directors at 31 December 2014 are as follows:

	E. Rothwell	G. O'Dea	T. Kelly	Total 2014	Total 2013
	€'000	€'000	€'000	€'000	€'000
Increase in accumulated accrued annual benefits (excluding inflation) in the period	-	-	-	-	-
Transfer value of the increase in accumulated accrued benefits (excluding inflation) at year end	-	-	-	-	-
Accumulated accrued annual benefits on leaving service at year end	306	161	130	597	617

Corporate Governance

Report of the Remuneration Committee – continued

Directors' and Company Secretary's share options

Directors' and Company Secretary's share options are set out below:

Exercise Price	Exercise Period	Exercise Conditions	Directors			Secretary
			E. Rothwell	G. O'Dea	T. Kelly	T. Corcoran
€1.000	Apr 2008 - Apr 2015	Note 1	250,000	-	-	-
€1.000	Apr 2010 - Apr 2015	Note 2	250,000	-	-	-
€1.067	Sep 2009 - Sep 2016	Note 1	500,000	-	-	-
€1.067	Sep 2011 - Sep 2016	Note 2	500,000	-	-	70,000
€2.132	Dec 2010 - Dec 2017	Note 1	750,000	375,000	375,000	100,000
€2.132	Dec 2013 - Dec 2017	Note 2	750,000	375,000	375,000	100,000
€1.570	Mar 2015 - Mar 2022	Note 3	-	-	-	100,000
€1.570	Mar 2017 - Mar 2022	Note 4	-	-	-	100,000
At 31 December 2013			3,000,000	750,000	750,000	470,000
Granted during the year			-	-	-	-
Exercised during the year						
Exercise Price	Date of exercise	Market Price				
€2.132	11 March 2014	€3.115	-	-	(150,000)	-
€2.132	13 March 2014	€2.975	-	-	(225,000)	-
At 31 December 2014			**3,000,000**	**750,000**	**375,000**	**470,000**

Exercise Conditions

Note 1: These options may only be exercised if Earnings Per Share growth between the financial year immediately preceding the financial year in which an option is granted and the financial year immediately preceding the financial year in which the option is exercised is at least 2% above the increase in the Consumer Price Index compounded per annum over such period.

Note 2: These options may only be exercised if the Earnings Per Share growth over any period of five financial years since the financial year immediately preceding the financial year in which the option was granted is such as to place the Company in the top quartile of companies in the Irish Stock Exchange Index ("ISEQ Index") by reference to Earnings Per Share growth over the same period and during that period the annual Earnings Per Share growth is at least 10% above the increase in the Consumer Price Index compounded per annum over such period.

Note 3: These options will vest and become exercisable three years after the date of grant once Earnings Per Share growth over any period of three consecutive financial years commencing at the financial year immediately preceding the date of grant is at least 2% above the increase in the Consumer Price Index compounded per annum over such period.

Note 4: These options will vest and become exercisable from the fifth anniversary of grant once (i) Earnings Per Share growth over any period of five consecutive financial years commencing at the financial year immediately preceding the date of grant place the Company in the top quartile of companies either (a) listed on the Irish Stock Exchange and the Irish Enterprise Exchange or (b) included in the London Stock Exchange FTSE 250, by reference to Earnings Per Share growth over the same period and (ii) over that period the Earnings Per Share growth is at least 10% above the increase in the Consumer Price Index compounded per annum over such period.

Market price of shares

The market price of the shares at 31 December 2014 was €3.25 and the range during the year was €2.53 to €3.30.

Corporate Governance

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union as applied in accordance with the Companies Acts, 1963 to 2013; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements are prepared in accordance with IFRS as adopted by the European Union and comply with Irish statute comprising the Companies Acts 1963 to 2013, and as regards the Group Financial Statements Article 4 of the IAS Regulations, and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

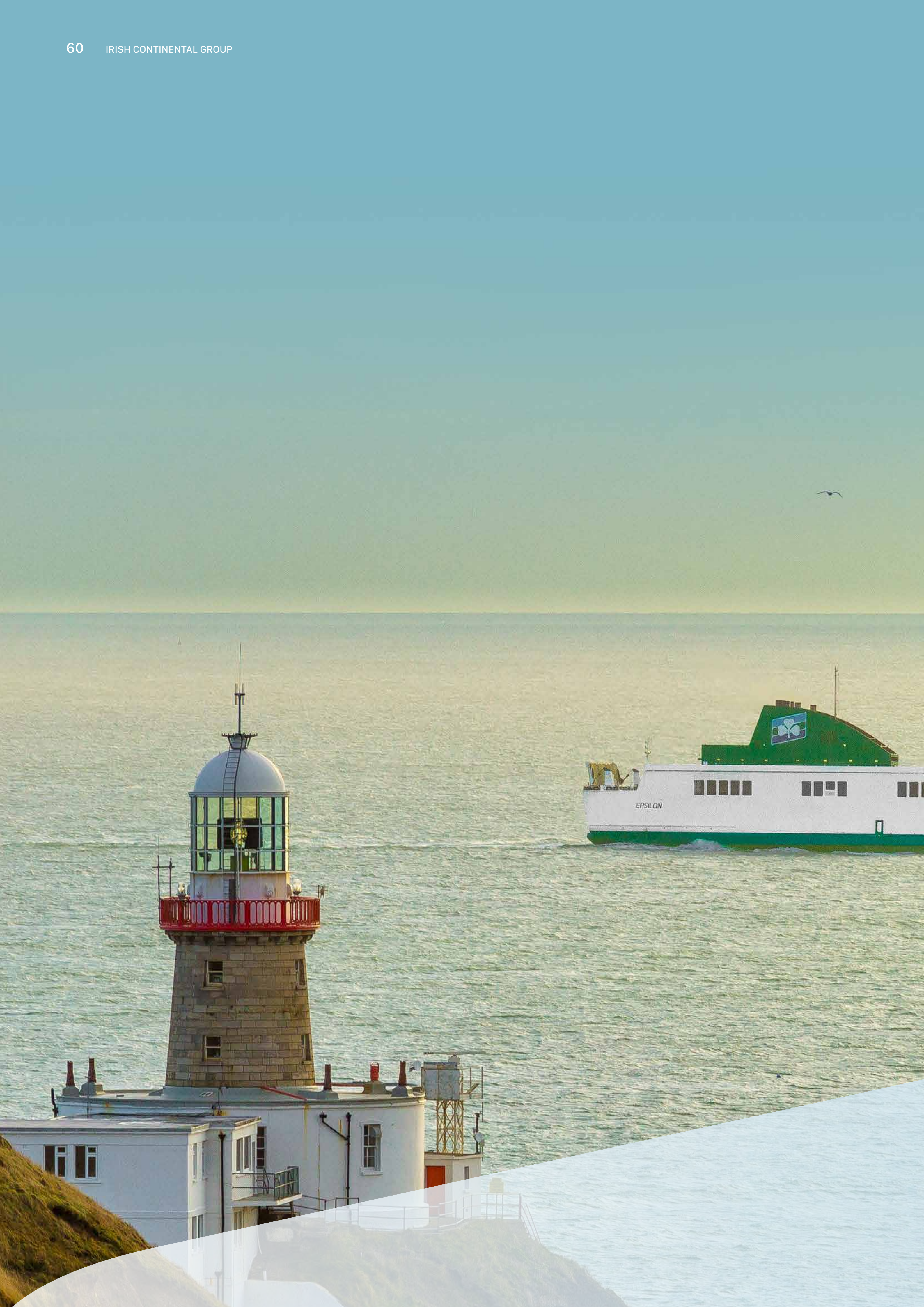
The Directors of Irish Continental Group plc acknowledge these responsibilities and accordingly have prepared this Consolidated Annual Report for the year ended 31 December 2014 in compliance with the provisions of Regulation (EC) No. 1606/2002, regulations 4 and 5 of Statutory Instrument No. 277 of 2007 of Ireland, the Transparency Rules of the Irish Financial Services Regulatory Authority and the applicable International Financial Reporting Standards as adopted by the European Union.

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

- the Consolidated Financial Statements for the year ended 31 December 2014 have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Operating and Financial Review includes a fair review of the development and performance of the business for the year ended 31 December 2014 and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the Board of Director's on 4 March 2015 and signed on its behalf by

Eamonn Rothwell	**Garry O'Dea**
Director	*Director*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FINANCIAL STATEMENTS

in this section

Financial Statements

Independent Auditor's Report
to the members of Irish Continental Group plc

Opinion on financial statements
In our opinion:
- the Group financial statements give a true and fair view, in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, of the state of the Group's affairs as at 31 December 2014 and of its profit for the year then ended;

- the parent company financial statements give a true and fair view, in accordance with IFRSs, as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2013, of the state of the parent company's affairs as at 31 December 2014; and

- the financial statements have been properly prepared in accordance with the Companies Acts 1963 to 2013 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Group Financial Statements: the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows; and the Parent Company Financial Statements: the Company Statement of Financial Position, the Company Statement of Changes in Equity, the Company Statement of Cash Flows; and the related notes 1 to 40. The financial reporting framework that has been applied in their preparation is Irish law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Acts, 1963 to 2013.

Our assessment of risks of material misstatement
The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

Risk of material misstatement	Our audit response to the risk
Useful lives and Impairment of Tangible Assets The risk that useful lives do not represent an appropriate estimate and/or that the assessment of the carrying value of tangible assets is inaccurate. The determination of appropriate provisions requires significant judgment and relies on available data. ***Refer also to page 51 (Audit Committee Report), page 80 (property, plant and equipment accounting policy) and note 14 to the financial statements.***	We tested management processes and controls over both the assessment of useful lives and the consideration of impairment triggers. We assessed the data available and challenged the appropriateness of judgements made.
Retirement Benefit Obligation / Surplus The risk that the recognition and measurement of pension and other retirement benefit obligations are inappropriate. ***Refer also to page 51 (Audit Committee Report), page 79 (retirement benefits obligation accounting policy) and note 33 to the financial statements.***	We challenged the appropriateness of key assumptions and sensitivities used in determining retirement benefits including discount rates, inflation rates and mortality assumptions. We tested the calculation of the asset/liability and the current year curtailment gain.
IT and Control Systems The risk that complex IT systems and related financial reporting controls and systems are impacted by weaknesses in design or operating procedures. ***Refer also to page 51 (Audit Committee Report).***	We examined the design and execution of IT controls including those relating to systems access, IT operations and program change, including mitigating controls where relevant. We tested financial reporting controls in selected areas including revenue, treasury and expenditure.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our assessment of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work. We determined materiality for the Group to be €2m, which is approximately 7% of adjusted profit before taxation (2013: 8%), and below 4% of consolidated Shareholders' equity (2013: below 5%). We use adjusted profit before taxation to exclude the effect of volatility (for example, separately disclosed non trading items) from our determination.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of €100k (2013: €100k) as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in five entities, all of which were subject to a full audit for group and statutory audit purposes. These five entities within full audit scope represent the principal business units and account for 100% of the revenue and 95% of the Group's total assets. Our audit work at the five entities was executed at levels of materiality applicable to each individual entity which were lower than group materiality. We also tested the consolidation process and carried out further analytical procedures to confirm our conclusions in respect of the risks of material misstatement of the aggregated financial information of the entities not subject to full audit.

Matters on which we are required to report by the Companies Acts 1963 to 2013

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion proper books of account have been kept by the parent company;
- The parent company balance sheet is in agreement with the books of account;
- In our opinion the information given in the Report of the Directors is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the Group financial statements is consistent with the Group financial statements; and
- The net assets of the parent company, as stated in the parent company balance sheet are more than half of the amount of its called up share capital and, in our opinion, on that basis there did not exist at 31 December 2014 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the parent company.

Going concern

As required by the Listing Rules we have reviewed the directors' statement contained within the Directors' Report on page 38 that the Group is a going concern. We confirm that:

- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Financial Statements

Independent Auditor's Report - continued
to the members of Irish Continental Group plc

Matters on which we are required to report by exception

Directors' remuneration and transactions
Under the Listing Rules we are required to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made. We have nothing to report arising from our review of these matters.

Corporate Governance Statement
Under the Listing Rules of the Irish Stock Exchange we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex specified for our review. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report
Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Gerard Fitzpatrick
For and on behalf of Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Dublin
4 March 2015

Financial Statements

Consolidated Income Statement
for the year ended 31 December 2014

	Notes	2014 €m	2013 €m
Revenue	4	290.1	264.7
Depreciation and amortisation	11	(17.8)	(19.2)
Employee benefits expense	5	(18.9)	(17.8)
Other operating expenses		(220.7)	(197.7)
		32.7	30.0
Non-trading items	6	28.7	-
Operating profit		**61.4**	**30.0**
Investment revenue	7	0.1	0.2
Finance costs	8	(4.8)	(6.5)
Profit before tax		**56.7**	**23.7**
Income tax expense	9	(0.7)	(0.4)
Profit from continuing operations		**56.0**	**23.3**
Discontinued operations			
Non-trading items	6	-	3.5
Total discontinued operations		-	3.5
Profit for the year: all attributable to equity holders of the parent	11	**56.0**	**26.8**
Earnings per share – expressed in euro cent per share[1]			
Basic	13	30.4c	14.6c
Diluted	13	30.1c	14.5c

The financial statements were approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Eamonn Rothwell
Director

Garry O'Dea
Director

[1] The comparative information has been adjusted for the 10-for-1 sub-division of ICG Units which became effective on 9 June 2014.

Financial Statements

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	Notes	2014 €m	2013 €m
Profit for the year		56.0	26.8
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value movements arising during the year	24 viii	(1.0)	0.2
- Transfer to Consolidated Income Statement – net settlement of cash flow hedge	24 viii	0.3	0.4
Exchange differences on translation of foreign operations		0.3	-
Exchange difference on defined benefit pension schemes	33a viii	0.1	(0.2)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses) / gains on retirement benefit obligation	33a viii	(21.2)	14.3
Deferred tax on defined benefit pension schemes	25	-	(0.1)
Other comprehensive (expense) / income for the year		(21.5)	14.6
Total comprehensive income for the year: all attributable to equity holders of the parent		**34.5**	**41.4**

Financial Statements

Consolidated Statement of Financial Position
as at 31 December 2014

	Notes	2014 €m	2013 €m
Assets			
Non-current assets			
Property, plant and equipment	14	154.0	163.5
Intangible assets	15	0.7	0.8
Finance lease receivable	16	-	14.7
Retirement benefit surplus	33a iv	5.4	4.7
		160.1	**183.7**
Current assets			
Inventories	18	2.0	2.7
Trade and other receivables	19	34.7	33.0
Cash and bank balances	20	22.7	18.5
		59.4	**54.2**
Total assets		**219.5**	**237.9**
Equity and liabilities			
Equity			
Share capital	21	12.0	12.0
Share premium	22	9.7	8.5
Other reserves	22	(8.0)	(9.3)
Retained earnings		47.6	31.0
Equity attributable to equity holders of the parent		**61.3**	**42.2**
Non-current liabilities			
Borrowings	23	66.7	95.2
Trade and other payables	26	-	0.6
Deferred tax liabilities	25	3.8	3.9
Provisions	27	0.5	0.4
Deferred grant	28	0.5	0.6
Retirement benefit obligation	33a iv	29.5	41.4
		101.0	**142.1**
Current liabilities			
Borrowings	23	17.3	16.7
Trade and other payables	26	38.4	35.9
Derivative financial instruments	24 viii	0.7	-
Current income tax liabilities		0.2	0.5
Provisions	27	0.5	0.4
Deferred grant	28	0.1	0.1
		57.2	**53.6**
Total liabilities		**158.2**	**195.7**
Total equity and liabilities		**219.5**	**237.9**

The financial statements were approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Eamonn Rothwell
Director

Garry O'Dea
Director

Financial Statements

Consolidated Statement of Changes in Equity

for the year ended 31 December 2014

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2014	**12.0**	**8.5**	**7.3**	**3.1**	**-**	**(19.7)**	**31.0**	**42.2**
Profit for the year	-	-	-	-	-	-	56.0	56.0
Other comprehensive (expense) / income	-	-	-	-	(0.7)	0.3	(21.1)	(21.5)
Total comprehensive (expense) / income for the year	-	**-**	**-**	**-**	**(0.7)**	**0.3**	**34.9**	**34.5**
Employee share-based payments expense	-	-	-	2.2	-	-	-	2.2
Share issue	-	1.2	-	-	-	-	-	1.2
Dividends	-	-	-	-	-	-	(18.8)	(18.8)
Transferred to retained earnings on exercise of share options	-	-	-	(0.5)	-	-	0.5	-
	-	**1.2**	**-**	**1.7**	**(0.7)**	**0.3**	**16.6**	**19.1**
Balance at 31 December 2014	**12.0**	**9.7**	**7.3**	**4.8**	**(0.7)**	**(19.4)**	**47.6**	**61.3**

Analysed as follows:

Share capital	12.0
Share premium	9.7
Other reserves	(8.0)
Retained earnings	47.6
	61.3

Financial Statements

Consolidated Statement of Changes in Equity
for the year ended 31 December 2013

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2013	**11.9**	**7.5**	**7.3**	**3.4**	**(0.6)**	**(19.7)**	**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	-	-	-	-	-	-	(18.4)	(18.4)
Transferred to retained earnings on exercise of share options	-	-	-	(0.4)	-	-	0.4	-
	0.1	**1.0**	**-**	**(0.3)**	**0.6**	**-**	**22.8**	**24.2**
Balance at 31 December 2013	**12.0**	**8.5**	**7.3**	**3.1**	**-**	**(19.7)**	**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

Financial Statements

Company Statement of Financial Position
as at 31 December 2014

	Notes	2014 €m	2013 €m
Assets			
Non-current assets			
Property, plant and equipment	14	2.0	2.3
Intangible assets	15	0.5	0.6
Investments in subsidiaries	17	12.1	11.6
Retirement benefit surplus	33b iv	0.8	1.1
		15.4	**15.6**
Current assets			
Inventories	18	0.5	0.6
Trade and other receivables	19	126.2	87.2
Cash and bank balances	20	0.8	0.8
		127.5	**88.6**
Total assets		**142.9**	**104.2**
Equity and liabilities			
Equity			
Share capital	21	12.0	12.0
Share premium	22	9.7	8.5
Other reserves	22	12.0	10.3
Retained earnings		44.3	37.6
Equity attributable to equity holders		**78.0**	**68.4**
Non-current liabilities			
Borrowings	23	1.2	1.5
Retirement benefit obligation	33b iv	0.5	0.7
		1.7	**2.2**
Current liabilities			
Borrowings	23	0.4	0.3
Trade and other payables	26	62.8	33.3
		63.2	**33.6**
Total liabilities		**64.9**	**35.8**
Total equity and liabilities		**142.9**	**104.2**

The financial statements were approved by the Board of Directors on 4 March 2015 and signed on its behalf by:

Eamonn Rothwell
Director

Garry O'Dea
Director

Financial Statements

Company Statement of Changes in Equity
for the year ended 31 December 2014

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2014	12.0	8.5	7.2	3.1	37.6	68.4
Profit for the year	-	-	-	-	25.6	25.6
Other comprehensive expense	-	-	-	-	(0.4)	(0.4)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**25.2**	**25.2**
Employee share-based payments expense	-	-	-	1.5	-	1.5
Share issue	-	1.2	-	-	-	1.2
Dividends	-	-	-	-	(18.8)	(18.8)
Share options granted to employees in subsidiaries	-	-	-	0.5	-	0.5
Transferred to retained earnings on exercise of share options	-	-	-	(0.3)	0.3	-
	-	1.2	-	1.7	6.7	9.6
Balance at 31 December 2014	12.0	9.7	7.2	4.8	44.3	78.0

Analysed as follows:

Share capital	12.0
Share premium	9.7
Other reserves	12.0
Retained earnings	44.3
	78.0

Financial Statements

Company Statement of Changes in Equity
for the year ended 31 December 2013

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2013	**11.9**	**7.5**	**7.2**	**3.4**	**42.0**	**72.0**
Profit for the year	-	-	-	-	14.4	14.4
Other comprehensive expense	-	-	-	-	(0.5)	(0.5)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**13.9**	**13.9**
Share issue	0.1	1.0	-	-	-	1.1
Dividends	-	-	-	-	(18.4)	(18.4)
Share options granted to employees in subsidiaries	-	-	-	(0.2)	-	(0.2)
Transferred to retained earnings on exercise of share options	-	-	-	(0.1)	0.1	-
	0.1	**1.0**	**-**	**(0.3)**	**(4.4)**	**(3.6)**
Balance at 31 December 2013	**12.0**	**8.5**	**7.2**	**3.1**	**37.6**	**68.4**

Analysed as follows:	
Share capital	12.0
Share premium	8.5
Other reserves	10.3
Retained earnings	37.6
	68.4

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Consolidated Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 €m	2013 €m
Net cash inflow from operating activities	35	**39.7**	**35.6**
Cash flow from investing activities			
Interest received		0.1	0.2
Proceeds on disposal of property, plant and equipment		0.1	0.4
Net proceeds received on disposal of subsidiary		-	9.4
Payment received on finance lease receivable		17.8	2.9
Purchases of property, plant and equipment		(7.7)	(8.4)
Purchases of intangible assets		(0.3)	(0.3)
Net cash inflow from investing activities		**10.0**	**4.2**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(18.8)	(18.4)
Repayments of borrowings		(39.6)	(31.9)
Repayments of obligations under finance leases		(0.8)	(0.7)
Proceeds on issue of ordinary share capital		1.2	1.1
New bank loans raised		7.5	5.0
Proceeds from sale and lease back		1.6	1.2
Net cash outflow from financing activities		**(48.9)**	**(43.7)**
Net increase / (decrease) in cash and cash equivalents		0.8	(3.9)
Cash and cash equivalents at beginning of year		18.5	22.3
Effect of foreign exchange rate changes		0.1	0.1
Cash and cash equivalents at end of year	36	**19.4**	**18.5**

Financial Statements

Company Statement of Cash Flows

for the year ended 31 December 2014

	Notes	2014 €m	2013 €m
Net cash outflow from operating activities	35	**(11.9)**	**(5.0)**
Cash flow from investing activities			
Interest received		-	0.1
Dividend received from subsidiary		32.0	16.0
Net proceeds received on disposal of investment in subsidiary		-	9.4
Purchases of property, plant and equipment		(2.1)	(3.0)
Purchases of intangible assets		(0.2)	(0.2)
Net cash inflow from investing activities		**29.7**	**22.3**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(18.8)	(18.4)
Repayments of borrowings		-	(5.0)
Repayments of obligations under finance leases		(0.3)	(0.2)
Proceeds on issue of ordinary share capital		1.2	1.1
New bank loans raised		-	5.0
Proceeds from sale and lease back		-	0.6
Net cash outflow from financing activities		**(17.9)**	**(16.9)**
Net (decrease) / increase in cash and cash equivalents		(0.1)	0.4
Cash and cash equivalents at beginning of year		0.8	0.4
Cash and cash equivalents at end of year	36	**0.7**	**0.8**

Financial Statements

Notes to the Financial Statements
for the year ended 31 December 2014

1. General information
Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland under the Companies Acts 1963 to 2013. The addresses of its registered office and principal places of business are disclosed on the inside back cover of the Annual Report. The principal activities of the Group are described in note 4.

The Group carries passengers and cars, RORO freight and container LOLO freight, on routes between Ireland, the United Kingdom and Continental Europe. The Group also operates container terminals in the ports of Dublin and Belfast.

The Company operates a passenger and freight shipping service between Ireland and France. It is also the holding Company of a number of subsidiary companies.

2. Summary of accounting policies
Statement of Compliance
The financial statements have been prepared in accordance with IFRS as adopted by the European Union and therefore the Group's financial statements comply with Article 4 of the IAS Regulations. The financial statements have also been prepared in accordance with the Companies Acts 1963 to 2013, and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

Basis of preparation
The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments.

All figures presented in the financial statements are in Euro millions rounded to one decimal place except where otherwise indicated.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Restatement of Earnings per share, dividend per share and number of ordinary shares
The comparative information for the earnings per share calculation has been restated to reflect the 10-for-1 sub-division of ICG Units which occurred on 9 June 2014. The comparative dividend per ICG Unit, numbers of ordinary shares information and all other share / Unit disclosures have also been restated.

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

2. Summary of accounting policies - continued

New standards and interpretations

The Group adopted certain new and revised International Financial Reporting Standards (IFRS's) and Interpretations in the year. The impact of these is set out below.

The following standards and interpretations have been adopted since the last Annual Report but had no material impact on the Financial Statements:

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

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

Title	Effective date – periods beginning on or after
IFRS 1 (Amendment) First-time adoption of International Financial Reporting Standards	1 July 2014
IFRS 2 (Amendment) Share-based payment	1 July 2014
IFRS 3 (Amendments) Business Combinations	1 July 2014
IFRS 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
IFRS 7 (Amendment) Financial Instruments: Disclosures	1 January 2016
IFRS 8 (Amendment) Operating Segments	1 July 2014
IFRS 9 Financial Instruments	1 January 2018
IFRS 10 (Amendments) Consolidated Financial Statements	1 January 2016
IFRS 11 (Amendment) Joint Arrangements	1 January 2016
IFRS 12 (Amendment) Disclosure of Interests in Other Entities	1 January 2016
IFRS 13 (Amendments) Fair Value Measurement	1 July 2014
IFRS 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IAS 1 (Amendment) Presentation of Financial Statements	1 January 2016
IAS 16 (Amendment) Property, Plant and Equipment	1 July 2014
IAS 16 (Amendments) Property, Plant and Equipment	1 January 2016
IAS 19 (Amendment) Employee Benefits	1 July 2014
IAS 19 (Amendment) Employee Benefits	1 January 2016
IAS 24 (Amendment) Related Party Disclosures	1 July 2014
IAS 27 (Amendment) Consolidated and Separate Financial Statements	1 January 2016
IAS 28 (Amendments) Investments in Associates	1 January 2016
IAS 34 (Amendment) Interim Financial Reporting	1 January 2016
IAS 38 (Amendment) Intangible Assets	1 July 2014
IAS 38 (Amendment) Intangible Assets	1 January 2016
IAS 40 (Amendment) Investment Property	1 July 2014
IAS 41 (Amendment) Agriculture	1 January 2016

2. Summary of accounting policies - continued

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group, however at this point they do not believe they will have significant impact on the financial statements of the Group in future periods.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable from passenger and freight services supplied to third parties, net of discounts and value added tax in accordance with standard terms and conditions.

Passenger ticket revenue is recognised at the date of travel. Unused tickets which are non-refundable once the booked travel date has passed are treated as revenue in accordance with the Group's terms and conditions of sale. Freight revenue is recognised at the date of transportation. Proceeds from passenger tickets sold before the year end for a travel date after the year end are included in the Statement of Financial Position in current liabilities under the caption 'Trade and other payables'. Sale of passenger tickets which result in future discounts for customers are accounted for as multiple element revenue transactions and the fair value of the consideration received is allocated between the original tickets supplied and the future travel discount granted. The consideration allocated to the future travel discount is measured by reference to its fair value, the amount for which the reduction being the future sales value could be sold separately. Such consideration is not recognised as revenue at the time of the initial sale transaction but is deferred and recognised as revenue when the future travel discount is granted and the Group's obligations have been fulfilled.

Cash & credit card revenue from on-board sales is recognised immediately.

Revenue received under vessel charter agreements is recognised on a daily basis at the applicable daily rate under the terms of the charter agreement. Finance lease income is included in Revenue and is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

Investment revenue

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Non-trading items

Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and Company and which individually or, if of a similar type, in aggregate are separately disclosed by virtue of their size or incidence. Judgement is used by the Group and Company in assessing the particular items which should be disclosed in the Consolidated Income Statement and related notes as non-trading items.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The capital element of future lease rentals is treated as a liability and is included in the Consolidated Statement of Financial Position as a finance lease obligation.

The interest element of lease payments is charged to the Consolidated Income Statement over the period of the lease in proportion to the balance outstanding.

Financial Statements

Notes to the Financial Statements - continued

for the year ended 31 December 2014

2. Summary of accounting policies - continued

Rentals payable under operating leases are charged to the Consolidated Income Statement on a straight-line basis over the term of the lease.

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term as a reduction of the rental expense.

The Group as lessor

Under *IAS 17 Leases*, the Group treats long term bareboat hire purchase sale agreements in relation to disposal of vessels as finance leases. The sales proceeds recognised at the commencement of the lease term by the Group is the fair value of the asset. The carrying amount of the asset is offset against the sales proceeds and the net amount is recognised as the profit / loss on disposal, which is recognised in the Consolidated Income Statement. Costs incurred by the Group in connection with negotiating and arranging a finance lease are recognised as an expense at the commencement of the lease term.

Amounts due from lessees under the finance lease are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is included in Revenue and is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying value of the lease asset and recognised on a straight-line basis over the lease term.

Sale and leaseback

A sale and leaseback transaction is one where the Group sells an asset and immediately reacquires the use of the asset by entering into a lease with the buyer. The accounting treatment of the sale and leaseback depends upon the substance of the transaction (by applying the lease classification principles described above) whether or not the sale was made at the asset's fair value and the relationship with the buyer which is based on levels of control and influence (the buyer may be an associate, joint venture or an unrelated party). For sale and finance leasebacks, any profit from the sale is deferred and amortised over the lease term. For sale and operating leasebacks, generally the assets are sold at fair value, and accordingly the profit or loss from the sale is recognised immediately in the Group Income Statement.

Following initial recognition, the lease treatment is consistent with those principles described above.

Foreign currencies

The individual financial statements of each Group entity are prepared in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of each entity are expressed in Euro, which is the functional currency of the Company, and the presentation currency for the Consolidated Financial Statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the Consolidated Income Statement for the year.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in Euro using exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used.

2. Summary of accounting policies - continued

Exchange differences arising on the translation of foreign currency subsidiaries, if any, are recognised in the Consolidated Statement of Comprehensive Income and accumulated in equity in the translation reserve. On disposal of a foreign subsidiary the cumulative translation difference for that foreign subsidiary is transferred to the Consolidated Income Statement as part of the gain or loss on disposal.

In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and options (see below for details of the Group's accounting policies in respect of such derivative financial instruments).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on borrowings and other currency instruments of such investments, are recognised in other comprehensive income and accumulated in equity.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations and has been disposed of or is held for sale. When an operation is classified as a discontinued operation, the comparative Consolidated Income Statement is restated as if the operation had been discontinued from the start of the earliest period presented.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, gains and losses on hedging instruments that are recognised in the Consolidated Income Statement and the unwinding of discounts on provisions.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

The interest expense component of finance lease payments is recognised in the Consolidated Income Statement using the effective interest rate method.

The net interest cost on defined benefit pension schemes is recognised in the Consolidated Income Statement under finance costs in accordance with *IAS 19 Employee Benefits*.

Retirement benefit schemes

Defined benefit pension schemes

For defined benefit pension schemes, the cost of providing benefits and the liabilities of the schemes are determined using the projected unit credit method with assets valued at bid price and actuarial valuations being carried out by independent and professionally qualified actuaries at each statement of financial position date. Current service costs, past service cost, or credit, and net interest expense or income are recognised in the Consolidated Income Statement. Adjustments in respect of a settlement, a curtailment and past service cost, or credit, are recognised in the Consolidated Income Statement in the period of a plan amendment. Remeasurement comprising, actuarial gains and losses is reflected in the Statement of Financial Position with a charge or credit recognised in the Consolidated Statement of Comprehensive Income in the period in which they occur.

The net interest cost on defined benefit pension schemes has been recorded in the Consolidated Income Statement under finance costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In addition to the pension schemes operated by the Group, certain employees are included in the Merchant Navy Officers Pension Fund (MNOPF). As the Group has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit pension scheme and its liability recognised accordingly. The Group's share of the MNOPF deficit as advised by the trustees is included with the other Group schemes.

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

2. Summary of accounting policies - continued

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit pension schemes. Any surplus resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Defined contribution pension schemes
Payments to defined contribution pension schemes are recognised as an expense as they fall due. Any contributions outstanding at the period end are included as an accrual in the Consolidated Statement of Financial Position.

Taxation
Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Consolidated Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

A proportion of the Group's profits fall within the charge to tonnage tax, under which regime taxable profits are relieved to an amount based on the tonnage of vessels employed during the year. In accordance with the IFRIC guidance on *IAS 12 Income Taxes,* the tonnage tax charge is included within other operating expenses in the Consolidated Income Statement.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax laws and rates that have been enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to the Consolidated Statement of Comprehensive Income or is dealt with in equity.

Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Property, plant and equipment
Passenger ships
Passenger ships are stated at cost, with the exception of the fast ferry Jonathan Swift which is stated at deemed cost upon transition to IFRS, less accumulated depreciation and any accumulated impairment losses.

The amount initially recognised in respect of passenger ships less estimated residual value, is allocated between hull & machinery and hotel & catering areas for depreciation purposes.

2. Summary of accounting policies - continued

In considering residual values of passenger ships, the Directors have taken into account the valuation of the scrap value of the ships per light displacement tonne. Residual values are reviewed annually and updated if required. Estimations of economic life and residual values of ships are a key accounting judgement and estimate in the financial statements.

For all passenger ships, hotel and catering components are depreciated on a straight line basis over 10 years. For fast ferries, hull and machinery components are depreciated on a straight line basis over an estimated useful life of 15 years. For conventional ferries, hull and machinery components are depreciated over an initial estimated useful life of 30 years but this is reviewed on a periodic basis for vessels remaining in service 25 years after original construction. The carrying values of passenger ships are reviewed for impairment when there is any indication that the carrying values may not be recoverable in which case the assets are written down to their recoverable amount.

Drydocking
Costs incurred in renewing the vessel passenger certificate are capitalised as a separate component within passenger ships and depreciated over the period to expiry of certificate.

Other assets
Property, plant and equipment, other than passenger ships and freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost and is not depreciated. The carrying values of other assets are reviewed for impairment when there is any indication that the carrying values may not be recoverable in which case the assets are written down to their recoverable amount. Cost comprises purchase price and directly attributable costs.

The amount initially recognised in respect of an item of other assets is allocated to its significant parts and each such part is depreciated separately. In respect of stevedoring equipment cost is allocated between structural frame and machinery.

Depreciation on the property, plant and equipment other than passenger ships but including leased assets is charged so as to write off the cost or deemed cost of assets, other than freehold land and assets under construction, over the estimated useful lives, using the straight-line method, on the following bases:

Buildings	0.7%-10%
Plant and Equipment	4%-25%
Vehicles	20%

Assets held under finance leases are depreciated over the shorter of their expected useful lives or the lease term, taking into account the time period over which benefits from the leased assets are expected to accrue to the Group.

Assets under construction, the construction of which takes a substantial period of time are recorded at the cost incurred to date less any impairment loss and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use. Cost includes borrowing costs capitalised in accordance with the Group's accounting policies.

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale. Income is accounted for when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

Intangible assets
Computer Software
Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes, if it is probable that the expected future economic benefits that are attributable to these assets will flow to the Group and the cost of these assets can be measured reliably. Computer software costs recognised as assets are written off on a straight line basis over their estimated useful lives, which is normally 5 years.

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

2. Summary of accounting policies - continued

Investments in subsidiaries
Investments in subsidiaries held by the Company are carried at cost less any accumulated impairment losses. Share options granted to employees of subsidiary companies are accounted for as an increase in the carrying value of the investment in subsidiaries and the share options reserve.

Government grants
Grants of a capital nature are treated as deferred income and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement in the same periods as the related expenditure is charged. Government grants are not recognised until there is a reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Impairment of property, plant and equipment and intangible assets
At each statement of financial position date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the assets (cash generating units) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost represents suppliers' invoiced cost net of any related discounts etc. determined on a first in, first out basis. Net realisable value represents the estimated selling price less all costs to be incurred in marketing, selling and distribution.

Treasury shares
Consideration paid to purchase the Company's equity share capital is deducted from the total shareholders' equity and classified as treasury shares until such shares are cancelled. No gain or loss is recognised on the purchase, sale, issue or cancellation of the treasury shares. Where such shares are subsequently sold or reissued, any consideration received is included in total shareholders' equity.

The Capital Redemption reserve represents the nominal value of share capital repurchased.

Financial instruments
Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade receivables
Trade receivables are measured at initial recognition at invoice value, which approximates to fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the Consolidated Income Statement when there is objective evidence that the carrying value of the asset exceeds the recoverable amount.

Trade receivables are classified as loans and receivables which are subsequently measured at amortised cost, using the effective interest method.

2. Summary of accounting policies - continued

Cash and bank balances
Cash and bank balances comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities and equity
Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Bank borrowings
Interest-bearing bank loans and overdrafts are recorded at fair value, net of transaction costs incurred. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for in the profit or loss using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Bank borrowings are classified as financial liabilities and are measured subsequently at amortised cost using the effective interest rate method.

Trade payables
Trade payables are classified as other financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments
Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedge accounting
The Group's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rates. The Group uses foreign exchange forward contracts and interest rate swaps to hedge these exposures.

The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are held in the Consolidated Statement of Financial Position at their fair value. Changes in the fair value of derivative financial instruments that are designated, and are effective, as hedges of changes in future cash flows are recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the cash flow hedge of a firm commitment or forecasted transaction subsequently results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that was previously recognised in other comprehensive income and accumulated in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts accumulated in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects profit or loss.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated Income Statement as they arise.

Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument accumulated in equity is retained in equity until the forecasted transactions occur. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in equity is transferred to the Consolidated Income Statement in the period.

Contingent liability
A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

2. Summary of accounting policies - continued

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

Financial guarantee contracts
Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time it becomes probable that the Group will be required to make a payment under the guarantee.

Share-based payments
The Group has applied the requirements of *IFRS 2 Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that were unvested at 1 January 2004.

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares expected to vest as a result of the effect of non-market based vesting conditions.

Fair value is measured using the Binomial pricing model. The Binomial pricing model has been used as in the opinion of the Directors this is more appropriate given the nature of the schemes.

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where non-trading items results in the EPS performance criteria for the vesting of the options being met, the share-based payment expense directly attributable to non-trading items is included in non-trading items in the Consolidated Income Statement.

Employee benefits expense
Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. A liability for a termination benefit is recognised at the earlier of when an entity can no longer withdraw the offer of the termination benefit and the entity recognises any related restructuring costs.

Distributions
Distributions are accounted for when they are approved, through retained earnings. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividends received from fellow subsidiaries are eliminated on consolidation.

Operating profit
Operating profit is stated after non-trading items arising from continuing operations. Non-trading items are material non-recurring items that derive from an event or transaction that falls 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 but before investment income and finance costs.

Adjusted earnings per share
Adjusted earnings per share, is earnings per share adjusted to exclude the net interest cost on defined benefit pension schemes and non-trading items.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these amounts. The estimates and underlying assumptions are reviewed on an on-going basis.

Key sources of estimation uncertainty and critical accounting judgements are as follows:

Post-retirement benefits
The Group's and Company's total obligation in respect of defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Group and Company. Further details are set out in note 33.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is in deficit. Under the rules of the fund all employers are jointly and severally liable for the deficit. The deficit included in these accounts for the Group and Company represents an apportionment of the overall scheme deficit based on notification received from the trustees which is currently 1.53% for the Group and 0.51% for the Company, less any deficit payments made. Should other participating employers default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Non-trading item: Curtailment gain
During the year the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, the Irish Ferries Limited Pension Scheme. Under the terms of the agreement, 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 Directors considered that these amendments gave rise to a curtailment gain calculated at €31.0 million. In considering the matter the Directors sought actuarial advice and discussed the matter with the External Auditor.

Going concern
The Directors have satisfied themselves that the Group and Company are going concerns having adequate financial resources to continue in operational existence for the foreseeable future. In forming their view the Directors have taken into consideration the future financial requirements of the Group and Company and the existing bank facilities which have a maturity in September 2017.

Useful lives for Property, plant and equipment and Intangible assets
Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly reviews these lives and changes them if necessary to reflect current conditions. In determining these useful lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the asset. Changes in the useful lives or residual values may have a significant impact on the annual depreciation and amortisation charge. Details of the useful lives are included in the accounting policy headed property, plant and equipment. Further details are set out in note 14.

Impairment
As the Group does not have assets which are required to be tested annually for impairment, no impairment review for long lived-assets is necessitated. In relation to other assets, the Group assessed those assets to determine if there were any indications of impairment. Factors considered in identifying whether there were any indications of impairment included the economic performance of assets, technological developments, new rules and regulations, shipbuilding costs and carrying value versus market capitalisation of the Group. No internal or external indications of impairment were identified and consequently no impairment review was performed.

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

4. Segmental information

Revenue

The following is an analysis of the Group's revenue for the year:

	2014 €m	2013 €m
Ferries	184.3	161.7
Container & Terminal	107.0	104.3
Inter-segment	(1.2)	(1.3)
Total	**290.1**	**264.7**

Business segments

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 and external charter of combined RORO passenger ferries. 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.

Segment information about the Group's operations is presented below.

	Ferries €m	Container & Terminal €m	Inter-segment €m	Total €m
Revenue				
2014				
External revenue	184.3	105.8	-	290.1
Inter-segment revenue	-	1.2	(1.2)	-
Total	**184.3**	**107.0**	**(1.2)**	**290.1**
2013				
External revenue	161.7	103.0	-	264.7
Inter-segment revenue	-	1.3	(1.3)	-
Total	**161.7**	**104.3**	**(1.3)**	**264.7**

Inter-segment revenue is at prevailing market prices.

An analysis of the Group's revenue is as follows:

	2014 €m	2013 €m
Passenger	109.3	100.7
Freight	176.7	159.3
Other	4.1	4.7
Total	**290.1**	**264.7**

4. Segmental information - continued

No single external customer in the current or prior year amounted to 10 per cent or more of the Group's revenues.

	Ferries		Container & Terminal		Total	
	2014	2013	2014	2013	2014	2013
	€m	€m	€m	€m	€m	€m
Result						
Operating profit before non-trading items	28.0	24.9	4.7	5.1	32.7	30.0
Non-trading items	28.7	-	-	-	28.7	-
Investment revenue	0.1	0.2	-	-	0.1	0.2
Finance costs	(4.6)	(6.3)	(0.2)	(0.2)	(4.8)	(6.5)
Profit before tax	52.2	18.8	4.5	4.9	56.7	23.7
Income tax expense	(0.6)	(0.4)	(0.1)	-	(0.7)	(0.4)
Profit from continuing operations	51.6	18.4	4.4	4.9	56.0	23.3
Non-trading profit from discontinued operations	-	-	-	3.5	-	3.5
Profit for the year	51.6	18.4	4.4	8.4	56.0	26.8
Statement of Financial Position						
Assets						
Segment assets	154.7	176.6	42.1	42.8	196.8	219.4
Cash and bank balances	22.1	16.4	0.6	2.1	22.7	18.5
Consolidated total assets	176.8	193.0	42.7	44.9	219.5	237.9
Liabilities						
Segment liabilities	56.9	66.3	17.3	17.5	74.2	83.8
Borrowings	81.4	110.0	2.6	1.9	84.0	111.9
Consolidated total liabilities	138.3	176.3	19.9	19.4	158.2	195.7
Other segment information						
Capital additions	6.8	8.0	1.2	0.7	8.0	8.7
Depreciation and amortisation	15.1	16.6	2.7	2.6	17.8	19.2

Geographic analysis of revenue by origin of booking

	2014	2013
Revenue	€m	€m
Ireland	147.5	131.0
United Kingdom	52.8	46.1
Netherlands	48.3	45.9
Belgium	24.6	25.0
France	7.1	7.4
Other	9.8	9.3
Total	**290.1**	**264.7**

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

4. Segmental information - continued
Geographic analysis of location of property, plant and equipment

Property, plant and equipment	2014 €m	2013 €m
Vessels at sea / assets in transit		
Passenger ships	118.8	126.9
Containers	3.6	3.4
	122.4	130.3
On Shore		
Ireland	29.0	30.5
Other	2.6	2.7
	31.6	33.2
Carrying amount at 31 December	**154.0**	**163.5**

Due to the mobile nature of some of the assets in property, plant and equipment, their location is not always fixed.

5. Employee benefits expense

	2014	2013
The average number of employees during the year was as follows:		
Ferries	216	211
Container & Terminal	101	101
	317	312
The number of employees at year end was	322	318

	2014 €m	2013 €m
Aggregate costs of employee benefits were as follows:		
Wages and salaries	16.7	16.1
Social welfare charge	1.8	1.7
Defined benefit pension scheme - current service cost (note 33a vii)	1.9	1.9
Defined contribution pension scheme – pension cost (note 33a)	0.1	0.1
Past service credit (note 33a vii)	(1.8)	(2.1)
Share-based payment expense	0.2	0.1
Total	**18.9**	**17.8**

6. Non-trading items

	2014 €m	2013 €m
Continuing operations		
Curtailment gain arising from Pension deficit funding agreement less related costs	28.7	-
Discontinued operations		
Gain on the disposal of discontinued operations (note 10)	-	3.5
Total non-trading items	**28.7**	**3.5**

During the year the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, the Irish Ferries Limited Pension Scheme. Under the terms of the agreement, 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 reduction in liability arising has been estimated at €31.0 million by the scheme actuary. This curtailment gain of €31.0 million less €2.0 million in directly related share options expenses and €0.3 million of directly related professional fees has been included as a non-trading item in the Consolidated Income Statement and within the Ferries division segment. The share-based payment expense directly attributable to the gain arises because the curtailment gain resulted in the EPS performance criteria for the vesting of the options being met.

In 2013, a gain of €3.5 million on disposal of a former subsidiary was recognised, following the receipt of all deferred contingent consideration due under the Sale Agreement, which had been dependent upon the achievement of certain conditions. In addition there was a settlement for working capital less costs of disposal incurred.

7. Investment revenue

	2014 €m	2013 €m
Interest on bank deposits	0.1	0.2

8. Finance costs

	2014 €m	2013 €m
Interest on bank overdrafts and loans	3.4	4.3
Interest on obligations under finance leases	0.2	0.2
Net interest cost on defined benefit pension schemes (note 33a vii)	1.2	2.0
	4.8	6.5

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for the year ended 31 December 2014

9. Income tax expense

	2014 €m	2013 €m
Current tax	0.8	0.6
Deferred tax (note 25)	(0.1)	(0.2)
Total income tax expense for the year	**0.7**	**0.4**

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish 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. In accordance with the IFRIC guidance on *IAS 12 Income Taxes*, the tonnage tax charge is not considered an income tax expense and has been included in other operating expenses in the Consolidated Income Statement.

Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax scheme. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions and range between 21% and 23% (2013: 23% and 24%).

The total expense for the year is reconciled to the accounting profit as follows:

	2014 €m	2013 €m
Profit before tax	56.7	23.7
Gain on disposal of discontinued operations	-	3.5
Total	56.7	27.2
Tax at the domestic income tax rate of 12.5% (2013: 12.5%)	7.1	3.4
Effect of tonnage relief	(1.9)	(1.8)
Non-taxable curtailment gain	(3.9)	-
Tax exempted earnings	-	(0.4)
Net utilisation of tax losses	(0.1)	(0.2)
Difference in effective tax rates	0.1	0.1
Other items	(0.6)	(0.7)
Income tax expense recognised in the Consolidated Income Statement	**0.7**	**0.4**

10. Discontinued operations

In 2012, the Group completed the sale of its container shipping subsidiary Feederlink Shipping & Trading b.v. ("Feederlink") to Danish logistic company Unifeeder A/S realising a gain on disposal of €21.0 million in 2012. In 2013, an additional gain on disposal of €3.5 million was recognised, following the receipt of all deferred contingent consideration due under the Sale Agreement, which had been dependent upon the achievement of certain conditions. In addition there was a settlement for working capital less further costs of disposal which were incurred.

Cash flows from discontinued operations
The Group and Company received €nil (2013: €9.4 million) being the net consideration related to the disposal which is classified under investing activities.

Gain on disposal of discontinued operations

	2014 €m	2013 €m
Consideration received in cash & cash equivalents	-	9.7
Fair value of deferred contingent consideration receivable	-	(5.9)
Additional consideration received over fair value of deferred contingent consideration receivable	-	3.8
Additional consideration (as above)	-	3.8
Costs of disposal payable	-	(0.3)
Gain on disposal	**-**	**3.5**

An initial cash consideration of €20.0 million was received in December 2012. Deferred contingent consideration of up to €9.0 million was receivable in instalments during 2013 dependent on the achievement of certain conditions as set out in the Sale Agreement. As there was no certainty over all of the conditions being met, the Directors estimated the fair value of the deferred consideration, taking into account the probability of achieving each condition and have discounted the expected receivable using the Group's estimated cost of capital. At 31 December 2012, the estimated fair value of the deferred contingent consideration booked was €5.9 million.

In 2013, a gain on disposal of €3.5 million is booked; being the total instalments due of €9.0 million, an additional payment of €0.7 million received in respect of working capital in excess of an agreed minimum amount, less the deferred contingent receivable of €5.9 million and further costs of disposal payable of €0.3 million which were incurred in 2013.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

11. Profit for the year
Profit for the year has been arrived at after charging / (crediting):

	2014 €m	2013 €m
Gain on disposal of property, plant and equipment	(0.1)	(0.4)
Gain on disposal of discontinued operations	-	(3.5)
Foreign exchange (gains) / losses	(1.1)	0.4
Fuel cost	53.0	48.8
Amortisation of intangible assets (note 15)	0.4	0.3
Depreciation of property, plant and equipment (note 14)	17.5	19.0
	17.9	19.3
Amortisation of deferred grant (note 28)	(0.1)	(0.1)
Net depreciation and amortisation expense	17.8	19.2
Auditors' remuneration:		
- Audit of the Parent Company	0.1	0.1
- Audit of the Company's subsidiaries	0.1	0.1
- Tax advisory services	0.1	0.1
- Other non-audit services	-	-

Disclosure of Directors' emoluments as required by Section 191 Companies Act 1963, is given in the Report of the Remuneration Committee.

In accordance with Section 148(8) of the Companies Act 1963, and Section 7(1A) of the Companies (Amendment) Act 1986, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit for the financial year determined in accordance with IFRS was €25.6 million (2013: €14.4 million).

12. Dividends

	2014 €m	2013 €m
Final dividend of 6.7c* per ICG Unit for year ended 31 December 2013 (2012: 6.7c*)	12.4	12.3
Interim dividend of 3.465c per ICG Unit for year ended 31 December 2014 (2013: 3.3c*)	6.4	6.1
Total	**18.8**	**18.4**

During the year a final dividend of 6.7 cent per ICG Unit was paid for the year ended 31 December 2013. In the prior year a final dividend of 6.7 cent per ICG Unit was paid for the year ended 31 December 2012.

During the year an interim dividend of 3.465 cent per ICG Unit was paid for the year ended 31 December 2014. In the prior year an interim dividend of 3.3 cent per ICG Unit was paid for the year ended 31 December 2013.

The Board is proposing a final dividend of 7.035 cent per ICG Unit in respect of the results for the year ended 31 December 2014.

* The comparative information has been adjusted for the 10-for-1 sub-division of ICG Units which became effective on 9 June 2014.

13. Earnings per share

Number of shares	2014 '000	2013* '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	184,357	183,650
Effect of dilutive potential ordinary shares: Share options	1,438	970
Weighted average number of ordinary shares for the purposes of diluted earnings per share	185,795	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 year and excludes treasury shares (note 21).

The earnings used in both the adjusted basic and diluted earnings per share have been adjusted to take into account the non-trading items together with the net interest on defined benefit pension schemes (note 33a).

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:

Earnings	2014 €m	2013 €m
Earnings for the purposes of basic earnings per share - Profit for the year attributable to equity holders of the parent	56.0	26.8
Earnings for the purposes of diluted earnings per share	56.0	26.8
Earnings for the purposes of basic earnings per share - Profit for the year attributable to equity holders of the parent	56.0	26.8
Effect of non-trading items	(28.7)	(3.5)
Net interest cost on defined benefit pension schemes	1.2	2.0
Earnings for the purposes of adjusted earnings per share	28.5	25.3

	2014 cent	2013* cent
Basic earnings per share	30.4	14.6
Diluted earnings per share	30.1	14.5
Adjusted basic earnings per share	15.5	13.8
Adjusted diluted earnings per share	15.3	13.7

* The comparative information has been adjusted for the 10-for-1 sub-division of ICG Units which became effective on 9 June 2014.

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14. Property, plant and equipment

Group	Passenger ships	Plant and Equipment	Vehicles	Land and Buildings	**Total**
	€m	€m	€m	€m	**€m**
Cost					
At 1 January 2013	301.1	53.0	1.4	25.3	380.8
Additions	6.5	1.7	0.2	-	8.4
Exchange differences	-	(0.1)	-	-	(0.1)
Disposals	(5.3)	(0.7)	(0.1)	-	(6.1)
At 1 January 2014	302.3	53.9	1.5	25.3	383.0
Additions	5.7	1.9	0.1	-	7.7
Exchange differences	-	0.3	-	-	0.3
Disposals	(5.7)	(1.2)	(0.2)	(0.2)	(7.3)
At 31 December 2014	**302.3**	**54.9**	**1.4**	**25.1**	**383.7**
Accumulated depreciation					
At 1 January 2013	165.4	32.8	0.8	7.6	206.6
Depreciation charge for the year	15.3	3.1	0.2	0.4	19.0
Eliminated on disposals	(5.3)	(0.7)	(0.1)	-	(6.1)
At 1 January 2014	175.4	35.2	0.9	8.0	219.5
Depreciation charge for the year	13.8	3.2	0.2	0.3	17.5
Eliminated on disposals	(5.7)	(1.2)	(0.2)	(0.2)	(7.3)
At 31 December 2014	**183.5**	**37.2**	**0.9**	**8.1**	**229.7**
Carrying amount					
At 31 December 2013	126.9	18.7	0.6	17.3	163.5
At 31 December 2014	**118.8**	**17.7**	**0.5**	**17.0**	**154.0**

Under the terms of the amortising term loan facility, statutory mortgages securing amounts outstanding under that facility have been registered on certain of the Group's vessels. At 31 December 2014, the amount outstanding under that facility was €63.7 million (2013: €93.3 million) and the vessels that are subject to the mortgages had a net book value of €62.0 million (2013: €67.0 million).

Assets held under finance lease are secured by the lessors' title to the leased assets.

The carrying amount of the Group's plant and equipment includes an amount of €5.2 million (2013: €4.1 million) in respect of assets held under finance leases.

14. Property, plant and equipment - continued

Company	Plant and Equipment	Vehicles	Land and Buildings	Total
	€m	€m	€m	€m
Cost				
At 1 January 2013	5.2	0.1	0.1	5.4
Additions	3.0	-	-	3.0
Disposals	(1.3)	-	-	(1.3)
At 1 January 2014	6.9	0.1	0.1	7.1
Additions	2.1	-	-	2.1
Disposals	(2.2)	-	-	(2.2)
At 31 December 2014	**6.8**	**0.1**	**0.1**	**7.0**
Accumulated depreciation				
At 1 January 2013	3.4	0.1	0.1	3.6
Depreciation charge for the year	2.5	-	-	2.5
Eliminated on disposals	(1.3)	-	-	(1.3)
At 1 January 2014	4.6	0.1	0.1	4.8
Depreciation charge for the year	2.4	-	-	2.4
Eliminated on disposals	(2.2)	-	-	(2.2)
At 31 December 2014	**4.8**	**0.1**	**0.1**	**5.0**
Carrying amount				
At 31 December 2013	2.3	-	-	2.3
At 31 December 2014	**2.0**	**-**	**-**	**2.0**

The carrying amount of the Company's plant and equipment includes an amount of €1.4 million (2013: €1.7 million) in respect of assets held under finance leases.

In accordance with IAS 16, the property, plant and equipment of the Group and Company has been reviewed in relation to the residual values used for the purpose of depreciation calculations. In considering residual values of passenger ships, the Directors have taken into consideration the valuation of the scrap value of the ships per light displacement tonne. Residual values are reviewed annually and updated if required.

Estimations of economic life and residual values of ships are a key judgemental estimate in the financial statements. A 10% increase / decrease in residual values of ships would have a €0.1 million (2013: €0.1 million) decrease / increase on depreciation in the Consolidated Income Statement and a €0.1 million (2013: €0.1 million) increase / decrease on the carrying value of property, plant and equipment in the Statement of Financial Position. In relation to the remaining estimated economic life of the ships, a one year increase / decrease would have a €1.0 million (2013: €1.6 million) decrease / €1.3 million (2013: €1.6 million) increase in depreciation in the Consolidated Income Statement, and a €1.0 million (2013: €1.6 million) increase / €1.3 million (2013: €1.6 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

15. Intangible assets

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Cost				
At 1 January	9.3	9.0	8.8	8.6
Additions	0.3	0.3	0.2	0.2
At 31 December	**9.6**	**9.3**	**9.0**	**8.8**
Amortisation				
At 1 January	8.5	8.2	8.2	7.9
Charge for the year	0.4	0.3	0.3	0.3
At 31 December	**8.9**	**8.5**	**8.5**	**8.2**
Carrying amount				
At 1 January	0.8	0.8	0.6	0.7
At 31 December	**0.7**	**0.8**	**0.5**	**0.6**

The intangible assets included above, all computer software, have finite useful lives of 5 years, over which the assets are amortised. Amortisation is on a straight-line basis.

16. Finance lease receivable

Group	2014 €m	2013 €m
Current finance lease receivables (note 19)	-	3.1
Non-current finance lease receivables	-	14.7
	-	17.8
Opening balance	17.8	20.7
Amounts received	(17.8)	(2.9)
Closing balance	-	17.8

In 2010, the Group entered into a bareboat hire purchase sale agreement with a third party for the sale of the vessel *'Bilbao'*. The payments were to be received in instalments over a 5.75 year term from inception and in accordance with *IAS 17 Leases* the deferred consideration was treated as a finance lease receivable at an amount equal to the net investment in the lease.

On 2 April 2014, the purchaser exercised its option to terminate the agreement early and the Group received €17.0 million in full settlement of the present value of the instalments outstanding at that date. In the period 1 January to 1 April 2014 €0.8 million had been received in accordance with the instalment schedule.

16. Finance lease receivable - continued

Amounts receivable under finance leases	Minimum Lease receipts		Present value of minimum lease receipts	
	2014	2013	2014	2013
	€m	€m	€m	€m
Within 1 year	-	4.1	-	3.1
In the second to fifth years inclusive	-	16.2	-	14.7
After five years	-	-	-	-
	-	20.3	-	17.8
Less: unearned finance income	-	(2.5)	-	-
Present value of minimum lease payments receivable	-	17.8	-	17.8

Unguaranteed residual values of assets leased under finance leases at the end of 2013 were €nil.

The interest rate inherent in the lease is fixed at the contract date for the entire lease term. The average effective interest rate approximated 7.0% per annum.

17. Investment in subsidiaries

Company	2014	2013
	€m	€m
Investment in subsidiaries at beginning of year	11.6	11.8
Increase / (decrease) related to share options	0.5	(0.2)
Investment in subsidiaries at end of year	12.1	11.6

The decrease / increase related to share options represents share options attributable to employees of subsidiary companies.

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Notes to the Financial Statements – continued
for the year ended 31 December 2014

17. Investment in subsidiaries - continued

The composition of the Group and the Company's principal subsidiaries at 31 December 2014 is as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership in ordinary share capital	Proportion of voting power held	Principal activity
Irish Ferries Limited	Ireland	100%	100%	Ferry operator
Eucon Shipping & Transport Limited	Ireland	100%	100%	Container shipping services
Irish Continental Line Limited	Ireland	100%	100%	Ship leasing
Irish Ferries Services Limited	Ireland	100%	100%	Administration services
Belfast Container Terminal (BCT) Limited	Northern Ireland	100%	100%	Container handling
Irish Ferries (U.K.) Limited	United Kingdom	100%	100%	Shipping & forwarding agents
Eurofeeders Limited	United Kingdom	100%	100%	Shipping & forwarding agents
Irish Ferries (U.K.) Services Limited	United Kingdom	100%	100%	Administration services
Zatarga Limited	Isle of Man	100%	100%	Ship leasing

The registered office for Irish Ferries Limited, Eucon Shipping & Transport Limited, Irish Continental Line Limited and Irish Ferries Services Limited is Ferryport, Alexandra Road, Dublin 1.

The registered office for Belfast Container Terminal Limited is Arnott House, 12/16 Bridge Street, Belfast BT1 1LS, Northern Ireland.

The registered office for Irish Ferries (U.K.) Limited and Irish Ferries (U.K.) Services Limited is Corn Exchange Building, Fenwick Street, Liverpool L2 7TP, England.

The registered office for Eurofeeders Limited is Collins House, Rutland Square, Edinburgh, Midlothian EH1 2AA, Scotland.

The registered office for Zatarga Limited is Top Floor, 14 Athol Street, Douglas IM1 1JA, Isle of Man.

18. Inventories

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Fuel and lubricating oil	1.8	2.4	0.4	0.4
Catering and other stocks	0.2	0.3	0.1	0.2
	2.0	2.7	0.5	0.6

The Directors consider that the carrying amount of inventories approximates their replacement value.

Cost of inventories recognised as an expense in the Consolidated Income Statement amounted to €59.0 million during the year (2013: €54.0 million).

19. Trade and other receivables

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Trade receivables	30.5	26.2	1.5	0.9
Allowance for doubtful debts	(1.3)	(1.1)	-	-
	29.2	25.1	1.5	0.9
Prepayments	4.2	3.3	0.2	0.1
Amounts due from subsidiary companies	-	-	124.1	85.7
Other receivables	1.3	1.5	0.4	0.5
Finance lease receivable (note 16)	-	3.1	-	-
	34.7	33.0	126.2	87.2

Credit risk
The Group and Company review all receivables that are past their agreed credit terms and assesses whether any amounts are irrecoverable, determined by reference to past default experience, together with any particular risk factor applicable to an individual customer.

The Group and Company extend credit to certain trade customers after conducting a credit risk assessment. Year-end trade receivables represent 38 days sales at 31 December 2014 (2013: 36 days).

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Notes to the Financial Statements - continued
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19. Trade and other receivables - continued

The Group's trade receivables are analysed as follows:

	Gross value 2014 €m	Impairment 2014 €m	Net value 2014 €m	Gross value 2013 €m	Impairment 2013 €m	Net value 2013 €m
Not past due						
-Within terms	28.8	(0.9)	27.9	24.9	(0.7)	24.2
Past due						
-Within 3 months	1.5	(0.3)	1.2	1.2	(0.3)	0.9
-After 3 months	0.2	(0.1)	0.1	0.1	(0.1)	-
	30.5	**(1.3)**	**29.2**	**26.2**	**(1.1)**	**25.1**

The amounts presented in the Statement of Financial Position are net of allowances for doubtful debts. An allowance for doubtful debts is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Movement in the allowance for doubtful debts

	Group 2014 €m	Group 2013 €m
Balance at beginning of year	1.1	1.3
Amounts written off during the year	-	(0.2)
Increase in allowance during the year	0.2	-
Balance at end of year	**1.3**	**1.1**

In determining the recoverability of a trade receivable the Group and Company consider any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the exposure being spread over a large number of counterparties and customers. Accordingly, the Directors believe that there is no further allowance required in excess of the allowance for doubtful debts.

This allowance has been determined by reference to past default experience.

The amounts for prepayments, amounts due from subsidiary companies and other receivables are neither past due nor impaired at 31 December 2014.

20. Cash and bank balances

Cash and bank balances comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. The Directors consider the credit risk of these counterparties to be compatible with the Group's credit policy and operational requirements.

The geographic spread by deposit institution for the Group was as follows:

Group	2014 €m	2013 €m
Ireland	21.2	16.5
United Kingdom	0.7	0.7
Europe	0.8	1.3
Total	**22.7**	**18.5**

The cash and bank balances figure of €22.7 million at 31 December 2014 includes a deposit of €0.4 million which the Group has granted a charge in favour of the Irish Ferries Pension Trustee Limited as continuing security for amounts due under a deficit funding agreement concluded with the Trustee on behalf of the Irish Ferries Limited Pension Scheme.

21. Share capital

Group and Company

Authorised	2014 Number	2014 €m	2013 Number	2013 €m
Ordinary shares of par value €0.065 each	450,000,000	29.3	450,000,000	29.3
Redeemable shares of par value €0.00001 each	4,500,000,000	0.0	4,500,000,000	0.0
		29.3		**29.3**

Allotted, called up and fully paid	2014 Number	2014 €m	2013 Number	2013 €m
Ordinary shares				
At beginning of year	183,976,890	12.0	183,421,890	11.9
Share issue	550,000	-	555,000	0.1
At end of year	184,526,890	12.0	183,976,890	12.0
Redeemable shares				
At beginning of year	183,976,890	-	183,421,890	-
Share issue	400,000	-	555,000	-
Redemption	(184,376,890)	-	-	-
At end of year	-	-	183,976,890	-

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Notes to the Financial Statements - continued
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21. Share capital - continued

The number of ICG Units issued during the year was 550,000 (2013: 555,000) and total consideration received amounted to €1.2 million (2013: €1.1 million). These ICG Units were issued under the Group's and Company's share option plans.

Holders of ordinary shares are entitled to such dividend that may be declared from time to time on such shares and are entitled to attend, speak and vote at the Annual General Meeting of the Company. On return of capital on a winding up, the holder of ordinary shares is entitled to participate in a distribution of surplus assets of the Company.

Redeemable shares do not entitle holders to any dividend or any right to participate in the profit or assets of the Company other than to the repayment of a sum equal to the nominal value of 0.001 cent per share on a winding up of the Company. Redeemable shares do not entitle the holder to attend, speak or vote at the Annual General Meeting. At a General Meeting of the Company on 22 May 2014, shareholders approved redemption at par and the cancellation of all of the Company's issued Redeemable Shares which was implemented on 6 June 2014.

The Company has one class of share unit, an ICG Unit, which at 31 December 2014 comprised one ordinary share and nil redeemable shares (2013: 10 redeemable shares). The share unit, nor any share therein, carries no right to fixed income. At an Extraordinary General Meeting held on 22 May 2014, ICG received shareholder approval to complete a 10-for-1 sub-division of ICG Units which was implemented on 9 June 2014. The effect of the sub-division was that each shareholder, immediately after implementation, owned 10 ICG Units (consisting of one Ordinary Share of 6.5 euro cent each and no Redeemable Shares), for every 1 then existing ICG Unit (consisting of one Ordinary Share of 65 euro cent and no Redeemable Shares) held prior to the implementation of the sub-division.

22. Analysis of Equity

Group and Company

Share premium

The share premium account comprises the excess of monies received in respect of share capital over the nominal value of shares issued.

Capital reserves

This consists of reserves arising on consolidation and the capital redemption reserve.

Reserves arising on consolidation relate to the acquisition of a subsidiary. At 31 December 2014 the reserve balance stands at €0.1 million. The balance is unchanged from 1 January 2013 and 1 January 2014.

The capital redemption reserve represents the nominal value of share capital repurchased. At 31 December 2014 the reserve balance stands at €7.2 million (2013: €7.2 million).

Share options reserve

The share options reserve represents the cumulative charge to the Consolidated Income Statement of share options issued which are not yet exercised and issued as shares.

Hedging reserve

The hedging reserve represents the cumulative amount of gains and losses on hedging instruments arising from effective cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the Income Statement only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets of the Group's foreign currency denominated subsidiaries, from their functional currency into the parents functional currency, being Euro, are recognised directly in the translation reserve.

23. Borrowings

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Bank loans	76.2	108.3	-	-
Bank overdraft	3.3	-	0.1	-
Finance lease liabilities	4.5	3.6	1.5	1.8
	84.0	111.9	1.6	1.8
The borrowings are repayable as follows:				
On demand or within one year	17.3	16.7	0.4	0.3
In the second year	14.0	16.7	0.3	0.3
In the third year	51.0	25.0	0.3	0.3
In the fourth year	0.7	52.5	0.3	0.3
Fifth year and after	1.0	1.0	0.3	0.6
	84.0	111.9	1.6	1.8
Less: Amount due for settlement within 12 months	(17.3)	(16.7)	(0.4)	(0.3)
Amount due for settlement after 12 months	66.7	95.2	1.2	1.5

Under the terms of the amortising term loan facility, the Group has (i) granted statutory mortgages securing amounts outstanding under that facility, €63.7 million at 31 December 2014 (2013: €93.3 million), registered on certain of the Group's vessels (ii) granted a floating charge over the assets of Zatarga Limited.

The Group's and Company's obligations under finance leases are secured by the lessors' title to the leased assets.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	Euro €m	Sterling €m	Total €m
2014			
Bank loans	76.2	-	76.2
Bank overdraft	3.3	-	3.3
Finance leases	3.5	1.0	4.5
	83.0	1.0	84.0
2013			
Bank loans	108.3	-	108.3
Finance leases	2.3	1.3	3.6
	110.6	1.3	111.9

Company lease obligations at 31 December 2014 of €1.5 million (2013: €1.8 million) are denominated in Euro.

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

23. Borrowings - continued

Group finance leases	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	€m	€m	€m	€m
Amounts payable under finance leases:				
Within one year	1.2	0.9	1.0	0.7
In the second to fifth years inclusive	3.4	2.8	3.0	2.4
After five years	0.5	0.5	0.5	0.5
	5.1	4.2	4.5	3.6
Less: future finance charges	(0.6)	(0.6)	-	-
Present value of lease obligations	4.5	3.6	4.5	3.6
Less: amount due for settlement within 12 months	(1.0)	(0.7)	(1.0)	(0.7)
Amount due for settlement after 12 months	3.5	2.9	3.5	2.9

Company finance leases	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	€m	€m	€m	€m
Amounts payable under finance leases:				
Within one year	0.3	0.3	0.3	0.3
In the second to fifth years inclusive	1.3	1.4	1.1	1.1
After five years	0.1	0.4	0.1	0.4
	1.7	2.1	1.5	1.8
Less: future finance charges	(0.2)	(0.3)	-	-
Present value of lease obligations	1.5	1.8	1.5	1.8
Less: amount due for settlement within 12 months	(0.3)	(0.3)	(0.3)	(0.3)
Amount due for settlement after 12 months	1.2	1.5	1.2	1.5

It is the Group's and Company's policy to lease certain of its plant and equipment under finance leases. Lease terms vary from 3 to 7 years. For the year ended 31 December 2014, the average effective lease borrowing rate was 5.5% (2013: 5.4%) in the Group and 5.6% (2013: 5.6%) in the Company. Interest rates are fixed at the contract date, and thus expose the Group and Company to fair value interest rate risk. All leases are on a fixed repayment basis.

23. Borrowings - continued

Bank loan facilities

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Unsecured bank overdraft and trade guarantee facility:				
Amount used	4.0	0.7	0.1	-
Amount unused	11.0	14.3	11.0	14.3
	15.0	15.0	11.1	14.3
Unsecured bank loan facility:				
Amount used	12.5	15.0	-	-
Amount unused	27.5	25.0	27.5	25.0
	40.0	40.0	27.5	25.0
Secured bank amortising term loan facility:				
Amount outstanding	63.7	93.3	-	-

The weighted average interest rates paid during the year were as follows:

	Group 2014	Group 2013	Company 2014	Company 2013
Bank overdrafts	1.1%	1.1%	1.1%	1.1%
Bank loans	3.2%	3.2%	-	-

The Group has the following borrowing facilities available with its lenders;

(i) A bank overdraft and trade guarantee facility with permitted drawing amounts of €15.0 million. At 31 December 2014, €0.7 million (2013: €0.7 million) was utilised on this facility by way of trade guarantees and €3.3 million was utilised as an overdraft. Interest rates are calculated by reference to the lenders prime rate plus a fixed margin. This facility is available for drawing by the Company and certain subsidiaries, is reviewed annually and is repayable on demand. This facility is unsecured but is cross guaranteed between certain subsidiaries within the Group.

(ii) A multicurrency revolving credit facility with permitted drawing amounts of €40.0 million. At 31 December 2014, €12.5 million (2013: €15.0 million) was drawn under this facility. Interest rates are arranged at floating rates, calculated by reference to EURIBOR or LIBOR settings depending on currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio, which creates a cash flow interest rate risk. This facility is available for drawing by the Company and certain subsidiaries and matures on 30 September 2017. This facility is unsecured but is cross guaranteed between certain subsidiaries within the Group.

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

23. Borrowings - continued

(iii) An amortising term loan facility with an outstanding balance at 31 December 2014 of €63.7 million (2013: €93.3 million). This is repayable in quarterly instalments together with a final payment of €31.2 million on maturity on 30 September 2017. The interest rate is calculated by reference to EURIBOR plus a fixed margin. Under the facility terms the floating interest rate has been swapped for fixed rates to match exactly the quarterly principal repayments. The derivative financial instrument underlying this swap has been fair valued at 31 December 2014 as set out in note 24. This facility is secured by vessel mortgages on certain of the Group's vessels and by a floating charge over the assets of Zatarga Limited.

In the opinion of the Directors, the Group and Company are in compliance with the covenants contained in its banking agreements as of 31 December 2014.

24. Financial instruments and risk management

The Group's 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. In addition to the disclosures below please refer to the Financial Review on pages 30 to 31 for further disclosures.

(i) Categories of financial instruments

Financial assets and liabilities

2014	Loans and receivables at amortised cost €m	Cash flow hedges at fair value €m	Financial liabilities at amortised cost €m	Carrying value €m	Fair value €m
Trade and other receivables	34.7	-	-	34.7	34.7
Cash and bank balances	22.7	-	-	22.7	22.7
Borrowings	-	-	84.0	84.0	82.4
Derivative financial instruments	-	0.7	-	0.7	0.7
Trade and other payables	-	-	38.4	38.4	38.4

2013	Loans and receivables at amortised cost €m	Cash flow hedges at fair value €m	Financial liabilities at amortised cost €m	Carrying value €m	Fair value €m
Non-current finance lease receivable	14.7	-	-	14.7	14.7
Trade and other receivables	33.0	-	-	33.0	33.0
Cash and bank balances	18.5	-	-	18.5	18.5
Borrowings	-	-	111.9	111.9	107.0
Trade and other payables	-	-	36.5	36.5	36.5

24. Financial instruments and risk management - continued

Fair value hierarchy
The fair value of financial assets and financial liabilities that are carried in the 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) which are used in arriving at fair values.

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); and

- 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 following are the significant methods and assumptions used to estimate fair values of financial assets and financial liabilities:

Finance lease receivable
The fair value of the finance lease receivable represents the future payments receivable under the terms of the lease discounted at the implicit interest rate in the lease. The implicit interest rate was calculated at inception by discounting the future rentals receivable over the term of the lease back to the estimated fair market value of the asset. The Group considers that the implicit rate in the lease includes a fair estimate of counterparty risk and that the carrying value therefore approximates the fair value.

Trade and other receivables / payables
For trade receivables and trade payables, with average settlement periods of 38 days (2013: 36 days) and 57 days (2013: 61 days) respectively the carrying value less impairment provision, where appropriate, is estimated to reflect fair value.

Cash and bank balances
For cash and bank balances, all with a maturity of three months or less, the nominal amount is estimated to reflect fair value.

Borrowings
The fair value of bank loans has been determined based on a discounted cash flow analysis with the most significant input being the discount rate reflecting the Group's own credit risk. For finance leases the Group considers that the implicit interest rate used to calculate the carrying value includes a fair estimate of counterparty risk and the carrying value approximates fair value.

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 €0.7 million as at 31 December 2014 (2013: €nil) and consisted entirely of interest rate swaps.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

24. Financial instruments and risk management - continued

(ii) Interest rate risk

The Group has an exposure to interest rate risk arising on changes in Euro and Sterling interest rates.

Interest rates on finance leases payable are fixed at the contract date for the lease term. Under the terms of its bank loan facilities the Group has swapped the floating interest rate on the amortising term loan for fixed rates to match the loan amortisation schedule for the loan term. At 31 December 2014, 81% (2013: 87%) of Group borrowings were at fixed rates at an average effective rate of 3.5% (2013: 3.5%) with an average repricing period of 2.9 years (2013: 3.8 years). The agreement to fix interest rates has exposed the Group to fair value interest rate risk and the derivative instrument to effect this was fair valued at 31 December 2014 as a liability of €0.7 million (2013: €nil).

The interest rate on the finance lease receivable (note 16) was fixed at 7.0% at inception for the lease term.

At 31 December 2014, interest rates on short term bank deposits and short term borrowings were contracted for terms of less than three months at average effective rates of 0.4% (2013: 0.6%) and 1.7% (2013: 2.3%) respectively.

(iii) Foreign currency risk management

The Group publishes its consolidated financial statements in Euro and conducts business in different foreign currencies. As a result, it is subject to foreign exchange risk due to exchange rate movements which will affect the Group's transaction costs and the translation of the results and underlying net assets of its foreign operations.

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposure to exchange rate fluctuations arises. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The currency profile of the carrying amounts of the Group's monetary assets and monetary liabilities at the statement of financial position date are as follows:

2014	Euro €m	Sterling €m	US Dollar €m	**Total €m**
Trade and other receivables[1]	31.8	4.2	-	36.0
Cash and bank balances	5.1	16.4	1.2	22.7
Total assets	36.9	20.6	1.2	58.7
Trade and other payables	30.0	5.3	3.1	38.4
Bank loans	76.2	-	-	76.2
Bank overdraft	3.3	-	-	3.3
Derivative financial instruments	0.7	-	-	0.7
Finance leases	3.5	1.0	-	4.5
Total liabilities	113.7	6.3	3.1	123.1
Net (liabilities) / assets	**(76.8)**	**14.3**	**(1.9)**	**(64.4)**

[1] Excludes allowance for doubtful debts

24. Financial instruments and risk management - continued

2013	Euro €m	Sterling €m	US Dollar €m	Total €m
Finance lease receivable	14.7	-	-	14.7
Trade and other receivables[1]	31.6	2.5	-	34.1
Cash and bank balances	10.8	7.7	-	18.5
Total assets	57.1	10.2	-	67.3
Trade and other payables	27.3	5.2	4.0	36.5
Bank loans	108.3	-	-	108.3
Finance leases	2.3	1.3	-	3.6
Total liabilities	137.9	6.5	4.0	148.4
Net (liabilities) / assets	(80.8)	3.7	(4.0)	(81.1)

(iv) Liquidity risk
The Group is exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. The Group's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group:

• monitors credit ratings of institutions with which the Group maintains cash balances;
• limits maturity of cash balances; and
• borrows the bulk of its debt needs under committed bank lines or other term financing and by policy maintains a minimum level of undrawn committed facilities.

At each year end, the Group's rolling liquidity reserve (which comprises cash and undrawn committed facilities and which represents the amount of available cash headroom in the Group's funding structure) was as follows:

	2014 €m	2013 €m
Cash and bank balances	22.7	18.5
Committed undrawn facilities	38.5	39.3
Liquidity reserve	61.2	57.8

Management monitors rolling cash flow forecasts on an on-going basis to determine the adequacy of the liquidity position of the Group. This process also incorporates a longer term liquidity review to ensure refinancing risks are adequately catered for as part of the Group's strategic planning.

[1] Excludes allowance for doubtful debts

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

24. Financial instruments and risk management - continued

Liquidity analysis

The following table sets out the maturity and liquidity analysis of the Group's financial liabilities and net settled derivative financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

Liquidity Table 2014	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	Years	€m	€m	€m	€m	€m	€m
Liabilities							
Trade and other payables		38.4	38.4	38.4	-	-	-
Bank loans	2.2	76.2	80.5	14.9	14.5	51.1	-
Bank overdrafts	0.7	3.3	3.3	3.3	-	-	-
Finance leases	2.4	4.5	5.1	1.2	1.2	2.3	0.4
Derivative financial instruments	2.0	0.7	0.7	0.3	0.3	0.1	-
Total liabilities		**123.1**	**128.0**	**58.1**	**16.0**	**53.5**	**0.4**

Liquidity Table 2013	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	Years	€m	€m	€m	€m	€m	€m
Liabilities							
Trade and other payables		36.5	36.5	35.9	0.1	0.5	-
Bank loans	2.5	108.3	118.1	19.1	18.7	80.3	-
Finance leases	2.7	3.6	4.2	0.9	0.9	1.9	0.5
Derivative financial instruments	2.2	-	-	(0.3)	(0.1)	0.4	-
Total liabilities		**148.4**	**158.8**	**55.6**	**19.6**	**83.1**	**0.5**

(v) Credit risk

The Group monitors its credit exposure to its counterparties via their credit ratings (where applicable) and limits its exposure to any one party to ensure that there are no significant concentrations of credit risk. The notional amounts of financial instruments used in interest rate and foreign exchange management do not represent the credit risk arising through the use of these instruments. The immediate credit risk of these instruments is generally estimated by the fair value of contracts with a positive value. Credit risk in relation to trade and other receivables and cash and bank balances has been discussed in notes 19 and 20 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

(vi) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2014 and 31 December 2013.

24. Financial instruments and risk management - continued

The capital structure of the Group consists of net debt (borrowings as detailed in note 23 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 21 and 22).

The Group is not subject to any externally imposed capital requirements.

In managing its capital structure, the primary focus of the Group is the ratio of consolidated net debt as a multiple of EBITDA. Maximum levels for this ratio are set under Board approved policy so as to ensure compliance with banking covenants under the Group's loan agreements. These requirements were achieved at 31 December 2014 and 31 December 2013. At 31 December 2014, the ratio of consolidated net debt as a multiple of EBITDA (reported basis) improved to 1.2 times (2013: 1.9 times).

(vii) Market risk sensitivity analysis

The Group has prepared calculations to measure the estimated change to the Consolidated Income Statement and Equity of either an instantaneous increase or decrease of 100 basis points (1%) in market interest rates or a 10% strengthening or weakening in Euro against all other currencies, from the rates applicable at 31 December 2014, for each class of financial instruments with all other variables remaining constant. The sensitivity analysis excludes the impact of market risks on net post-employment benefit obligations and taxation. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation.

The interest rate sensitivity analysis is based on the assumption that changes in market interest rates affect the interest income or expense of variable financial instruments. No account has been taken of the effect of interest rate changes on derivative financial instruments as the exposure to these at 31 December 2014 and 31 December 2013 was immaterial.

The amounts generated from the sensitivity analysis are estimates of the impact of market risks assuming that specified changes occur. Actual results in the future may differ materially from these results due to developments in the global financial markets which may cause fluctuations in interest and exchange rates to vary from the hypothetical amounts disclosed below, which therefore should not be considered a projection of likely future events and losses.

Under these assumptions, a 1% increase or decrease in market interest rates for all currencies in which the Group had borrowings and derivative financial instruments at 31 December 2014 would decrease or increase profit before tax and equity by approximately €0.2 million (2013: €0.2 million).

Currency risks – The currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective.

Under the assumptions; (i) a 10% strengthening in Euro exchange rates against all currencies, profit before tax would have increased by €2.9 million (2013: €2.8 million) and equity (before tax effects) would have increased by €2.1 million (2013: €2.1 million); (ii) a 10% weakening in Euro exchange rates against all currencies, profit before tax would have decreased by €3.3 million (2013: €3.6 million) and equity (before tax effects) would have decreased by €2.4 million (2013: €2.8 million).

Other price risks – As at 31 December 2014 and 31 December 2013, the Group had no exposure under financial instruments other than those discussed above.

(viii) Derivative financial instruments

The fair value of derivative financial instruments at 31 December 2014 was a liability of €0.7 million (2013: €nil). All cash flow hedges were effective and fair value losses of €1.0 million (2013: gains of €0.2 million) were recorded in other comprehensive income and net settlements amounted to €0.3 million (2013: €0.4 million).

The Group utilised interest rate swaps during the years ended 31 December 2014 and 31 December 2013. The Group entered into an agreement whereby it swapped its EURIBOR floating interest rate exposure from 1 January 2013 under the amortising term loan facility for fixed interest rates. The notional amount of this contract at 31 December 2014

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

24. Financial instruments and risk management - continued

was €63.7 million (2013: €93.3 million) and the notional amounts for all future periods match the amortising schedule of the loan agreement. This interest rate swap agreement is designated and is effective as a cash flow hedge. The estimated fair value of this agreement based on quoted market prices for equivalent instruments at 31 December 2014 was a liability of €0.7 million (2013: breakeven). 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 Company did not utilise interest rate swaps during the years ended 31 December 2014 and 31 December 2013.

The Group and Company utilises currency derivatives to hedge future cash flows in the management of its exchange rate exposures. At 31 December 2014 and 31 December 2013, there were no material outstanding forward foreign exchange contracts.

25. Deferred tax liabilities

The Company and its subsidiaries, where appropriate, have elected to be taxed under the tonnage tax scheme in respect of all eligible activities. Certain activities will not fall within the tonnage tax scheme and will continue therefore to be subject to standard rates of corporation tax. These activities give rise to deferred tax assets and liabilities and the impact of these is shown below.

In both the Group and the Company taxable losses in excess of expected future reversing taxable temporary differences, have been incurred that are available for offset against future taxable profits. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. A deferred tax asset has not been recognised in respect of these losses where suitable taxable profits are not expected to arise. The Group estimates the probable amount of future taxable profits, using assumptions consistent with those employed in the Group's financial planning process, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

The following are the deferred tax liabilities and assets recognised by the Group, and the movements thereon, during the current and prior reporting periods.

Group 2014	Accelerated tax depreciation	Retirement benefit obligation	**Total**
	€m	€m	**€m**
At beginning of year	3.3	0.6	3.9
(Credit) / charge to the Consolidated Income Statement	(0.2)	0.1	(0.1)
At end of year	3.1	0.7	3.8

Group 2013	Accelerated tax depreciation	Retirement benefit obligation	**Total**
	€m	€m	**€m**
At beginning of year	3.6	0.4	4.0
(Credit) / charge to the Consolidated Income Statement	(0.3)	0.1	(0.2)
Charge to the Consolidated Statement of Comprehensive Income	-	0.1	0.1
At end of year	3.3	0.6	3.9

25. Deferred tax liabilities - continued

Deferred tax is recognised in the Consolidated Statement of Comprehensive income to the extent it arises on income or expenses recognised in that statement.

Company
There are no deferred tax liabilities and assets recognised by the Company during the current and prior reporting periods.

Unrecognised deferred tax assets – Group and Company
The estimated value of the deferred tax asset not recognised is €0.5 million (2013: €0.6 million) in the Group and €0.1 million (2013: €0.1 million) in the Company. Deferred tax assets are not recognised as it is not probable that taxable profits will be available against which deductible temporary differences can be utilised. These amounts are analysed as follows:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Tax losses carried forward	0.4	0.5	0.1	0.1
Other temporary differences	0.1	0.1	-	-
	0.5	0.6	0.1	0.1

26. Trade and other payables

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Trade payables and accruals	34.2	32.9	3.2	3.1
Payroll taxes	1.0	1.1	0.1	0.1
Pay related social insurance	0.4	0.4	-	-
Value added tax	2.8	2.1	0.2	0.1
Amounts due to subsidiary companies	-	-	59.3	30.0
	38.4	**36.5**	**62.8**	**33.3**
-payable within one year	38.4	35.9	62.8	33.3
-payable after one year	-	0.6	-	-
	38.4	**36.5**	**62.8**	**33.3**

Trade payables and accruals comprise amounts outstanding for trade purchases and on-going costs, and, are non-interest bearing.

The average trade credit period outstanding was 57 days at 31 December 2014 (2013: 61 days). Certain suppliers reserve the right to charge interest on balances past their due date.

The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

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for the year ended 31 December 2014

27. Provisions

Group	2014 €m	2013 €m
Claims provision		
At beginning of year	0.8	0.8
Utilisation of provision	(0.1)	-
Increase in provision	0.3	-
At end of year	1.0	0.8
Analysed as follows:		
Current liabilities	0.5	0.4
Non-current liabilities	0.5	0.4
	1.0	0.8

The claims provision comprises the insurance excess payable by the Group in a number of potential compensation claims, arising in the normal course of business. No provision has been recognised for instances that may have been incurred prior to the year end, but for which no claim has been received.

28. Deferred grant

Group	2014 €m	2013 €m
At beginning of year	0.7	0.8
Amortisation	(0.1)	(0.1)
At end of year	0.6	0.7
Analysed as follows:		
Current liabilities	0.1	0.1
Non-current liabilities	0.5	0.6
	0.6	0.7

The deferred grant is in respect of capital assets and is amortised to the Consolidated Income Statement over the life of the assets.

29. Commitments

	Group 2014 €m	Group 2013 €m
Commitments under port operating agreements - approved and contracted for	0.4	1.5
Commitments for the acquisition of property, plant and equipment - approved and contracted for	0.2	0.5

30. Operating lease agreements

	Group 2014 €m	Group 2013 €m
Minimum lease payments under operating leases recognised as an expense during the year	13.4	10.3

At the statement of financial position date outstanding commitments under non-cancellable operating leases fall due as follows:

	Group 2014 €m	Group 2013 €m
Within one year	5.8	7.6
In the second to fifth years inclusive	3.3	3.9
After five years	57.7	58.3
	66.8	69.8

Group
Operating lease payments represent rentals payable by the Group for certain of its properties, for the charter of vessels and for the hire of containers and other equipment. Excluding the lease with Dublin Port, which has an outstanding term of 108 years, the outstanding terms of the operating leases within the Group at 31 December 2014 range from less than 1 month to 4 years. Property rentals are fixed for periods ranging from 1 to 7 years.

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for the year ended 31 December 2014

31. Operating lease income
The aggregate future minimum lease payments receivable under non-cancellable operating leases for the Group are as follows:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Within one year	3.8	3.8	0.3	0.3
In the second to fifth years inclusive	5.7	9.4	1.3	1.4
After five years	-	-	0.1	0.3
	9.5	13.2	1.7	2.0

The Group continues to charter a vessel under an operating lease to a third party.

The Company leases certain assets under an operating lease to a subsidiary company.

32. Share-based payments
The Group and Company operate equity settled share option schemes, the 1998 and 2009 share option plans. Certain employees of the Group and Company have been issued with share options under the Group's and Company's plans.

Options granted under the 1998 share option plan are subject to the following performance criteria:

1. Basic options may only be exercised if Earnings Per Share growth between the financial year immediately preceding the financial year in which an option is granted and the financial year immediately preceding the financial year in which the option is exercised is at least 2% above the increase in the Consumer Price Index compounded per annum over such period.

2. Super options may only be exercised if the Earnings Per Share growth over any period of five financial years since the financial year immediately preceding the financial year in which the option was granted is such as to place the Company in the top quartile of companies in the Irish Stock Exchange Index ("ISEQ Index") by reference to Earnings Per Share growth over the same period and during that period the annual Earnings Per Share growth is at least 10% above the increase in the Consumer Price Index compounded per annum over such period.

Options granted under the 2009 share option plan are subject to the following performance criteria:

1. Basic Tier Options will vest and become exercisable three years after the date of grant once Earnings Per Share growth over any period of three consecutive financial years commencing at the financial year immediately preceding the date of grant is at least 2% above the increase in the Consumer Price Index compounded per annum over such period.

2. Second Tier Options will vest and become exercisable from the fifth anniversary of grant once (i) Earnings Per Share growth over any period of five consecutive financial years commencing at the financial year immediately preceding the date of grant place the Company in the top quartile of companies either (a) listed on the Irish Stock Exchange and the Irish Enterprise Exchange or (b) included in the London Stock Exchange FTSE 250, by reference to Earnings Per Share growth over the same period and (ii) over that period the Earnings Per Share growth is at least 10% above the increase in the Consumer Price Index compounded per annum over such period.

The number of shares over which options may be granted may not exceed 10% of the shares of the Company in issue.

Options are forfeited when the grantee ceases employment with the Group or Company unless permitted by the Remuneration Committee of the Board.

32. Share-based payments - continued

The number and weighted average exercise price of share options granted under the above plans is as follows:

	2014		2013	
	Number of share options	Weighted average exercise price €	Number of share options	Weighted average exercise price €
Outstanding at 1 January	8,545,000	1.77	9,475,000	1.80
Granted during the year	370,000	2.97	-	-
Exercised during the year	(550,000)	2.13	(555,000)	1.92
Forfeited during the year	-		(375,000)	2.13
Outstanding at 31 December	8,365,000	1.80	8,545,000	1.78
Exercisable at 31 December	3,270,000	1.61	3,820,000	1.69
Weighted average share price at date of exercise of options		3.00		2.39
Weighted average remaining contractual life of options outstanding at year end		4.2 years		4.8 years

The exercise prices of options outstanding at 31 December are as follows:

	2014 Options	2013 Options	Price €
Exercisable:			
1998 Share Option Plan			
Basic Options	250,000	250,000	1.000
Super Options	250,000	250,000	1.000
Basic Options	500,000	500,000	1.067
Super Options	570,000	570,000	1.067
Basic Options	1,700,000	2,250,000	2.132
Exercisable at 31 December	**3,270,000**	**3,820,000**	
Not Yet Exercisable:			
1998 Share Option Plan			
Super Options	2,325,000	2,325,000	2.132
2009 Share Option Plan			
Basic Tier Options	1,200,000	1,200,000	1.570
Second Tier Options	1,200,000	1,200,000	1.570
Basic Tier Options	185,000	-	2.970
Second Tier Options	185,000	-	2.970
Outstanding at 31 December	**8,365,000**	**8,545,000**	

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

32. Share-based payments - continued

Options issued after 7 November 2002

Equity settled share-based payments for share options granted after 7 November 2002 are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value is measured using the Binomial option pricing model. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Since 7 November 2002, options have been granted on 13 April 2005, 18 September 2006, 19 December 2007, 26 March 2012 and 1 September 2014. The estimated fair values of the options are as follows:

Year of Grant	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier	2007	2006	2005
Fair value of option	€0.2992	€0.4449	€0.324	€0.368	€0.922	€0.443	€0.401

The inputs into the model in the respective years of grant were as follows:

Year of Grant	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier	2007	2006	2005
Weighted average share price	€2.970	€2.970	€1.570	€1.570	€2.132	€1.067	€1.000
Weighted average exercise price	€2.970	€2.970	€1.570	€1.570	€2.132	€1.067	€1.000
Expected volatility	27%	30%	34%	33%	35%	35%	36%
Expected life	7 years	9 years	7 years	9 years	10 years	10 years	10 years
Risk free rate	0.439%	0.765%	1.323%	1.799%	4.260%	3.765%	3.293%
Expected dividend yield	5.83%	4.89%	4.97%	4.41%	1.64%	1.87%	1.69%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 7 years in the case of 2012 and 2014 basic tier options, and 9 years in the case of 2012 and 2014 second tier options and 10 years in respect of previous option grants. The fair value determined at the grant date of the equity settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, and adjusted for the effect of non-market based vesting conditions.

In 2014, the share-based payment expense recognised in the Consolidated Income Statement was €2.2 million (2013: €0.1 million) and in the Income Statement of the Company was €1.5 million (2013: €nil).

The share-based payment expense has been classified in the Consolidated Income Statement as follows:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Employee benefits expense	0.2	0.1	-	-
Non-trading items (note 6)	2.0	-	1.5	-
Total share-based payment expense	2.2	0.1	1.5	-

Share-based payment expense of €1.3 million (2013: €nil) relate to the Directors of the Group. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2014 is €4.8 million (2013: €3.1 million). The balance on the share option reserve in the Company Statement of Financial Position at 31 December 2014 is €4.8 million (2013: €3.1 million).

33. Retirement benefit schemes

(a) Group retirement benefit schemes

Defined Contribution Scheme

The Group operates a defined contribution pension scheme, which provides retirement and death benefits for all recently hired employees. The total cost charged in the Consolidated Income Statement of €60,000 (2013: €58,000) represents employer contributions payable to the externally administered defined contribution pension scheme at rates specified in the rules of the scheme. There was €nil in outstanding contributions included in trade and other payables at 31 December 2014 (2013: €5,000). The prior year amount was paid subsequent to the end of the reporting period.

Defined Benefit Pension Schemes

(i) Group sponsored schemes

The Group operates contributory defined benefit pension schemes, which provide retirement and death benefits for other employees who are not members of the defined contribution pension scheme. The defined benefit pension schemes provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary. The assets of these schemes are held separately from those of the Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deed and the pension laws of the relevant jurisdiction.

The pension contributions paid in the year ended 31 December 2014 amounted to €4.0 million (2013: €5.6 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.9 million (2013: €1.9 million). A past service credit of €1.8 million (2013: €2.1 million) is recognised as a credit in the employee benefits expense note. The past service credit relates to reduction of benefits applied by the trustee to recoup the cost of pension levies imposed on schemes resident in Ireland. At 31 December 2014, there were 766 pensioners in receipt of pension payments from the Group's schemes (2013: 764).

During the year the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, the Irish Ferries Limited Pension Scheme. Under the terms of the agreement, 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 position of the scheme. The Company will make deficit payments to the scheme of €1.5 million per annum for a projected period of 10 years to 2023, or until the deficit is eliminated if earlier, with additional payments of €0.5 million per annum to an escrow account, the balance of which will also be payable to the scheme in certain circumstances. The reduction in liability arising from these changes has been estimated at €31.0 million by the scheme actuary.

The pension charges and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 29 June 2012 and 31 December 2014. The valuations employed for disclosure purposes have been based on the most recent funding valuations for each scheme adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2014 and to take account of financial conditions at this date. The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Group, certain employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2012. The share of the Group in the MNOPF as advised by the trustees is 1.53% (2013: 1.53%). Disclosures relating to this scheme are based on these allocations.

The valuation at 31 December 2014 is based on the actuarial deficit contributions notified to the Group in May 2013 by the Trustee based on the deficit as at 31 March 2012 less any payments made thereof by the Group.

The share of the overall deficit in the MNOPF apportioned to the Group at 31 December 2014 is €1.4 million (2013: €2.0 million). During the year the Group made payments of €0.9 million (2013: €0.5 million) to the trustees.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(iii) Principal risks and assumptions

The Group is exposed to a number of actuarial risks as set out below:

Investment risk
The present value of the defined benefit pension scheme liability is calculated using a discount rate by reference to high quality corporate bond yields; if the future achieved return on scheme assets is below this rate, it will create a deficit.

Salary risk
The present value of the defined benefit liability is calculated by reference to the projected salaries of scheme participants at retirement based on salary inflation assumptions. As such, any variation in salary versus assumption will vary the schemes liabilities.

Life expectancy
The present value of the defined benefit pension scheme liability is calculated by reference to the best estimate of the mortality of scheme participant's both during and after their employment. An increase in the life expectancy of the scheme participants will change the scheme liabilities.

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

	Sterling Liabilities		Euro Liabilities	
	2014	2013	**2014**	2013
Discount rate	3.65%	4.35%	2.00%	3.60%
Inflation rate	3.10%	3.55%	1.50%	2.00%
Rate of annual increase of pensions in payment	2.90%	3.20%	0.60% - 0.70%	1.80% - 2.00%
Rate of increase of pensionable salaries	1.44%	4.05%	1.00%	3.00%

IAS 19 Employee Benefits provides that the discount rate used to value retirement benefits should be determined by reference to market yields on high quality corporate bonds consistent with the duration of the liabilities. Due to a narrow bond universe the Group defines high quality bonds in the Eurozone as those rated AA or higher by at least one rating agency. In respect of sterling schemes, corporate bonds must be rated AA, or higher, by at least two rating agencies.

The average life expectancy used in all schemes at age 60 is as follows:

	2014		2013	
	Male	**Female**	Male	Female
Current retirees	24.3 years	27.2 years	24.3 years	27.2 years
Future retirees	27.5 years	29.8 years	27.3 years	29.6 years

The Directors have taken independent actuarial advice on the key judgements used in the estimate of retirement benefit scheme assets and liabilities.

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(iii) Principal risks and assumptions

Sensitivity of pension liability judgemental assumptions

The Group's total obligation in respect of defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually and totals €280.6 million at 31 December 2014 (2013: €267.2 million). At 31 December 2014, the Group also has scheme assets totalling €256.5 million (2013: €230.5 million), giving a net pension deficit of €24.1 million (2013: deficit of €36.7 million).

The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Group. The analysis is for illustrative purposes only, as in practice assumptions rarely change in isolation.

Assumption	Change in assumption	Impact on liabilities
Discount rate	Increase/decrease by 0.5%	Decrease/increase by 7.5%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 7.1%
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by 0.7%
Rate of mortality	Members assumed to live 1 year longer	Increase by 3.1%

(iv) Retirement benefit assets and liabilities

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's defined benefit pension schemes, including an apportionment in respect of the MNOPF is as follows:

	Schemes with Liabilities in Sterling		Schemes with Liabilities in Euro	
	2014	2013	**2014**	2013
	€m	€m	**€m**	€m
Equities	8.9	8.4	131.9	121.6
Bonds	15.9	13.9	81.8	73.3
Property	0.3	0.3	14.2	11.4
Other	0.7	1.0	2.8	0.6
Market value of scheme assets	25.8	23.6	230.7	206.9
Present value of scheme liabilities	(22.6)	(22.0)	(258.0)	(245.2)
Surplus / (deficit) in schemes	3.2	1.6	(27.3)	(38.3)

Three of the defined benefit pension schemes accounted for by the Group are in a net surplus position and are shown in non-current assets in the Consolidated Statement of Financial Position. Three of the defined benefit pension schemes accounted for by the Group are in a net deficit position and are shown in non-current liabilities. The split between the amounts shown in each category is as follows:

	2014	2013
	€m	€m
Non-current assets – retirement benefit surplus	5.4	4.7
Non-current liabilities – retirement benefit obligation	(29.5)	(41.4)
Net deficit in pension schemes	(24.1)	(36.7)

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(v) Movements in retirement benefit assets

Movements in the fair value of scheme assets in the current year were as follows:

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	23.6	206.9	230.5
Interest income	1.0	7.4	8.4
Actuarial gains	-	21.7	21.7
Exchange difference	1.6	-	1.6
Employer contributions	0.4	2.7	3.1
Contributions from scheme members	-	0.4	0.4
Benefits paid	(0.8)	(8.4)	(9.2)
At end of year	25.8	230.7	256.5

2013	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	22.8	190.7	213.5
Interest income	1.0	7.2	8.2
Actuarial gains	0.5	12.8	13.3
Exchange difference	(0.5)	-	(0.5)
Employer contributions	0.4	4.7	5.1
Contributions from scheme members	0.1	0.3	0.4
Benefits paid	(0.7)	(8.8)	(9.5)
At end of year	23.6	206.9	230.5

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(vi) Movement in retirement benefit liabilities

Movements in the present value of defined benefit obligations in the year were as follows:

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	22.0	245.2	267.2
Service cost	0.4	1.5	1.9
Interest cost	0.9	8.7	9.6
Past service credit	-	(1.8)	(1.8)
Curtailment gain	-	(31.0)	(31.0)
MNOPF deficit payments	(0.9)	-	(0.9)
Contributions from scheme members	-	0.4	0.4
Actuarial (gains) / losses	(0.5)	43.4	42.9
Exchange difference	1.5	-	1.5
Benefits paid	(0.8)	(8.4)	(9.2)
At end of year	22.6	258.0	280.6

2013	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	19.6	248.5	268.1
Service cost	0.3	1.6	1.9
Interest cost	0.9	9.3	10.2
Past service credit	-	(2.1)	(2.1)
MNOPF deficit payments	(0.5)	-	(0.5)
Contributions from scheme members	0.1	0.3	0.4
Actuarial losses / (gains)	2.6	(3.6)	(1.0)
Exchange difference	(0.3)	-	(0.3)
Benefits paid	(0.7)	(8.8)	(9.5)
At end of year	22.0	245.2	267.2

The present value of scheme liabilities at the year ended 31 December 2014 and 31 December 2013 relate to wholly funded plans.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(vii) Amounts recognised in the Consolidated Income Statement

Amounts recognised in the Consolidated Income Statement in respect of the defined benefit pension schemes are as follows:

	2014 €m	2013 €m
Charges / (credits) to Employee benefits expense		
Current service cost	1.9	1.9
Past service credit	(1.8)	(2.1)
	0.1	(0.2)

The past service credit relates to reduction of benefits applied by the trustee to recoup the cost of pension levies imposed on schemes resident in Ireland.

	2014 €m	2013 €m
Charged to Finance costs		
Interest income on scheme assets	(8.4)	(8.2)
Interest on scheme liabilities	9.6	10.2
Net interest cost on defined benefit pension schemes (note 8)	1.2	2.0
Credit to Non-trading items		
Curtailment Gain	(31.0)	-

During the year the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, the Irish Ferries Limited Pension Scheme. The reduction in liability arising from these changes has been estimated at €31.0 million, at the date of implementation, by the scheme actuary.

The estimated amounts of contributions expected to be paid to the schemes during 2015 is €3.1 million based on current funding agreements.

33. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(viii) Amounts recognised in the Consolidated Statement of Comprehensive Income

Amounts recognised in the Consolidated Statement of Comprehensive Income in respect of the defined benefit pension schemes are as follows:

Actuarial gains and losses:	2014 €m	2013 €m
Actual return on scheme assets	30.1	21.5
Interest income on scheme assets	(8.4)	(8.2)
Return on scheme assets (excluding amounts included in net interest cost)	21.7	13.3
Remeasurement adjustments on scheme liabilities:		
- Gains and losses arising from changes in demographic assumptions	-	9.4
- Gains and losses arising from changes in financial assumptions	(48.0)	(9.8)
- Gains and losses arising from experience adjustments	5.1	1.4
Actuarial (losses) / gains recognised in the Consolidated Statement of Comprehensive Income	(21.2)	14.3

Exchange movement:	2014 €m	2013 €m
Exchange gain / (loss) on scheme assets	1.6	(0.5)
Exchange (loss) / gain on scheme liabilities	(1.5)	0.3
Exchange gain / (loss) recognised in the Consolidated Statement of Comprehensive Income	0.1	(0.2)

(b) Company retirement benefit schemes

(i) Company sponsored / Group affiliated schemes

Certain employees of the Company are members of a defined benefit pension scheme which is sponsored by another Group Company, Irish Ferries Limited. The stated policy between the sponsoring entity and the Company does not require the Company to recognise the net defined benefit in its individual financial statements. Consequently the Company recognises a retirement benefit cost in its Income Statement in respect of this scheme equal to its contribution payable for the year. Detailed information in respect of this scheme is given within part (a) of this note. Other employees are members of the ICG Executive Pension Scheme and the Ex Merchant Navy Officers Pension Fund (Ex MNOPF), which are sponsored by the Company.

The contributory defined benefit pension schemes sponsored by the Company and the Group companies provide retirement and death benefits for employees. The defined benefit pension schemes provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary. The assets of these schemes are held separately from those of the Company and Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deeds and the pension laws of the relevant jurisdiction. The pensions charge and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries.

The latest actuarial valuation report for the ICG Executive Pension Scheme and the Ex MNOPF Scheme, which are not available for public inspection, are dated 30 June 2013 and 29 June 2012 respectively. The valuation employed for disclosure purposes has been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2014 and to take account of financial conditions at this date.

The present value of the defined benefit obligation, and the related current service cost and past service credit, were measured using the projected unit credit method and assets have been valued at bid value.

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Notes to the Financial Statements - continued
for the year ended 31 December 2014

33. Retirement benefit schemes - continued

(b) Company retirement benefit schemes - continued

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Company, certain employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2012. The share of the Company in the MNOPF as advised by the Trustees is 0.51% (2013: 0.51%). Disclosures relating to this scheme are based on these allocations.

The valuation at 31 December 2014 is based on the actuarial deficit contributions notified to the Group in May 2013 by the Trustee based on the deficit as at 31 March 2012 less any payments made by the Company.

The share of the overall deficit in the MNOPF apportioned to the Company is €0.4 million at 31 December 2014 (2013: €0.7 million). During the year the Company made payments of €0.3 million (2013: €0.2 million) to the Trustees.

(iii) Principal risks and assumptions

The principal risks and assumptions used for the purpose of the actuarial valuations are set out in part (a)(iii) of this note.

The Company's total obligation in respect of the defined benefit pension schemes is calculated by independent, qualified actuaries, updated at least annually and totals €5.1 million at 31 December 2014 (2013: €4.5 million). At 31 December 2014, the Company also has scheme assets totalling €5.4 million (2013: €4.9 million) giving a net pension surplus of €0.3 million (2013: €0.4 million). The size of the obligation is sensitive to actuarial assumptions.

(iv) Retirement benefit assets and liabilities

The amount recognised in the Statement of Financial Position in respect of the Company's defined benefit pension schemes, including an apportionment in respect of the MNOPF are as follows:

	Schemes with Liabilities in Sterling		Schemes with Liabilities in Euro	
	2014 €m	2013 €m	2014 €m	2013 €m
Equities	-	-	3.6	3.6
Bonds	-	-	0.7	0.7
Property	-	-	0.1	0.2
Other	-	-	1.0	0.4
Market value of scheme assets	-	-	5.4	4.9
Present value of scheme liabilities	(0.4)	(0.7)	(4.7)	(3.8)
(Deficit) / surplus in schemes	(0.4)	(0.7)	0.7	1.1

Two of the retirement benefit schemes accounted for by the Company are in a net surplus position, while the other scheme is in a net deficit position. The split between the amounts shown in each category is as follows:

	2014 €m	2013 €m
Non-current assets – retirement benefit surplus	0.8	1.1
Non-current liabilities – retirement benefit obligation	(0.5)	(0.7)
Net surplus in pension schemes	0.3	0.4

33. Retirement benefit schemes - continued

(b) Company retirement benefit schemes - continued

These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the scheme assets is also sensitive to asset return levels and the level of contributions from the Company.

Investment of the scheme assets in the employer Company did not exceed 5% of the total market value of the fund.

(v) Movement in retirement benefit assets

Movements in the fair value of scheme assets in the current year were as follows:

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	-	4.9	4.9
Interest income	-	0.2	0.2
Actuarial gains	-	0.4	0.4
Employer contributions	-	-	-
Benefits paid	-	(0.1)	(0.1)
At end of year	-	5.4	5.4

2013	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	-	4.2	4.2
Interest income	-	0.2	0.2
Actuarial gains	-	0.4	0.4
Employer contributions	-	0.2	0.2
Benefits paid	-	(0.1)	(0.1)
At end of year	-	4.9	4.9

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Notes to the Financial Statements - continued

for the year ended 31 December 2014

33. Retirement benefit schemes - continued

(b) Company retirement benefit schemes - continued

(vi) Movement in retirement benefit liabilities

Movements in the present value of defined benefit obligations in the year were as follows:

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	0.7	3.8	4.5
Interest cost	-	0.2	0.2
MNOPF deficit payments	(0.3)	-	(0.3)
Actuarial losses	-	0.8	0.8
Benefits paid	-	(0.1)	(0.1)
At end of year	0.4	4.7	5.1

2013	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of year	-	3.7	3.7
Interest cost	-	0.2	0.2
MNOPF deficit payments	(0.2)	-	(0.2)
Actuarial losses	0.9	-	0.9
Benefits paid	-	(0.1)	(0.1)
At end of year	0.7	3.8	4.5

The present value of scheme liabilities at the year ended 31 December 2014 and 31 December 2013 relate to wholly funded plans.

(vii) Amounts recognised in the Company Income Statement

Amounts recognised in the Company Income Statement in respect of the defined benefit pension schemes are as follows:

	2014 €m	2013 €m
Charged to Finance costs		
Interest income on scheme assets	(0.2)	(0.2)
Interest cost on scheme liabilities	0.2	0.2
Net interest cost on defined benefit pension schemes	-	-

The estimated amounts of contributions expected to be paid by the Company to the schemes during 2015 is €0.4 million based on current funding agreements.

33. Retirement benefit schemes - continued

(b) Company retirement benefit schemes - continued

(viii) Amounts recognised in the Company Statement of Comprehensive Income

Amounts recognised in the Company Statement of Comprehensive Income in respect of the defined benefit pension schemes are as follows:

Actuarial gains and losses:	2014 €m	2013 €m
Actual return on scheme assets	0.6	0.6
Interest income on scheme assets	(0.2)	(0.2)
Return on scheme assets (excluding amounts included in net interest cost)	0.4	0.4
Remeasurement adjustments on scheme liabilities:		
- Gains and losses arising from change in demographic assumptions	-	-
- Gains and losses arising from change in financial assumptions	(0.8)	(0.1)
- Gains and losses arising from experience adjustments	-	(0.8)
Actuarial losses recognised in Statement of Comprehensive Income	(0.4)	(0.5)

34. Related party transactions

During the year, Group entities incurred costs of €0.4 million (2013: €0.3 million) through provision of administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries (UK) Limited Pension Scheme, related parties that are not members of the Group. These related parties provide pension benefits to employees of the Group.

As at the statement of financial position date, Catherine Duffy, non-executive Director of the Company, is a Senior Partner in the Banking and Financial Services Department at law firm A&L Goodbody ("ALG''). During the year ended 31 December 2014, expenses of €0.1 million (2013: €0.1 million) were incurred for services received from ALG in their capacity as legal advisors to the Group. All services have been provided on an arm's length basis at the standard commercial terms of ALG.

The Company chartered a vessel from a subsidiary Company during the year. It also advanced and received funds to and from certain subsidiaries. Net funds advanced to subsidiaries during the year amounted to €9.1 million (2013: €2.0 million advanced to subsidiaries). The Company has provided Letters of Financial Support for certain of its other subsidiaries as disclosed in note 38.

During the year the Company received dividends of €32.0 million (2013: €16.0 million) from subsidiary companies.

At 31 December the following amounts were due to or from the Company by its subsidiaries:

	2014 €m	2013 €m
Amounts due from subsidiary companies (note 19)	124.1	85.7
Amounts due to subsidiary companies (note 26)	(59.3)	(30.0)
	64.8	55.7

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. There are no set terms and conditions attached to the amounts outstanding.

Financial Statements

Notes to the Financial Statements - continued

for the year ended 31 December 2014

34. Related party transactions - continued

Compensation of key management personnel

The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of key management, including Directors, during the year was as follows:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Short-term benefits	3.5	3.2	0.2	0.4
Post-employment benefits	0.4	0.4	-	-
	3.9	3.6	0.2	0.4

Short-term benefits comprise salary, performance pay and other short term employee benefits.

Post-employment benefits comprise the past and current service cost calculated in accordance with *IAS 19 Employee Benefits*.

Share-based payment expense of €1.7 million (2013: €0.1 million) relate to key management, including Directors of the Group.

Share-based payment expense represents the cost charged in respect of equity settled share-based payments.

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals, market trends and the performance of the Group and Company.

Dividends

Amounts received by key management, including Directors, arising from dividends are as follows:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Dividends	3.0	3.2	3.0	3.2

Share options

Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on page 58.

35. Net cash from operating activities

Group	2014 €m	2013 €m
Operating activities		
Profit for the year	56.0	26.8
Adjustments for:		
Finance costs (net)	4.7	6.3
Income tax expense	0.7	0.4
Retirement benefit obligations – current service cost	1.9	1.9
Retirement benefit obligations – payments	(4.0)	(5.6)
Retirement benefit obligations – past service credit	(1.8)	(2.1)
Depreciation of property, plant and equipment	17.5	19.0
Amortisation of intangible assets	0.4	0.3
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment expense	0.2	0.1
Non-trading item: Gain on disposal of subsidiary	-	(3.5)
Non-trading item: Net gain on pension deficit agreement	(28.7)	-
Non-trading item: Fees related to pension deficit agreement	(0.3)	-
Gain on disposal of property, plant and equipment	(0.1)	(0.4)
Increase in provisions	0.2	-
Operating cash flows before movements in working capital	**46.6**	**43.1**
Decrease in inventories	0.7	-
Increase in receivables	(4.8)	(1.5)
Increase / (decrease) in payables	1.9	(1.3)
Cash generated from operations	**44.4**	**40.3**
Income taxes paid	(1.1)	(0.2)
Interest paid	(3.6)	(4.5)
Net cash inflow from operating activities	**39.7**	**35.6**

Financial Statements

Notes to the Financial Statements - continued
for the year ended 31 December 2014

35. Net cash from operating activities - continued

Company	2014 €m	2013 €m
Operating activities		
Profit for the year	25.6	14.4
Adjustments for:		
Finance costs (net)	0.5	0.2
Retirement benefit obligations – payments	(0.3)	(0.4)
Dividend income	(32.0)	(16.0)
Depreciation of property, plant and equipment	2.4	2.5
Amortisation of intangible assets	0.3	0.3
Non-trading item: Gain on disposal of investment in subsidiary	-	(3.5)
Non-trading item: Charge related to pension deficit agreement	1.8	-
Non-trading item: Fees related to pension deficit agreement	(0.3)	-
Operating cash flows before movements in working capital	**(2.0)**	**(2.5)**
Decrease in inventories	0.1	0.2
Increase in receivables	(39.0)	(17.8)
Increase in payables	29.5	15.4
Cash utilised by operations	**(11.4)**	**(4.7)**
Interest paid	(0.5)	(0.3)
Net cash outflow from operating activities	**(11.9)**	**(5.0)**

36. 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:

	Group 2014 €m	Group 2013 €m	Company 2014 €m	Company 2013 €m
Cash and bank balances	22.7	18.5	0.8	0.8
Bank overdraft (note 23)	(3.3)	-	(0.1)	-
Cash and cash equivalents	**19.4**	**18.5**	**0.7**	**0.8**

37. Non-cash transactions

Additions to property, plant and equipment during the year amounting to €1.6 million (2013: €1.2 million) in the Group and €nil (2013: €0.6 million) in the Company were financed by sale and leaseback financing.

38. Contingent liabilities

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €0.7 million (2013: €0.7 million). The Group regards these financial guarantee contracts as insurance contracts and accordingly the accounting treatment applied is that applicable to insurance contracts. No claims have been notified to the Group in respect of these contracts, therefore no provision is warranted.

The Group and Company have provided indemnities in respect of certain leasing transactions arising in a subsidiary Company which were voluntarily terminated on 23 December 2009. The Directors consider that these indemnities would only be quantifiable if a claim is made and that no obligation had arisen at the statement of financial position date.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is in deficit. Under the rules of the fund all employers are jointly and severally liable for the deficit. The net position included in these accounts for the Group and Company represents an apportionment of the overall scheme deficit based on notification received from the trustees which is currently 1.53% for the Group and 0.51% for the Company less any deficit payments made. Should other participating employers default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Separately, if the Group (and or Company) ceases to be an employer employing persons in the description of employment to which the MNOPF relates, the Group may incur a statutory debt (otherwise known as "Section 75" debt by reference to Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004). The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business the Group and Company is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

Pursuant to the provision of Section 17 of the Companies (Amendment) Act 1986, the Company has guaranteed the liabilities of all of its Irish subsidiaries and, as a result, these subsidiaries have been exempted from the provisions of Section 7 of the Companies (Amendment) Act 1986. Details of the Group's principal subsidiaries have been included in note 17 which includes the Irish subsidiaries of the Group covered by the Section 17 exemption. The Company has fair valued these guarantees at €nil at 31 December 2014 (2013: €nil) based on projected cash flows.

The Company has provided Letters of Financial Support for certain subsidiaries. The Company has fair valued these financial guarantee contracts at €nil at 31 December 2014 (2013: €nil) based on projected cash flows.

The Company has entered into a Put and Call agreement with a subsidiary company, Zatarga Limited, which grants the Company the option to purchase one or more vessels from Zatarga Limited.

The Company has provided a guarantee and indemnity in favour of lenders in respect of obligations of certain subsidiaries who are borrowers under the Group's overdraft and revolving credit facilities.

39. Post statement of financial position events

The Board is proposing a final dividend of 7.035 cent per ICG Unit in respect of the results for the year ended 31 December 2014.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2014.

40. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2015.

SHAREHOLDER AND OTHER INFORMATION

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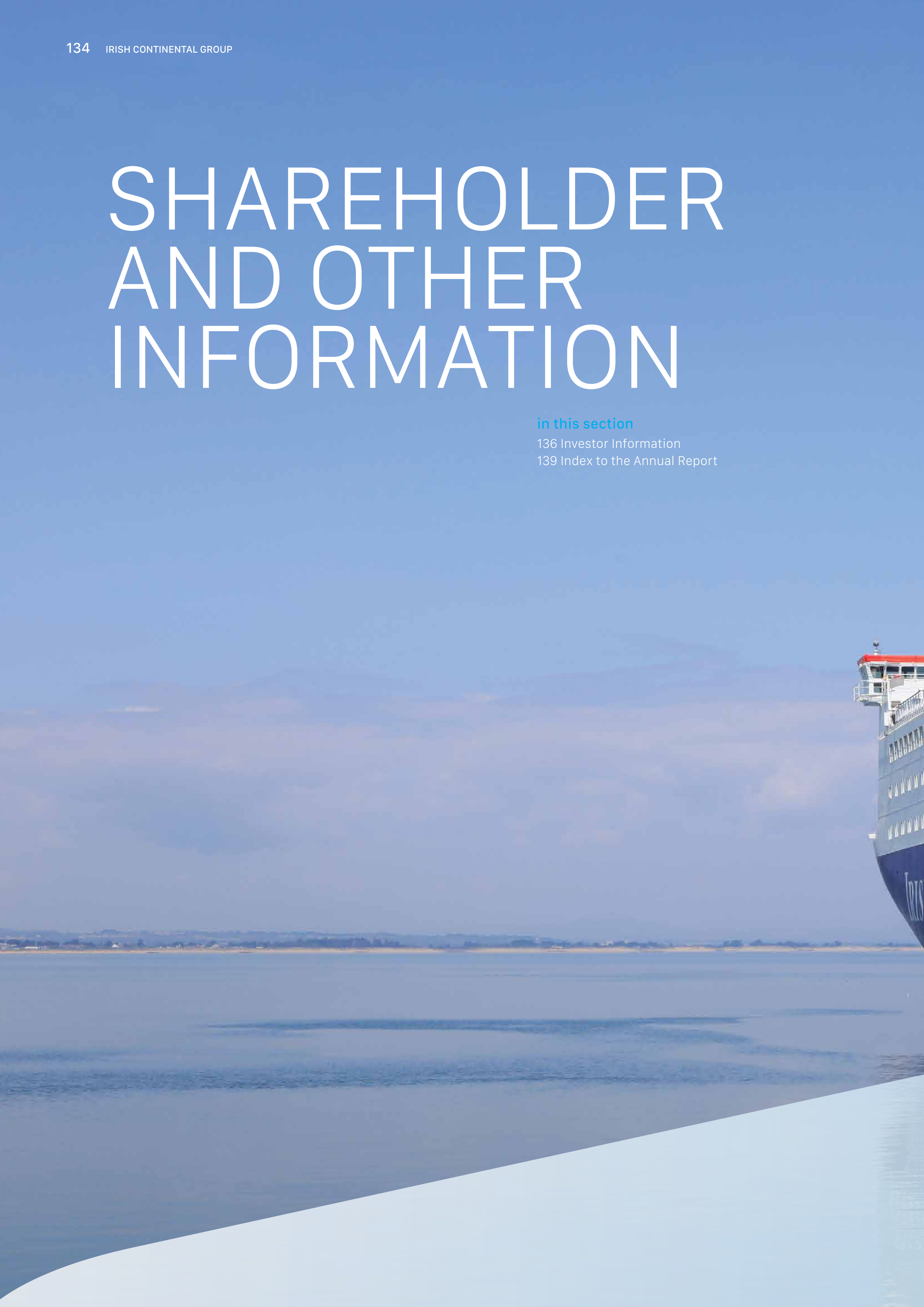


OSCAR WILDE
NASSAU

Shareholder and other information

Investor Information

ICG Units

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

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

At 4 March 2015, an ICG Unit consisted of one Ordinary share and nil Redeemable shares.

Payments to Shareholders

Shareholders are offered the option of having any distributions paid in Euro or Sterling and made by way of cheque payment or electronic transfer. Shareholders should contact the Company's Registrar for further information.

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

ICG Unit price data (€)

	High	Low	Year end
Year ended 31 December 2014	3.30	2.53	3.25
Year ended 31 December 2013	2.652	1.950	2.652

Share listings

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

ICG's ISIN code is IE00BLP58571.

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

Investor Relations

Please address investor enquiries to:
Irish Continental Group plc
Ferryport
Alexandra Road
Dublin 1

Telephone: +353 1 607 5628
Fax: +353 1 855 2268
Email: investorrelations@icg.ie

Shareholder and other information

Investor Information – continued

Registrar

The Company's Registrar deals with all administrative queries about the holding of ICG Units.

Shareholders should contact the Registrar in order to:
- Register to receive shareholder information electronically;
- Elect to receive any distributions from the Company by bank transfer; and
- Amalgamate accounts where shareholders have multiple accounts in their name, to avoid duplicate sets of Company mailings being sent to one shareholder.

The registrar also offers a share dealing service to shareholders.

The Company's registrar is:
Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18

Telephone: +353 1 447 5483
Fax: +353 1 447 5571
Email: webqueries@computershare.ie

Financial calendar 2015

Announcement of Preliminary Statement of Results to 31 December 2014	5 March 2015
Annual General Meeting	20 May 2015
Proposed final dividend payment date	19 June 2015
Half year results announcement	27 August 2015

Travel discounts for Shareholders

Registered shareholders of 1,000 or more ICG shares can avail of a discount when travelling with Irish Ferries. The availability of the discount, the conditions applicable and the level of discount are subject to review and are varied from time to time. The principal features of the scheme at 4 March 2015 are:

- 20% discount on passenger and car ferry services between Ireland and Britain;

- 10% discount on passenger and car ferry services between Ireland and France (direct sailings only); and

- 5% discount on Irish Ferries inclusive package holidays (incorporating travel with Irish Ferries).

To qualify for the discount the person travelling must be the registered holder of the shares, book online at www.irishferries.com, and apply for the discount at the time of booking. The discount is not available in conjunction with any other discount scheme.

For further information please contact Irish Ferries Customer Support in Dublin on + 353 1 607 5700 or email shareholders@irishferries.com.

Shareholder and other information

Investor Information - continued

Other information

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A&L Goodbody, Dublin

Auditors
Deloitte & Touche
Chartered Accountants and Statutory Audit Firm
Earlsfort Terrace, Dublin 2

Principal bankers
Allied Irish Bank plc, Dublin
The Governor and Company of the Bank of Ireland, Dublin
Ulster Bank Ireland Ltd, Dublin

Stockbrokers
Investec Stockbrokers, Dublin
Goodbody Stockbrokers, Dublin

Registrars
Computershare Investor Services (Ireland) Limited
Heron House, Corrig Road
Sandyford Industrial Estate
Dublin 18

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Email
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	ISE	LSE
Reuters	IR5B_u.I	ICG_u.L
Bloomberg	IR5B	ICGC
ISE Xetra	IR5B	

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