IRISH CONTINENTAL GROUP

2015 ANNUAL REPORT AND FINANCIAL STATEMENTS

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.

more online
www.icg.ie

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Strategic Report[1]

"I am pleased to report that 2015 has been another successful year for the Group, with a positive operational and financial performance in both divisions."

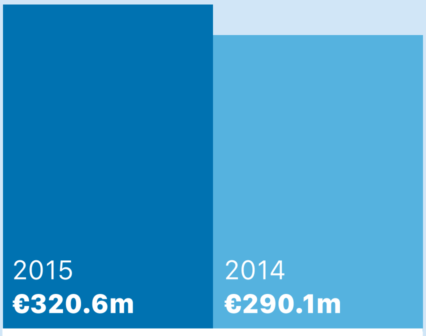
Read more from the Chairman's Statement on page 10

[1] As an Irish Incorporated Group, The Strategic Report does not constitute a Strategic Report for the purpose of the UK Companies Act 2006 (Strategic Report and Directors Report) Regulation 2013 and the large and medium-sized Companies and Groups (Accounts and Reports) (amendment) Regulations 2013, and the Remuneration Committee Report does not constitute a Remuneration Report for the purposes of the UK large and medium-sized Companies and Groups (Accounts and Reports) (amendment) Regulations.

Financial Highlights

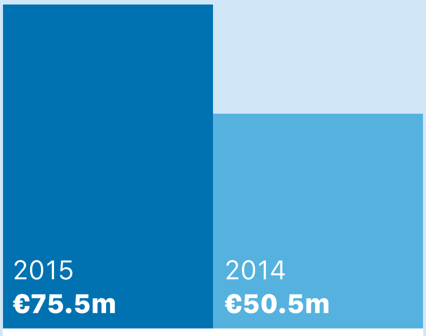
Revenue

up **10.5%**



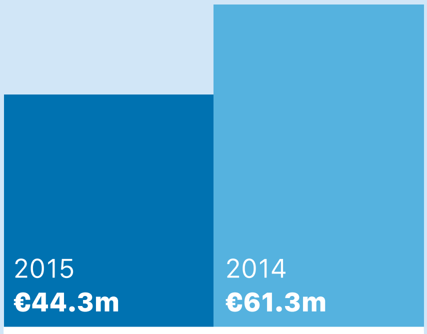
EBITDA*

up **49.5%**



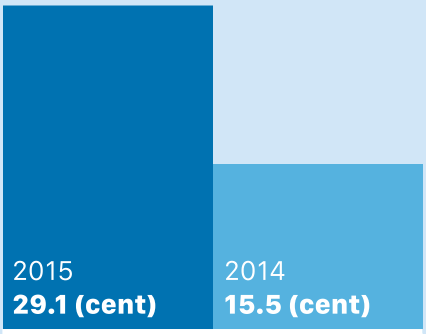
Net Debt**

down **27.7%**



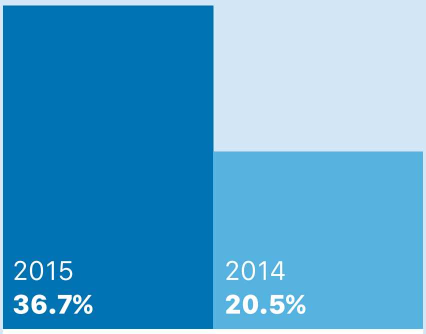
Adjusted EPS*

up **87.7%**



ROACE*

up **16.2** percentage points



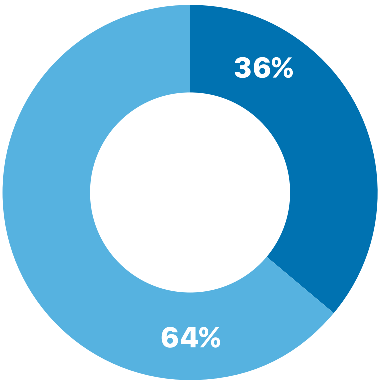
* Definitions of key performance indicators are set out on page 13.
** Net debt comprises cash and bank balances less borrowings.

The Group

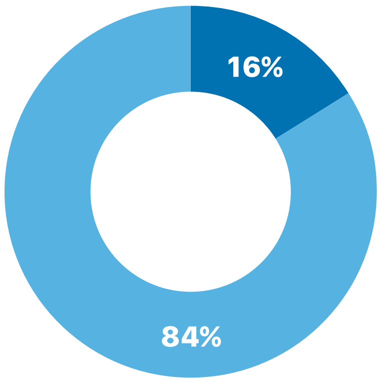
Irish Continental Group (ICG) is the leading Irish-based maritime transport group. We carry passengers and cars, Roll on Roll off (RoRo) freight and Container Lift on Lift off (LoLo) freight, on routes between Ireland, the United Kingdom and Continental Europe. We also operate container terminals in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

Ferries Division   Container and Terminal Division

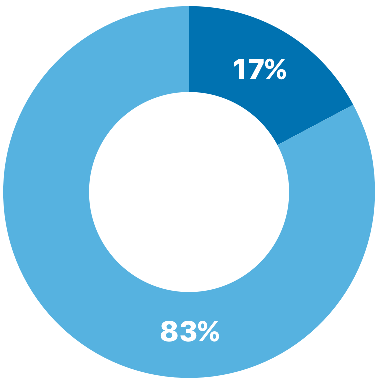
Revenue



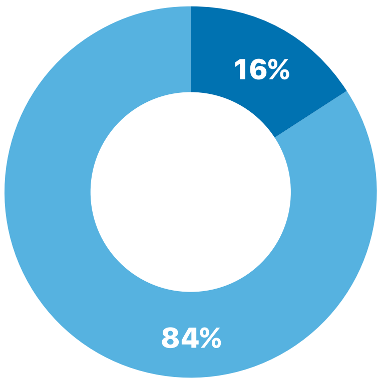
Operating Profit



Capital Employed



EBITDA



Ferries Division

Modern fleet of multi-purpose ferries and LoLo container vessels operating between the Republic of Ireland and Britain and Continental Europe, and on charter.

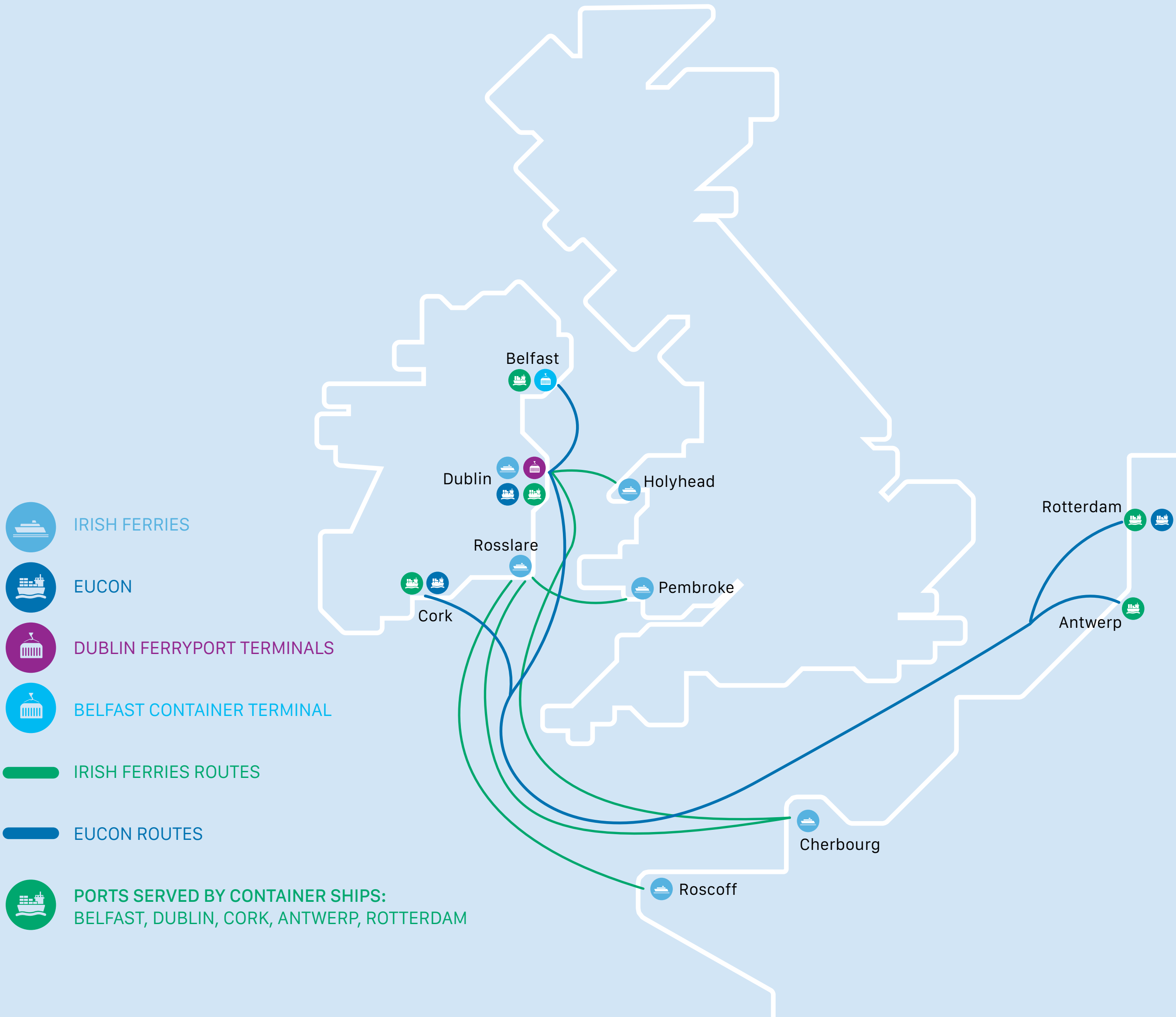
1.7 million passengers carried during 2015 on up to 17 daily sailings.

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.



Our Group at a Glance

Irish Continental Group is a customer focussed business with a pivotal position in the logistics chain facilitating Ireland's international trade and tourism

Reliability

underpinned by investment in maintaining quality assets ensuring we meet our customer expectations, achieving 98.3% schedule integrity on our RoRo services in 2015.

Fastest crossing

on the Irish sea on board the Irish Ferries Jonathan Swift fastcraft service with a sailing time of under 2 hours between Dublin and Holyhead at speeds of up to 80 kph.

Strategically located container terminals

which handled 248,500 container units during 2015 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

Always on, always in touch

our shipping and terminal services operate 24/7, assisted by investment in modern booking and tracking systems to ensure our customers can keep in touch over a variety of platforms.

Strategic short sea RoRo routes **operated by Irish Ferries providing a seamless connection from Ireland to the UK and Continental motorway network for the 272,500 RoRo units carried in 2015.**

Key contributor to regional tourism **in Ireland, Irish Ferries carried 1.7 million passengers and 400,900 cars during 2015 with research indicating that car tourists stay longer and travel outside the main urban centres.**

Connected container shipping services **provided by Eucon, transporting 286,500 teu in 2015 between Ireland and 20 countries throughout Europe by sea, road, rail and barge.**

High standard on-board experience **enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Passengers are never out of touch with free satellite wi-fi services.**

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Five Year Summary

Non Statutory Income Statement Information	2015	2014	2013	2012[1]	2011[1]
	€m	€m	€m	€m	€m
Revenue	320.6	290.1	264.7	256.1	251.7
Other operating expenses and employee benefits expense	(245.1)	(239.6)	(215.5)	(210.3)	(204.4)
Depreciation and amortisation	(18.3)	(17.8)	(19.2)	(19.3)	(20.2)
	57.2	32.7	30.0	26.5	27.1
Non-trading items[2]	-	28.7	-	(2.1)	-
Interest (net)	(3.1)	(4.7)	(6.3)	(3.4)	(0.7)
Profit before taxation	54.1	56.7	23.7	21.0	26.4
Taxation	(0.4)	(0.7)	(0.4)	(0.5)	(0.8)
Profit from continuing operations	53.7	56.0	23.3	20.5	25.6
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	53.7	56.0	26.8	42.4	27.7
EBITDA (including trading from discontinued operations)	75.5	50.5	49.2	46.5	49.1
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share					
-Basic	28.9	30.4	14.6	18.3	11.1
-Adjusted[3]	29.1	15.5	13.8	10.9	11.0
Dividend per share	11.025	10.5	10.0	10.0	10.0
Shares in issue at year end:	m	m	m	m	m
-ICG Units including treasury shares	186.4	184.5	184.0	183.4	257.7
-Treasury shares	-	-	-	-	9.0
Average shares in issue	185.8	184.4	183.7	231.4	249.3

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.
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. Adjusted earnings exclude pension interest and non-trading items.

Non Statutory Consolidated Statement of Financial Position

	2015 €m	2014 €m	2013 €m	2012 €m	2011 €m
Property, plant and equipment and intangible assets	170.9	154.7	164.3	175.0	182.9
Retirement benefit surplus	5.6	5.4	4.7	3.7	4.4
Other assets	67.9	59.4	68.9	80.0	67.3
Total assets	244.4	219.5	237.9	258.7	254.6
Equity capital and reserves	115.5	61.3	42.2	18.0	151.6
Retirement benefit obligation	10.7	29.5	41.4	58.3	36.9
Other non-current liabilities	60.0	71.5	100.7	129.0	23.1
Current liabilities	58.2	57.2	53.6	53.4	43.0
Total equity and liabilities	244.4	219.5	237.9	258.7	254.6

Non Statutory Consolidated Statement of Cash flows

	2015 €m	2014 €m	2013 €m	2012 €m	2011 €m
Net cash inflow from operating activities	68.2	39.7	35.6	26.9	36.5
Net cash (outflow)/inflow from investing activities	(34.8)	10.0	4.2	13.4	(1.8)
Net cash outflow from financing activities	(28.0)	(48.9)	(43.7)	(27.4)	(42.3)
Cash and cash equivalents at the beginning of the year	19.4	18.5	22.3	9.5	17.2
Effect of foreign exchange rate changes	0.2	0.1	0.1	(0.1)	(0.1)
Closing cash and cash equivalents	25.0	19.4	18.5	22.3	9.5
	€m	€m	€m	€m	€m
Net debt	44.3	61.3	93.4	116.0	7.8
	Times	Times	Times	Times	Times
Net Debt / EBITDA	0.6x	1.2x	1.9x	2.5x	0.2x
Gearing (Net debt as a percentage of shareholders' funds)	38%	100%	221%	644%	5%

Chairman's Statement

2015 Performance*

I am pleased to report that 2015 has been another successful year for the Group, with a positive operational and financial performance in both divisions. The Group has again strengthened its strategic position as the leading maritime transport provider in the Republic of Ireland. Revenue for the year grew 10.5% to €320.6 million (2014: €290.1 million). EBITDA for the year increased by 49.5% to €75.5 million (2014: €50.5 million). Adjusted EPS, which excludes non-trading items, and the net interest cost on defined benefit obligations, was 87.7% higher at 29.1 cent. The Group's ROACE also increased significantly to 36.7% in 2015 (2014: 20.5%).

The Group has benefited from the improvement in 2015 of the economies in our sphere of operations and the decline in global fuel prices. Sterling strength was a positive for tourism business in Irish Ferries. The strength of Sterling increased average yields during the period and also increased the attractiveness of Ireland as a tourist destination for UK based travellers. However, this benefit is partially offset by Sterling denominated costs. The benefit of lower fuel costs for the Group has been partially offset by a strong Dollar versus the Euro, a reduction in fuel surcharge income and the amendment of EU environmental regulations requiring the Group to consume more expensive fuel grades.

The Ferries division had a strong year due to both higher revenue and reduced costs. Revenue was 10.6% higher at €203.9 million (2014: €184.3 million). EBITDA in the division increased by 47.8% to €63.7 million (2014: €43.1 million) while EBIT rose by 71.8% to €48.1 million (2014: €28.0 million) principally due to higher freight and car volumes.

* Definitions of key performance indicators are set out on page 13.

In the Container and Terminal division EBITDA increased by 59.5% to €11.8 million (2014: €7.4 million) while EBIT was €9.1 million (2014: €4.7 million). Revenue in the division grew by 10.5% to €118.2 million (2014: €107.0 million). We ended the year in a strong financial position with net debt at €44.3 million, down from €61.3 million the previous year.

Vessel Acquisitions

In an extension of the Group's chartering activities, four LoLo container vessels were purchased in late 2015 for a combined cost of €24.2 million. The vessels are the MV Elbfeeder (built 2008), MV Elbtrader (built 2008) and MV Elbcarrier (built 2007), each of which has a capacity of 974 teu (Twenty Foot Equivalent) and a gross tonnage of 8,246 tons together with the MV Ranger (built 2005) which has a capacity for 803 teu and a gross tonnage of 7,852 tons. The three Elb vessels are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst the Ranger is on a short term charter to a third party.

Belfast Harbour

The Services Concession for the operation of a combined container terminal at Victoria Terminal in Belfast Harbour was awarded to the Group in 2015. The consolidation of our existing container operations at Belfast has now been completed. We will during 2016 continue to develop the volumes through Belfast and develop the efficiencies of a single shipping terminal.

Dividend

During the year the Group paid the final dividend for 2014 of 7.035 cent per ICG Unit. The Group also paid an interim dividend for 2015 of 3.638 cent per ICG Unit, and the Board is proposing a final dividend of 7.387 cent per ICG Unit, payable in June 2016, making a total dividend for 2015 of 11.025 cent per ICG Unit, an increase of 5.0% on the prior year.

Corporate Governance

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 51.

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 to ensure the long term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

The Board and Management changes

During 2015 there were a number of Board and management changes. In the first half of the year executive directors Tony Kelly and Garry O'Dea retired from the Board on reaching the normal retirement age of 60 years. Andrew Sheen was appointed Managing Director of Irish Ferries following Tony's departure at the end of March. David Ledwidge was appointed as Chief Financial Officer for the Group at the end of May following Garry's departure. On 3 March 2016, the Group appointed David as a Director of the Company. He has been with ICG for over 9 years and has played a very significant part in the development of the Group which now looks forward to his contribution at Board level.

Fuel and the EU Sulphur Directive

Group fuel costs in 2015 amounted to €39.0 million (2014: €53.0 million). The reduction in fuel cost was due to the fall in global US Dollar oil prices, offset by a stronger US Dollar versus Euro and consumption of more expensive fuel oils to comply with environmental regulations.

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

As set out in the 2014 Annual Report, the EU Sulphur Directive came into force from 1 January 2015 in many parts of Northern Europe, including the North Sea and the English Channel, but not the Irish Sea. For the Group this mainly affects Eucon's container service to / from Continental Europe while for Irish Ferries the impact is limited to the section of the Ireland – France route which falls in the English Channel. The Group is in compliance with the Directive and has imposed a separate fuel surcharge on the services affected to recoup the extra costs resulting from this Directive.

Outlook

Since our last update to the market, in the Interim Management Statement of November 2015, trading conditions have remained favourable. Revenue for the year increased by 10.5% for the full year, versus 9.9% for the 9 months to the end of September 2015 resulting in EBITDA for the final quarter of 2015 up €3.1 million at €11.4 million. The improved momentum has continued into the first two months of 2016.

Lower world fuel prices will continue to help performance though the recent weakening of Sterling will affect the Euro value of UK originating revenues. As a result of these factors, and the ongoing improvement in the economic outlook in our sphere of operations, we look forward, in the absence of unforeseen circumstances, to further growth in revenue and earnings for the financial year 2016.

I 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

Operating and Financial Review

This Operating and Financial Review discusses the following:

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.

Business Model and Strategy

Business Model

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

Ferries Division

principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities

Container & Terminal Division

principal activities include LoLo shipping activities under the Eucon brand and the operation of 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 set out in the Operating Review on page 15.

Strategy

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

Benchmarking costs to industry best practice to enable the Group to compete vigorously in its chosen markets

Key Performance Indicators and Summary of 2015 Results

The Group uses a set of headline key performance indicators (KPIs) to measure the performance of its operations and of the Group as a whole which are set out and defined below.

Financial KPIs

Divisional performance is measured using the following KPIs:

- **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 indicators and also against the following KPIs:

- **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 obligations and non-trading items.
- **Free Cash Flow** (operating cash flow less capital expenditure).

Non-Financial KPIs

The financial KPIs set out above are supported by a primary operational objective which is schedule integrity (the number of sailings completed versus scheduled sailings).

Operating and Financial Review
- continued

The calculation and performance of KPIs and a summary of the key financial results for the year is set out in the table below. A detailed review of the divisional operations is set out in the Operating Review on page 15.

	Comment	Ferries 2015 €m	Ferries 2014 €m	Container & Terminal 2015 €m	Container & Terminal 2014 €m	Inter-segment 2015 €m	Inter-segment 2014 €m	Group 2015 €m	Group 2014 €m
Revenue		203.9	184.3	118.2	107.0	(1.5)	(1.2)	320.6	290.1
EBITDA	1	63.7	43.1	11.8	7.4	-	-	75.5	50.5
EBIT	2	48.1	28.0	9.1	4.7	-	-	57.2	32.7
Non-trading items[1]		-	28.7	-	-	-	-	-	28.7
Net pension interest expense		-	-	-	-	-	-	(0.4)	(1.2)
Other finance charges		-	-	-	-	-	-	(2.7)	(3.5)
Net interest		-	-	-	-	-	-	(3.1)	(4.7)
Profit before tax		-	-	-	-	-	-	54.1	56.7
ROACE	3	37.6%	21.3%	32.7%	16.9%	-	-	36.7%	20.5%
EPS:									
EPS Basic	4	-	-	-	-	-	-	28.9c	30.4c
EPS Adjusted	4	-	-	-	-	-	-	29.1c	15.5c
Free Cash Flow	5	-	-	-	-	-	-	33.2	31.7

1. The prior year non-trading item comprises the curtailment gain realised on the implementation of a Pension deficit funding agreement less any related costs.

Comment:

Financial KPIs

1. EBITDA: Group EBITDA for the year increased by 49.5%, to €75.5 million (2014: €50.5 million). The increase in EBITDA was primarily due to increased revenue flows and a decrease of fuel costs which were down 26.4% to €39.0 million (2014: €53.0 million). EBITDA in the Ferries division increased by 47.8%, to €63.7 million, while the Container and Terminal division increased by 59.5%, to €11.8 million.

2. EBIT: Group EBIT for the year increased by 74.9% to €57.2 million (2014: €32.7 million). The Ferries division increase was 71.8%, while the Container and Terminal division was 93.6% higher.

3. ROACE: The Group achieved a return on average capital employed of 36.7% (2014: 20.5%). This increased return is due to the increase in EBIT from €32.7 million to €57.2 million, and a decrease in average capital employed from €159.5 million to €155.8 million. The Ferries Division achieved a return on average capital employed of 37.6% while the Container and Terminal division achieved 32.7%.

4. EPS: Adjusted EPS (before non-trading items and the net interest cost on defined benefit obligations) was 29.1 cent compared with 15.5 cent in 2014. Basic EPS was 28.9 cent compared with 30.4 cent in 2014. The reason for the decrease in Basic EPS is due to a decrease in profit attributable to equity holders of the parent to €53.7 million (2014: €56.0 million). However the prior year profit attributable to equity holders of the parent included a non-trading credit of €28.7 million which when excluded results in an increase in adjusted EPS.

5. Free Cash Flow: The Group's free cash flow was €33.2 million (2014: €31.7 million) or 58% (2014: 97%) of Group operating profit (before non-trading items) of €57.2 million (2014: €32.7 million). The increase was due to an increase in cash flows from operating activities, up €28.5 million to €68.2 million, offset by an increase in capital expenditure, up €27.0 million to €35.0 million primarily arising from the vessel acquisitions during the year.

Non-Financial KPIs

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

Operating Review

Ferries Division

Revenue in the division was 10.6% higher than the previous year at €203.9 million (2014: €184.3 million). Revenue in the first half of the year increased 11.3% to €86.5 million (2014: €77.7 million), while in the second half revenue increased 10.1%, to €117.4 million (2014: €106.6 million). EBITDA increased to €63.7 million (2014: €43.1 million) while EBIT was €48.1 million compared with €28.0 million in 2014. The increase in profit was driven by increased freight and passenger revenue and lower fuel prices in the year compared with 2014. The division achieved a return on capital employed of 37.6% (2014: 21.3%).

The Ferries division owns nine vessels in total and also charters in one vessel as part of its operations.

Irish Ferries operates four owned and one chartered-in multipurpose ferries on routes to and from the Republic of Ireland. The chartered vessel, Epsilon, provides weekly sailings between Dublin and Holyhead as well as a weekly round trip between Dublin and Cherbourg in France. Irish Ferries operated 5,200 sailings in 2015 (2014: 5,210), 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.

In addition to the five vessels operated by the Ferries division, the division also owns one Ropax ferry and four LoLo container vessels. The Ropax vessel is chartered out to a third party and operates in New Zealand. Three of the LoLo container vessels are currently on charter to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst the remaining LoLo container vessel is on a short term charter to a third party.

Fleet Summary: Operated by Ferries Division

Vessel	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 Epsilon (chartered in)	Ropax*	Dublin – Holyhead / Cherbourg

Chartered out by Ferries Division

Vessel	Type	Employment
MV Kaitaki	Ropax*	Charter – 3rd Party
MV Ranger	LoLo container vessel	Charter – 3rd Party
MV Elbfeeder	LoLo container vessel	Charter – Inter Group
MV Elbtrader	LoLo container vessel	Charter – Inter Group
MV Elbcarrier	LoLo container vessel	Charter – Inter Group

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

Operating and Financial Review
- continued

Car and Passenger Markets

It is estimated that the overall car market, to and from the Republic of Ireland, grew by approximately 1.2% in 2015 to 789,000 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have remained flat. Irish Ferries' car carryings performed strongly during the year, at 400,900 cars, (2014: 381,800), up 5.0% on the previous year. In the first half Irish Ferries grew its car volumes by 7.1% while in the second half, which includes the busy summer holiday season, it grew by 3.6%.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland remained flat in 2015, at a total of 3.2 million passengers, while the all-island market decreased by 2%. Irish Ferries' passenger numbers carried were up 2.0% at 1.676 million (2014: 1.643 million). In the first half of the year, Irish Ferries passenger volumes were up by 2.6% and in the second half of the year, which is seasonally more significant; the growth in passenger numbers was 1.5%.

Irish Ferries benefited from the realignment of market capacity and also 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 and the Ancient East, have been instrumental in promoting 'own car' tourism around the Irish coasts, and have helped broaden the distribution of tourists around the island. In addition, car and passenger numbers have been helped by both the strengthening of Sterling in 2015 versus the Euro and the reduction in fuel costs. The increase in Sterling strength has increased the attractiveness of Ireland as a holiday destination for UK visitors. The lower cost of fuel for consumers has made driving holidays more attractive to both Irish, UK and Continental holidaymakers.

Irish Ferries' car carryings performed strongly during the year, at 400,900 cars, (2014: 381,800), up 5.0% on the previous year.

In 2015, we used a broad suite of media channels to communicate and influence prospective customers, at key times of travel planning and booking. This integrated approach helped to maintain our brand awareness in key markets, while driving increased levels of convertible traffic to our website, www.irishferries.com, which generated over 6 million visits, and delivered over 80% of the car and passenger bookings transacted last year.

Our campaign focus was to deliver a compelling presence offline and to drive interest online. We used the latest buying techniques to leverage better value in our media spend, and delivered a cohesive campaign across our main British market, as well as in Ireland and in the continental French and German markets.

We appreciate that the performance of tourism source markets is closely linked to our own performance, and we continue to work closely with state tourism promotional agencies such as: Tourism Ireland, Atout France, Visit England and Visit Wales to deliver co-operative online promotions, jointly funded advertising and publicity initiatives, as well as engaging social media campaigns.

Given the commercial value of our ecommerce site, considerable attention is paid to ensuring that the associated systems are continuously available, are robust and are secure. Enhancements to reflect the constant evolution in 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 booking system in all environments where a potential customer may wish to transact with us.

We continue to invest in developing our ecommerce efficiency, and in late 2015 delivered a redesign to our website, bringing an improved user experience across all platforms.

Also in 2015, we were delighted to be voted by travel trade professionals as the Best Ferry Company at the Irish Travel Trade News Awards, and for the 6th time in a row at the Irish Travel Industry Awards. We were also delighted to be judged Best Cross Sea Carrier at the prestigious GB National Coach Tourism Awards, as voted by British based Coach and Group transport operators.

In 2015, we were delighted to be voted by travel trade professionals as the Best Ferry Company at the Irish Travel Trade News Awards, and for the 6th time in a row at the Irish Travel Industry Awards.

Operating and Financial Review

- continued

RoRo Freight

The RoRo freight market between the Republic of Ireland, and the U.K. and France, continued to grow in 2015 on the back of the Irish economic recovery, with the total number of trucks and trailers up 6% to approximately 888,000 units. On an all-island basis, the market increased by around 4% to approximately 1.66 million units.

Irish Ferries' carryings, at 272,500 freight units (2014: 247,900), were up 9.9% in the year reflecting a strong performance by Irish Ferries relative to the market (volumes were up 11.5% in the first half and 8.5% in the second half). The freight market enjoyed excellent growth in 2015 helped by favourable economic conditions in the Republic of Ireland. These economic factors in addition to the introduction of the 'Epsilon' in 2013 with the increased frequency it has allowed us to outperform the market. The Epsilon in its second full year of operation has continued to perform well on both the Ireland – UK and Ireland – France routes.

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. We will be launching a new freight website for both desktop and mobile users in the first half of 2016.

Chartering

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

In an extension of the Division's chartering activities, four LoLo container vessels were purchased in late 2015 for a combined cost of €24.2 million. The vessels are the MV Elbfeeder (built 2008), MV Elbtrader (built 2008) and MV Elbcarrier (built 2007), each which has a capacity of 974 teu (Twenty Foot Equivalent) and a gross tonnage of 8,246 tons together with the MV Ranger (built 2005) which has a capacity for 803 teu and a gross tonnage of 7,852 tons. The three Elb vessels are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the Continent whilst the Ranger is on a short term charter to a third party.

Irish Ferries' carryings, at 272,500 freight units (2014: 247,900), were up 9.9% in the year reflecting a strong performance by Irish Ferries relative to the market


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Operating and Financial Review

- continued

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 750 – 1,000 teu capacity, 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 3,200 owned and leased containers (equivalent to 6,200 teu) of varying types thereby offering a full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters.

Revenue in the division increased to €118.2 million (2014: €107.0 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% (2014: 71%) 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. EBITDA in the division increased to €11.8 million (2014: €7.4 million) while EBIT rose 93.6% to €9.1 million (2014: €4.7 million) due mainly to increased volumes both in Eucon and in our terminal operations as well as reduced fuel costs. Overall container volumes shipped were up 3.4% compared with the previous year at 286,500 teu (2014: 277,200 teu).

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 32.9% at 248,500 lifts (2014: 187,000 lifts). DFT's volumes were up 6.6%, while BCT's lifts were up 146.4%. The increase in Belfast arises from the awarding in April 2015 by Belfast Harbour Commissioners (BHC) of the Services Concession to BCT for the operation of a combined container terminal at Victoria Terminal 3 (VT3). The process of combining the two existing container terminals in Belfast began in June and was completed in September.

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.

In November 2015, in recognition of high quality of service Irish Continental Group Container and Terminal Division was awarded the Maritime Services Company of the Year at the 2015 Export Industry Awards.


Eucon

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 Ropax 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 during the year and was operated by the Group.

In late 2015 four LoLo container vessels were acquired. Three of the vessels are utilised within the Group's container shipping operations whilst the remaining vessel is chartered externally to a third party.

The Group has a leasehold over 36 acres from which it operates its Dublin Port container facility which 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) and 8 rubber tyred gantries (40 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 following the consolidation of the container terminal operations into 1 site at VT3, the terminal we operate under a Services Concession Agreement with BHC comprises of a 27 acre site, equipped with 3 ship to shore gantry cranes, 3 rail mounted gantry cranes 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 2015, the Group had 316 employees compared with 322 at the start of the year, located in Ireland (Dublin, Rosslare and Cork), the UK (Liverpool, Holyhead, Pembroke and Belfast) and The Netherlands (Rotterdam).

The Group, which has a rich history and origins dating back to 1837, has highly experienced and competent staff.


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Operating and Financial Review
- continued

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%.

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.

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 2015, 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.

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 its management systems 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 are 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).

Operating and Financial Review
- continued

Operating Review - 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. The risks and uncertainties set out below are broadly unchanged from the previous year.

Risks	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 are maintained. The Group insures its vessels and plant and equipment against loss and / or damages. The Group also carries insurance in respect of third party liabilities in line with industry practice and international conventions. The Group 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.
IT systems, information security and cyber threats	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.

Risks	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. Additional uncertainty arising out of the forthcoming UK European Union membership referendum.	Details on mitigation of these financial risks are set out on page 29 under Financial risk management.
Retirement benefit schemes	The Group's defined benefit obligations 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 obligations, 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. 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 employer funding through both on-going and deficit contributions. The Group monitors its exposure to the MNOPF and maintains a dialogue with the Trustees via MNOPF employer group.

Operating and Financial Review

- continued

Financial Review

Results

Revenue for the year amounted to €320.6 million (2014: €290.1 million) while operating profit (before non-trading items) amounted to €57.2 million compared with €32.7 million in 2014. Principal variations on the prior year include the increase in revenue by €30.5 million (10.5%) as set out above, a decrease in group wide fuel costs which were €14.0 million lower at €39.0 million (2014: €53.0 million), partially offset by increased variable costs. This resulted in profit before tax from continuing operations of €54.1 million (2014: €56.7 million).

Taxation

The tax charge of €0.4 million compared with a charge of €0.7 million in 2014. The corporation tax charge of €0.7 million (2014: €0.8 million) comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax regime for qualifying shipping activities) in Ireland. Deferred tax credit was €0.3 million in 2015 (2014: €0.1 million).

Earnings per share

Adjusted EPS (before non-trading items and the net interest cost on defined benefit obligations) was 29.1 cent compared with 15.5 cent in 2014. Basic EPS was 28.9 cent compared with 30.4 cent in 2014. The reason for the decrease in Basic EPS is due to a decrease in profit attributable to equity holders of the parent to €53.7 million (2014: €56.0 million). However the prior year profit attributable to equity holders of the parent included a non-trading credit of €28.7 million which when excluded results in an increase in adjusted EPS.

Cash flow and investment

EBITDA for the year was €75.5 million (2014: €50.5 million). There was a net outflow of working capital of €1.6 million, due to an increase in receivables of €6.3 million partially offset by a decrease in inventories of €0.1 million and an increase in payables of €4.6 million. The Group made payments, in excess of service costs to the Group's pension funds of €2.7 million. Cash generated from operations amounted to €71.8 million (2014: €44.4 million).

Interest paid was €2.8 million (2014: €3.6 million) while taxation paid was €0.8 million (2014: €1.1 million). Interest received amounted to €0.1 million (2014: €0.1 million).

Capital expenditure was €35.0 million (2014: €8.0 million) which increased primarily due to vessel acquisitions during the year. Also included in capital expenditure is 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 €19.9 million, share issues of €3.5 million and other net cash inflows of €0.1 million, net debt at year end was €44.3 million (2014: €61.3 million).

Dividend

During the year a final dividend of 7.035 cent per ICG Unit was paid for the year ended 31 December 2014 and also an interim dividend of 3.638 cent per ICG Unit was paid for the financial year ended 31 December 2015. The Board is proposing a final dividend of 7.387 cent per ICG Unit in respect of the year ended 31 December 2015.

Pensions

The Group has four, separately funded, company sponsored defined benefit obligations 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 four company-sponsored schemes at year end were €263.7 million (2014: €256.5 million), while combined pension liabilities were €268.3 million (2014: €279.2 million). The discount rate for Euro liabilities has increased from 2.0% to

2.2% while the rate for Sterling liabilities has increased from 3.65% to 3.75 %. Of the Group's four schemes, two were in surplus at year end (€5.6 million versus €5.4 million in 2014), while two were in deficit (€10.2 million versus €28.1 million in 2014). 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 €0.5 million (2014: €1.4 million).

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 €50.7 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 was in compliance with these covenants at 31 December 2015.

The Group's current committed bank facilities under the above arrangements amount to €105.7 million (2014: €118.7 million). Total amounts utilised at 31 December 2015 amounted to €66.4 million (2014: €80.2 million). The Group draws under its revolving facility to fund its seasonal working capital requirements.

The Group had finance lease liabilities of €3.6 million at 31 December 2015 (2014: €4.5 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 2015, 78% (2014: 81%) of the Group's gross debt was at fixed rates with a weighted average repricing period of 1.9 years (2014: 2.9 years). The weighted average fixed rate of interest is 3.5% (2014: 3.5%). Debt interest cover, before non-trading items, for the year was 21 times (2014: 9 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 on hand to purchase Dollars to settle 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 107,600 tonnes in 2015 (2014: 107,400 tonnes). The cost per tonne of HFO fuel in 2015 was 36% lower than in 2014 while MGO was 30% 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% (2014: 100%) of the Group's cash resources had a maturity of three months or less. Net debt at 31 December 2015 was €44.3 million (2014: €61.3 million) made up of borrowings of €69.3 million (2014: €84.0 million) which is offset by cash and bank balances of €25.0 million (2014: €22.7 million). At the year-end, 80% of the Group's bank borrowings are due to mature after one year (2014: 79% maturing after one year). Overdraft facilities are in place to secure short term funding.

David Ledwidge,
Chief Financial Officer

Our Fleet

MV Ulysses

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

MV Isle of Inishmore

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

MV Kaitaki

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

MV Oscar Wilde

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

HSC Jonathan Swift

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

MV Epsilon (chartered in)

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

MV Ranger

Built:	2005
Capacity:	803 TEU

MV Elbfeeder

Built:	2008
Capacity:	974 TEU

MV Elbtrader

Built:	2008
Capacity:	974 TEU

MV Elbcarrier

Built:	2007
Capacity:	974 TEU

MV Endurance (chartered in)

Built:	2005
Capacity:	750 TEU

MV Jork Reliance (chartered in)

Built:	2007
Capacity:	803 TEU

Executive Management Team

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

Eamonn Rothwell, aged 60, has been a Director for 29 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 Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc. and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. 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).

David Ledwidge ACA, BSc (Mgmt)
Chief Financial Officer

David Ledwidge, aged 36, was appointed to the Board on 3 March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a chartered accountant. He has held various financial positions within the Group, including Group Risk Accountant, and most recently as Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

Andrew Sheen MSc. BEng(Hons). CEng. FIMarEST. FRINA.
Managing Director - Ferries Division

Andrew Sheen, aged 44, a chartered engineer, has been involved in Shipping for over 26 years and has worked with Irish Ferries in a variety of Operational Roles for over 11 years. He joined ICG from the UK Maritime & Coastguard Agency and has been a Director of Irish Ferries since 2013. He was appointed to his current role as Managing Director of the Ferries Division in March 2015. He is currently Vice President of the Irish Chamber of Shipping.

Declan Freeman FCA
Managing Director - Container and Terminal Division

Declan Freeman, aged 40, joined the Group in 1999 from professional services firm Deloitte where he qualified as a chartered accountant. He has worked in a number of financial and general management roles in the Group up to his appointment as Managing Director of Eucon in 2011. He was appointed to his current role as Managing Director of the Container and Terminal Division in 2012.


OSCAR WILDE
NASSAU
IRISH FERRIES

Corporate Governance

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

Read more from the Corporate Governance Statement on page 42


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The Board

The Group's non-executive Directors are:

John B. McGuckian BSc (Econ)
Chairman
John B. McGuckian, aged 76, has been a Director for 28 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.
Committee Membership: Nomination Committee

Catherine Duffy BA LegSc, DipLeg Stds
Independent Director
Catherine Duffy, aged 54, has been a Director for 4 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.
Committee Membership: Audit Committee, Nomination Committee

Brian O'Kelly BBS, FCA
Senior Independent Director
Brian O'Kelly, aged 53, has been a Director for 3 years having been appointed to the Board in 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.
Committee Membership: Audit Committee, Remuneration Committee

John Sheehan FCA
Independent Director
John Sheehan, aged 50, 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.
Committee Membership: Audit Committee, Remuneration Committee

The Group's executive Directors are:

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

Eamonn Rothwell, aged 60, has been a Director for 29 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 Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc. and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. 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).
Committee Membership: Nomination Committee

David Ledwidge ACA, BSc (Mgmt)
Chief Financial Officer

David Ledwidge, aged 36, was appointed to the Board on 3 March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a chartered accountant. He has held various financial positions within the Group, including Group Risk Accountant, and most recently as Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

The company secretary is:

Thomas Corcoran BComm, FCA
Company Secretary

Thomas Corcoran, aged 51, joined the Company in 1989 from the international professional services firm PwC, where he qualified as a Chartered Accountant. He has held a number of financial positions within the Group and is currently Group Financial Controller. He was appointed Company Secretary in 2001.

Report of the Directors

The Directors present their Annual Report together with the audited financial statements of the Group for the financial year ended 31 December 2015.

Results for the year and Business Developments

Details of the results for the financial year are set out in the Consolidated Income Statement on page 68 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 12 to 29. This includes a description of the principal activities, principal risks, uncertainties, key performance indicators and environmental and employee matters.

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

Dividends paid during the year ended 31 December 2015 are set out in the Consolidated Statement of Changes in Equity on page 71 for the Group and the Company Statement of Changes in Equity on page 74 for the Company.

In June 2015, a final dividend of 7.035 cent per ICG Unit was paid in respect of the financial year ended 31 December 2014. In October 2015, an interim dividend of 3.638 cent per ICG Unit was paid in respect of the financial year ended 31 December 2015.

The Board is proposing a final dividend of 7.387 cent per ICG Unit to be paid in respect of the financial year ended 31 December 2015 in June 2016.

Board of Directors

The Board members are listed on pages 36 and 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. Mr. David Ledwidge, Chief Financial Officer, who was co-opted to the Board on 3 March 2016 is also subject to re-appointment by the shareholders having been co-opted to the Board since the last Annual General Meeting. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire at the 2016 Annual General Meeting and offer themselves for re-election. Biographical details of the Directors are set out on pages 36 and 37 of this report and the result of the annual board evaluation is set out on page 46.

Accounting Records

The directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's registered office, Irish Continental Group plc, Ferryport, Alexandra road, Dublin 1, Ireland.

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 2016, the principal risks and uncertainties facing the Group (pages 26 and 27), the Group's 2016 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.

Viability Statement

The Directors have assessed ICG's viability over a three-year timeframe. Three years was selected as the Directors believe that this reflects an appropriate timeframe for performing assessments of future performance given the dynamic nature of our markets as regards the competitive landscape, economic activity and capital investment lead-times.

In making their assessment, the Directors took account of ICG's current financial and operational positions and contracted capital expenditure. They also assessed the potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties and the likely degree of effectiveness of current and available mitigating actions as set out on pages 26 and 27. It was further assumed that the existence of functioning financial markets with bank lending available to the Group on normal terms and covenants.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due over the next three years.

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 2015 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 26 and 27.

Substantial Shareholdings

The latest notifications of interests of 3% or more in the share capital of the Company received by the Company on or before 4 March 2016 were as follows:

Beneficial Holder as Notified	Number of Units	% of Issued Units
Eamonn Rothwell	27,680,000	14.8%
Wellington Management Company, LLP	14,883,965	8.0%
Marathon Asset Management, LLP	12,842,510	6.9%
Ameriprise Financial Inc.	9,624,785	5.2%
Bank of Montreal	9,218,116	4.9%
BlackRock Inc.	7,440,131	4.0%

Report of the Directors
- continued

Directors, Secretary and their Interests
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 2015 and 1 January 2015, all of which were beneficial, were as follows:

	31/12/2015 ICG Units	1/1/2015 ICG Units	31/12/2015 Share Options	1/1/2015 Share Options
Director				
John B. McGuckian	296,140	296,140	-	-
Eamonn Rothwell	27,680,000	27,291,010	3,200,000	3,000,000
Catherine Duffy	-	-	-	-
Tony Kelly*	-	300,880	-	375,000
Garry O'Dea*	-	1,095,940	-	750,000
Brian O'Kelly	41,740	41,740	-	-
John Sheehan	15,000	15,000	-	-
Company Secretary				
Thomas Corcoran	46,040	24,720	540,000	470,000

**Mr Kelly and Mr O'Dea retired from the Board in March 2015 and May 2015 respectively.*

ICG Units are explained on page 138 of this report.

Auditors
In accordance with Section 383(2) of the Companies Act 2014, the auditor, Deloitte, Chartered Accountants and Statutory Audit firm, continue in office and a resolution authorising the directors to fix their remuneration will be proposed at the forthcoming AGM.

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 51 and are incorporated into this report by cross reference.

Key Performance Indicators
The Group uses a set of headline key performance indicators (KPIs) to measure the performance of its operations. These KPIs are set out on pages 13 and 14 and are incorporated into this report by cross reference.

Future Developments
The Group maintains a pivotal position in facilitating Ireland's international trade and tourism and is operationally geared to the economic recovery in Ireland. The Group has seen the benefits of this recovery continue into the early weeks of 2016 which, notwithstanding a weakening in Sterling and assuming current oil prices, the Group is well placed and looks forward in 2016, in the absence of unforeseen developments to further growth.

Events after the Reporting Period

The Board is proposing a final dividend of 7.387 cent per ICG Unit in respect of the results for the financial year ended 31 December 2015.

There have been no other material events affecting the Group since 31 December 2015.

Annual Report and Financial Statements

This Annual Report together with the Financial Statements for the financial year ended 31 December 2015 was approved by the Directors on 4 March 2016. 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 Friday 13 May 2016, will be notified to shareholders in April 2016.

On behalf of the Board

Eamonn Rothwell, *Director*
David Ledwidge, *Director*

4 March 2016
Registered Office:
Ferryport, Alexandra Road, Dublin 1, Ireland.

Corporate Governance Statement

Dear Shareholder,

Corporate Governance is concerned with how companies are directed and controlled. Your Board acknowledges the importance of, and is committed to maintaining high standards of corporate governance practices. We strongly believe that good corporate governance is essential to sustainable growth and maintenance of shareholder value.

The Group applies the principles and provisions of The UK Corporate Governance Code ("the Code") issued by the Financial Reporting Council and the Irish Corporate Governance Annex ("the Annex") issued by the ISE. The Corporate Governance Report explains how the Group has applied the principles set out in the Code and the Annex.

The latest edition of the Code, published by the Financial Reporting Council in September 2014 was applicable for the year under review. The updated Code included a number of changes relating to risk management and internal control, including a requirement to make an annual viability statement which is set out at page 39.

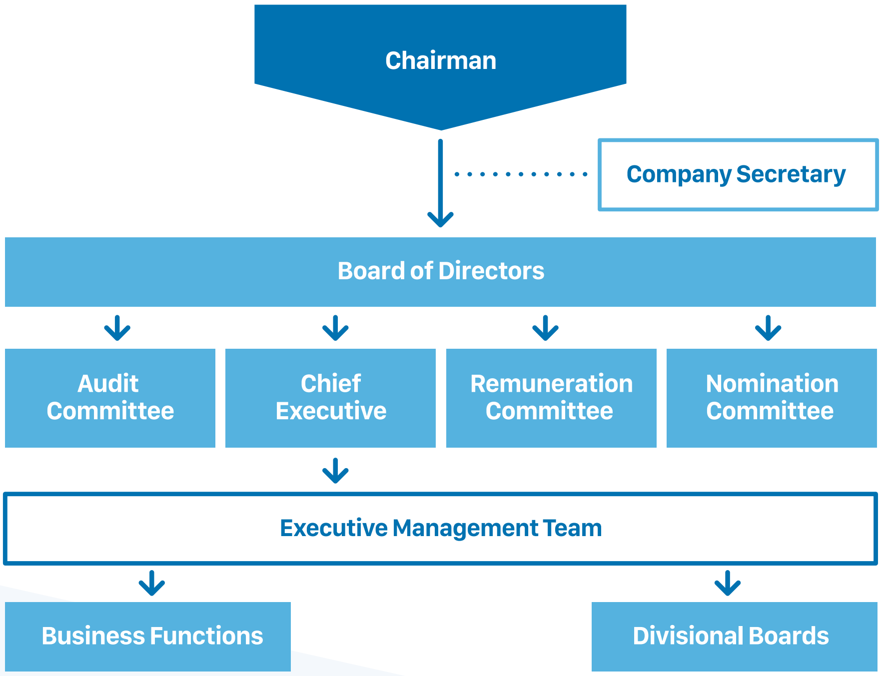
As previously reported Tony Kelly, Marketing Director and Garry O'Dea, Finance Director retired from the Company and the Board during the year. David Ledwidge, Chief Financial Officer, was co-opted to the Board on 3 March 2016. Your Board currently comprises two executive and four non-executive Directors. Further details on Board composition is set out on pages 36 and 37. The annual board evaluation which I led concluded that the Board was as a whole was operating effectively for the long term success of the Group.

The business conditions in our sphere of operations have been favourable during the year under review allowing the Group to benefit from its operational leverage. This creates opportunities and challenges going forward and I look forward to continuing open and constructive debate and strengthening of our corporate governance practices to assist in the future growth of the Group.

John B. McGuckian
Chairman

Corporate Governance Framework

The corporate governance structure at ICG is set out below.



Compliance with the UK Corporate Governance Code and Irish Annex

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code issued in September 2014 by the Financial Reporting Council ("the Code"), as adopted by the Irish Stock Exchange (ISE), for which the Board is accountable to shareholders. The Irish Corporate Governance Annex ("the Annex") issued by the ISE also applies to the Group. Under the interpretative provisions of the Irish Annex, the Group was regarded as a smaller company under the Code throughout 2015.

The Board considers that, having explained in this Statement, throughout the period under review the Group has been in compliance with the provisions of the Code and the requirements set out in the Annex. The Report of the Remuneration Committee on page 57 explains why the Group has not introduced clawback provisions in relation to performance awards and why in relation to one Director a notice period in excess of one year may apply in limited circumstances.

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).

Leadership

The Board is collectively responsible for the long-term success of the Group through provision of leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. 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 Act 2014.

To discharge this responsibility the Board has adopted the following operational framework;

Schedule of matters reserved for Board decision: 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, board appointments and setting the risk appetite. Certain additional matters are delegated to Board Committees, of which additional information is set out later in this report.

Board Committees: During the year ended 31 December 2015, 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 52, 55 and 57 respectively.

Roles of Chairman and Chief Executive: The roles of Chairman and Chief Executive are separate, set out in writing and approved by the Board.

The Chairman: John B. McGuckian has served as Chairman of the Board since 2004 and is responsible for leading the Board ensuring its effectiveness through;

- Setting the board's agenda and ensuring that adequate time is available for discussion
- Promoting a culture of openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors
- Ensuring that the directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.

Chief Executive: The Board has delegated the management of the Group to the Executive Management, through the direction of Eamonn Rothwell who has served as Chief Executive since 1992. The Chief Executive is responsible for implementing Board strategy and policies and closely liaises with the Chairman and manages the Group's relationship with its shareholders.

Corporate Governance Statement
- continued

Senior Independent Director: The Board having considered his experience appointed 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 for which such contact is inappropriate.

Non-Executive Directors: Non-Executive Directors through their knowledge and experience gained outside the Group constructively challenge and contribute to the development of Group strategy. Non-executive directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. Through their membership of Committees they are responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Company Secretary: The Company Secretary provides a support role to the Chairman and the Board ensuring good information flows within the board and its committees and between senior management and non-executive directors, as well as facilitating induction and assisting with professional development as required and advising the board through the chairman on governance matters. Thomas Corcoran has served as Company Secretary since 2001.

Meetings: 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. Where a director is unable to attend a meeting, they may communicate their views to the Chairman. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. Non-executive Directors are expected to utilise their expertise and experience to constructively challenge proposals tabled at the meetings. The Board has direct access to the executive management who regularly brief the Board in relation to operational, financial and strategic matters concerning the Group.

Director attendances at scheduled meetings are set out below. The Chairman also holds meetings with the non-executive Directors without the executive Directors present and the non-executives Directors also meet once a year, without the Chairman present.

Attendance at scheduled Board meetings during the year ended 31 December 2015 was as follows:

Member	A	B	Tenure
J. B. McGuckian (Chair)	10	10	28 years
E. Rothwell	10	10	29 years
C. Duffy	10	10	4 years
T. Kelly	2	2	Resigned 31 March 2015
G. O'Dea	4	4	Resigned 31 May 2015
B. O'Kelly	10	10	3 years
J. Sheehan	10	10	2 years

Column A the number of scheduled meetings held during the year where the Director was a member of the Board.
Column B the number of scheduled meetings attended during the year where the Director was a member of the Board

Effectiveness

Composition: The Board comprises of two 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 page 36 and 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 its 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.

Independence: 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, other directorships held 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 assesses him to be both independent in character and judgement and to be of continued significant benefit to the Board. Mr McGuckian was considered to be independent at the date of appointment as Chairman in 2004.

Catherine Duffy is a senior partner at law firm A&L Goodbody from whom the Company has received legal services in their capacity as legal advisors to the Company. Details of the expense incurred, which were on an arm's length basis at standard commercial terms, are set out at Note 34 to the Financial Statements. The Board has considered the relationship and does not consider it to affect Catherine's independence as a non-executive director of the Company.

Appointments: All Directors are appointed by the Board, following a recommendation by the Nomination Committee, for an initial term not exceeding three years, subject to annual re-election at the Annual General Meeting. Non-executive Directors are deemed to be independent on appointment and this status is reviewed annually, prior to recommending the resolution for re-election. 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 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.

Development and Induction: On appointment, Directors are given the opportunity to familiarise themselves with the operations of the Group, to meet with executive management, and to access any information they may require. Each Director brings independent judgement to bear on issues of strategy, risk and performance. The Directors also have access to the executive management in relation to any issues concerning the operation of the Group.

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.

Access to Advice: 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.

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 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. During the period the Group qualified to be treated as a smaller company under the Code and the process has not been externally facilitated. The process is continuous, with a 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 as a whole 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.

Accountability

The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects to shareholders through the annual report, the interim statement and any other price-sensitive or public statement issued by the Company.

The Board has described its business model on page 13 setting out how the Company generates value over the longer term and the strategy for delivering the objectives of the Company.

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 Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014) issued by the FRC, the Board confirms that there is a continuous process for identifying, evaluating, and managing the significant risks faced by the Group, that it has been in place for the period under review and up to the date of approval of the financial statements, and that this process is regularly monitored 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, processes and reporting to the Board, 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, covering 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. Reporting by management on the identified principal risks is covered within the regular Board meeting agenda and this forms the basis of the continuous risk monitoring process. The Board separately conducts an annual assessment of the significant risks and uncertainties facing the Group (set out on page 26 and 27) and the adequacy of the monitoring and reporting system maintained by management. No material weaknesses were noted by the Board during the year.

Taking account of the Company's current position and principal risks the Directors have set out in the Viability Statement on page 39 their assessment of the prospects for the Company.

The Board has delegated the responsibility for reviewing the Group's internal control and financial risk management systems and monitoring the integrity of the Group's financial statements to the Audit Committee. A separate report of the Audit Committee is set out on pages 52 to 54.

Remuneration

The Board has delegated the approval of remuneration structures and levels of the executive Directors and senior management to the Remuneration Committee whose report is set out at pages 57 to 60.

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 Chief Finance Officer 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. During 2015 these included Interim Management Statements, the Half-Yearly Financial Report, and the Annual Report and Financial Statements together with investor presentations. 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 2015 Annual Report and 2016 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 49.

Further investor relations information is available on pages 138 to 140 of this report.

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 2015.

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 58; (iii) Long Term Incentive Plan page 58; (iv) Service Contracts page 58; (v) Share-based Payments page 117 and (vi) Borrowings page 104 are deemed to be incorporated into this statement.

Corporate Governance Statement
- continued

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). The Ordinary Shares represent approximately 99.85% and the Redeemable Shares represent approximately 0.15% of the authorised share capital. The issued share capital of the Company as at the date of this Report is 186,471,890 Ordinary Shares. There are no Redeemable Shares currently in issue.

Ordinary Shares and Redeemable Shares (to the extent Redeemable Shares are in issue) are inextricably linked as an ICG Unit. An ICG Unit is defined in the Articles of Association of the Company as "one Ordinary Share in the Company and ten Redeemable Shares (or such lesser number thereof, if any, resulting from the redemption of one or more thereof) held by the same holder(s)".

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

The Directors may exercise their power to redeem Redeemable Shares from time to time pursuant to the Company's Articles of Association where there are Redeemable Shares in issue.

The structure of the Group's and Company's capital and movement during the year are set out in notes 20 and 21 to the financial statements.

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 where the transfer involves a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit. An ICG Unit comprised one Ordinary Share and nil Redeemable Shares at 31 December 2015 and 31 December 2014.

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) where the transfer of shares does not involve a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit;
(ii) a lien is held by the Company; or
(iii) 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) and Section 1085 of the Companies Act 2014.

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 2014, 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.

At the Company's Annual General Meeting held on 20 May 2015, Shareholder resolutions were passed whereby
(i) 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.
(ii) the Directors were 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 61,930,630 ICG Units.

In line with market practice, shareholders will be asked to renew these authorities at the 2016 Annual General Meeting.

General Meetings and Shareholders Voting and other 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.

Extraordinary General Meetings shall be convened by the Directors or 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, attend, speak and vote at all General Meetings of the Company.

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 clear days' notice at the least, and in any other case 14 clear 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.

Corporate Governance Statement
- continued

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)
The holders of ICG Units have the right to attend, speak, ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 1105 of the Companies Act 2014 and 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.

Pursuant to Section 1104 of the Companies Act 2014, a shareholder, or a group of shareholders who together hold at least 3% of the issued share capital of the Company, representing at least 3 per cent of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, have the right to put an item on the agenda, or to modify an agenda which has been already communicated, of a General Meeting. In order to exercise this right, written details of the item to be included in the 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.

The Company publishes the date of its Annual General Meeting on its website www.icg.ie on or before 31 December of the previous financial year.

Rights to dividends and return of capital
Subject to the provisions of the Company's Articles of Association, the holders of the Ordinary Shares in the capital of the Company shall be entitled to such dividends as may be declared from time to time on such shares. The holders of the Redeemable Shares (if any) shall not be entitled to any dividends.

On a return of capital on a winding up of the Company or otherwise (other than on a conversion, redemption or purchase of shares), the holders of the Ordinary Shares shall be entitled, pari passu with the holders of the Redeemable Shares (if any) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the shares held by them respectively. Thereafter, the holders of the Ordinary Shares shall be entitled to the balance of the surplus of assets of the Company to be distributed ratably according to the number of Ordinary Shares held by a member. The Redeemable Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

Rules concerning amendment of the Company's Articles of Association
As provided in the Companies Act 2014, 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.

The Company is proposing a special resolution at its 2016 Annual General Meeting to amend its Memorandum and Articles of Association to reflect changes required following the enactment of Companies Act 2014.

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 of Association of the Company (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.

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 the director is adjudicated bankrupt or being a bankrupt has not obtained a certificate of discharge in the relevant jurisdiction;
(iii) if the director becomes or is deemed to be subject to a disqualification order within the meaning of Chapter 4 (Part 14) of the Companies Act 2014;
(iv) if they become of unsound mind;
(v) if they cease to be a Director, or is prohibited from being a Director under the Companies Act 2014;
(vi) if they resign by notice in writing to the Company;
(vii) 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
(viii) 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 the required notice has been given in accordance with Section 146 of the Companies Act 2014, remove any Director before the expiry of their period of office.

Report of the Audit Committee

"The Audit Committee plays an important role in ensuring the Company's financial integrity for shareholders through oversight of the financial reporting process, including the risks and controls in that process"

John Sheehan
Chair of the Audit Committee

Attendance and Tenure

Member	A	B	Tenure
J. Sheehan (Chair)	3	3	2 years
C. Duffy	3	3	4 years
B. O'Kelly	3	3	3 years

Column A the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B the number of scheduled meetings attended during the year where the Director was a member of the Committee.

Composition

At 4 March 2016, the Audit Committee members were non-executive Directors John Sheehan (Chairman), Catherine Duffy and Brian O'Kelly. 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 and 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, Chief Financial Officer, 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 reviewed by the Board on 4 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 under review, 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 2015, the Statement of Results and Annual Report & Financial Statements, for the financial year ended 31 December 2015 and the two Interim Management Statements issued during the year. These reviews considered:

- The appropriateness of the Group's accounting policies and practices;
- The consistency of the Group's accounting policies and their application;
- The clarity and completeness of disclosures and compliance with financial reporting standards, legislative and regulatory requirements;
- Whether these reports, taken as a whole, were fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's performance, business model and strategy;
- A comparison of these results with management accounts; and
- The critical accounting judgements and key sources of estimation applied in the preparation of the financial statements.

The critical accounting judgements and key sources of estimation applied in the preparation of the financial statements for the financial year ended 31 December 2015 are set out below and also discussed in detail on page 88.

- *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 32 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.

- *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. The Going Concern Statement is set out on page 38.

- *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. Other than in relation to certain terminal equipment becoming surplus to requirements following a change of operations at Belfast, the Committee were satisfied that no internal or external indications of impairment were identified and consequently no impairment review was required. In relation to the surplus terminal equipment, the Committee reviewed and tested the impairment calculations made available by management.

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 financial year ended 31 December 2015 and confirmed that there were no material unadjusted misstatements noted by them.

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.

Report of the Audit Committee
- continued

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 meets with the Internal Auditor on a regular basis 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 on-going monitoring and reporting system maintained by management including the risks set out page 26 and 27.

Viability Statement
The appropriateness of the assumptions and scenarios together with the calculations supporting the Viability Statement set out on page 39 were challenged.

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 financial year ended 31 December 2015. 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 fifth 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 2016 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 met the definition of a smaller company under the Code, the Group has availed 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 10 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 2015.

Report of the Nomination Committee

"The Nomination Committee's role is to ensure that the Board has the appropriate balance of skills, knowledge and experience to ensure the Board operates effectively for the long term success of the Group"

John B. McGuckian
Chair of the Nomination Committee

Attendance and Tenure

Member	A	B	Tenure
John B. McGuckian (Chair)	2	2	16 years
C. Duffy	2	2	3 years
E. Rothwell	2	2	16 years

Column A the number of scheduled meetings held during the year where the Director was a member of the Committee
Column B the number of scheduled meetings attended during the year where the Director was a member of the Committee.

Composition

At 4 March 2016, the Nomination Committee members were non-executive Directors John B. McGuckian (Chairman), Catherine Duffy and executive Director Eamonn Rothwell. The Committee member's professional biographies are set out on pages 36 and 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 reviewed by the Board on 4 March 2014. 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.

Report of the Nomination Committee

- continued

Work Performed

During the year the Committee considered the results of the evaluation of the Board. The Committee noted the retirement of two executive Directors during the year and a subsequent change in Board procedure whereby the Board has more regular access to the executive management team. Acknowledging these changes the Committee were satisfied that the Board was of adequate size and composition to suit the current scale of its operations and had an appropriate balance of skills, knowledge, experience and diversity to enable it to effectively discharge its duties. Notwithstanding, it was agreed that future potential candidates be identified to ensure orderly Board refreshment on an ongoing basis and consideration be given to increasing the Executive representation. Following a review process the Committee made a recommendation to the Board for the appointment of Mr. David Ledwidge, Chief Financial Officer, as a Director of the Company. Mr. Ledwidge's biographical details are set out on page 37.

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. This recommendation was proposed following a robust review of the knowledge, skills and experience that he contributes. The Committee assessed 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 Brian O'Kelly as a Director of the Company during his initial three year term and recommended that Brian 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.

Report of the Remuneration Committee

"The Remuneration Committee ensures that the remuneration structures and levels are set to appropriately reward executive Directors and senior management to motivate their performance in the best interests of shareholders"

Brian O'Kelly
Chair of the Remuneration Committee

Attendance and Tenure

Member	A	B	Tenure
Brian O' Kelly (Chair)	3	3	3 years
J. Sheehan	3	3	1.5 years

Column A the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B the number of scheduled meetings attended during the year where the Director was a member of the Committee.

Composition

The Remuneration Committee comprises the non-executive Directors Brian O'Kelly (Chairman) and John Sheehan. Both Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on pages 36 and 37.

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 Remuneration Committee are set out in written terms of reference which were last reviewed by the Board on 2 March 2016. The terms of reference are available on the Group's website www.icg.ie.

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. The 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 three 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 and tested the performance conditions for the vesting of options.

The Committee also considered the matter of clawback of performance awards and concluded that given the element awarded by way of restricted shares, as detailed below, that the value of performance awards were significantly aligned to future performance of the Group.

Report of the Remuneration Committee
- continued

Components of Directors Remuneration

Total Directors' remuneration for the year was €2,643,000 compared with €2,764,000 in 2014 and €2,451,000 in 2013. The components of Directors' remuneration are set out below:

Salary

Basic salaries of executive Directors were reviewed by the Committee. An increase of 2.5% (2014: nil) in basic salaries were awarded to executive Directors in 2015. Salary increases are in line with the average increase awarded to the overall employee population, the rate of underlying inflation and general market conditions.

Performance pay and Restricted Shares

Annual performance awards 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 awards for the year were €1,600,000 compared with €1,224,000 in 2014. Of the performance pay of €1,600,000, €1,086,000 was made by way of restricted share awards allotted on 17 December 2015 by way of market purchase.

Part of the cash element of 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. In all other cases, 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. In relation to the performance award paid through 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, aligning the value of the award with Group performance over the restricted period.

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 ceased to be payable during the period as the Directors left service or reached normal retirement age. Death-in-service benefits continue to be provided to the executive Directors.

Director's Service contracts

Non-executive Directors have been appointed under letters of appointment for periods of three years subject to annual re-election at the AGM. In respect of Eamonn Rothwell, 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 financial year ended 31 December 2015 is €4,000 (2014: €1.3 million).

Directors' Remuneration

Details of Directors' remuneration for the financial year ended 31 December 2015 are set out below:

	Salary	Performance Pay		Benefits	Pension	Fees	Total
		Restricted shares	Cash				2015
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors							
E. Rothwell	513	1,086	514	36	63	-	**2,212**
G. O'Dea*	120	-	-	6	36	-	**162**
T. Kelly*	53	-	-	6	-	-	**59**
Total for executives	**686**	**1,086**	**514**	**48**	**99**	**-**	**2,433**
Non-executive Directors							
J. B. McGuckian	-	-	-	-	-	90	**90**
C. Duffy	-	-	-	-	-	40	**40**
B. O'Kelly	-	-	-	-	-	40	**40**
J. Sheehan	-	-	-	-	-	40	**40**
Total for non-executives	-	-	-	-	-	210	**210**
Total	**686**	**1,086**	**514**	**48**	**99**	**210**	**2,643**

**Mr Kelly and Mr O'Dea retired from the Board in March 2015 and May 2015 respectively.*

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

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

The information above forms an integral part of the audited Consolidated Financial Statements as described in the Basis of Preparation on page 78.

Strategic Report Corporate Governance Financial Statements Other Information

Report of the Remuneration Committee
- continued

Director's Pension benefits
The aggregate pension benefits attributable to the executive Directors at 31 December 2015 were €nil (2014: €0.6 million) as during the period all Directors had reached normal retirement age and pension benefits have vested.

Directors' share options

Exercise Price	Exercise Period	Exercise Conditions	Directors		
			E. Rothwell	G. O'Dea*	T. Kelly*
€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	-	-
€2.132	Dec 2010 - Dec 2017	Note 1	750,000	375,000	-
€2.132	Dec 2012 - Dec 2017	Note 2	750,000	375,000	375,000
At 31 December 2014			**3,000,000**	**750,000**	**375,000**
Granted during the year					
€3.580	Mar 2018 - Mar 2025	Note 3	350,000	-	-
€3.580	Mar 2020 - Mar 2025	Note 4	350,000	-	-
Exercised during the year					
Exercise Price	Date of exercise	Market Price			
€1.067	19 March 2015	€3.793	-	-	(375,000)
€1.000	26 March 2015	€4.180	(500,000)	-	-
Retained on retirement as Director			-	(750,000)	-
At 31 December 2015			**3,200,000**	**-**	**-**

**Mr Kelly and Mr O'Dea retired from the Board in March 2015 and May 2015 respectively.*

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 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 closing price of the shares on the Irish Stock Exchange on 31 December 2015 was €5.414 and the range during the year was €3.170 to €5.474.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable laws and regulations. Company law requires the directors to prepare Group and Company Financial statements each year. Under that law, the directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the Group profit or loss for that period. In preparing each of the Group and Company 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 Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records 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 Act 2014 and in regard to the Group Financial Statements, Article 4 of IAS Regulation. 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 Group's and Company's website (www.icg.ie). 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 financial year ended 31 December 2015 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.

Each of the Directors, whose names and functions are listed on pages 36 and 37 of the annual report confirms that to the best of each person's knowledge and belief:

- the Consolidated Financial Statements for the financial year ended 31 December 2015 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 financial year ended 31 December 2015 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 provides 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 2016 and signed on its behalf by

Eamonn Rothwell
Director

David Ledwidge
Director

Financial Statements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JONATHAN SWIFT

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

Opinion on financial statements of Irish Continental Group plc

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and the company as at 31 December 2015 and of the Group's profit for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes 1 to 39. The financial reporting framework that has been applied in the preparation of the Group and parent company financial statements is Irish law and IFRSs as adopted by the European Union.

Going concern and the directors' assessment of the principal risks that would threaten the solvency or liquidity of the Group

As required by the Listing Rules we have reviewed the directors' statement on page 38 that the Group is a going concern.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 39 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on page 26 and 27 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement on page 38 about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements; and
- the directors' explanation on page 39 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. 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.

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	How the scope of our audit responded to the risk
Useful Lives of 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 judgement and relies on available data. *Please also refer to page 52 (Audit Committee Report), page 83 (Accounting Policy – Property, Plant & Equipment), and Note 3 – Critical accounting judgements and estimates and Note 13 Property, Plant & Equipment.*	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 is that the recognition and measurement of pension and other retirement benefit obligations are inappropriate. *Please also refer to page 52 (Audit Committee Report), page 82 (Accounting Policy – Employee benefits), and Note 3 – Critical accounting judgements and estimates*	We challenged the appropriateness of key assumptions and sensitivities used in determining retirement benefits including discount rates, inflation rates and mortality assumptions used in determining the net retirement benefits obligation. Our audit procedures included using Deloitte pension actuaries to assist us in evaluating the appropriateness of these key assumptions. Where possible, we compared these key assumptions to market benchmarks. We tested a sample of plan asset valuations and independently confirmed year end valuations. We assessed whether the disclosures in the financial statements were in accordance with accounting standards.
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. Any weaknesses could have a significant impact on financial reporting controls and systems, with a potential risk for the recording of transactions. *Refer also to page 52 (Audit Committee Report).*	We examined the design and execution of IT controls including those relating to systems access, IT operations and program change, including compensating 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.

Strategic Report | Corporate Governance | Financial Statements | Other Information

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

Our application of materiality
We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person 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 €3 million, which is approximately 5.5% of adjusted profit before taxation, and below 2.6% of consolidated Shareholders' equity. 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 €150,000, 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 ten legal entities all of which were subject to a full audit, whilst the remaining legal entities were subject to specified audit procedures, where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in those entities. These ten entities within full audit scope represent the principal business units and account for 100% of the revenue and 100 % of the Group's total assets. Our audit work of the ten entities was executed at levels of materiality applicable to each individual entity which were lower than Group materiality. In addition, audits are performed for entity statutory purposes for all legal entities.

At the parent entity level we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

As part of the Group audit, the Group engagement team issued instructions to all component audit teams, and evaluated the outputs from each audit location.

Opinion on other matters prescribed by the Companies Act 2014
Report of the Directors' and Corporate Governance Statement
In our opinion the information given in the Report of the Directors' is consistent with the financial statements and based on the work undertaken in the course of the audit the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required under Regulation 21(2)(c), (d), (f), (h) and (i) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. No. 255 of 2006) are consistent with the financial statements and have been prepared in accordance with section 1373 Companies Act 2014. Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information. In our opinion, the information required pursuant to section 1373(2)(a), (b), (e) and (f) of the Companies Act 2014 is contained in the company's Corporate Governance Statement.

Adequacy of explanations received and accounting records
- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion, the accounting records of the company were sufficient to permit the financial statements to be readily and properly audited; and
- The parent company Statement of Financial Position is in agreement with the accounting records.

Matters on which we are required to report by exception

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.

Directors' remuneration

Under the Listing Rules of the Irish Stock Exchange 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 Act 2014 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 provisions of the UK Corporate Governance Code and the provisions of the Irish Corporate Governance Annex specified for our review. We have nothing to report arising from our review.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. 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 391 of the Companies Act 2014. 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 auditors' 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
Chartered Accountants and Statutory Audit Firm
Dublin
Date: 4 March 2016

Consolidated Income Statement

for the financial year ended 31 December 2015

	Notes	2015 €m	2014 €m
Revenue	4	320.6	290.1
Depreciation and amortisation	10	(18.3)	(17.8)
Employee benefits expense	5	(21.4)	(18.9)
Other operating expenses		(223.7)	(220.7)
		57.2	32.7
Non-trading items	6	-	28.7
Operating profit		**57.2**	**61.4**
Investment revenue	7	0.1	0.1
Finance costs	8	(3.2)	(4.8)
Profit before tax		**54.1**	**56.7**
Income tax expense	9	(0.4)	(0.7)
Profit for the financial year: all attributable to equity holders of the parent	10	**53.7**	**56.0**
Earnings per share – expressed in euro cent per share			
Basic	12	28.9c	30.4c
Diluted	12	28.5c	30.1c

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2015

	Notes	2015 €m	2014 €m
Profit for the financial year		53.7	56.0
Items that may be reclassified subsequently to profit or loss:			
Cash flow hedges:			
- Fair value movements arising during the year	23 viii	(0.2)	(1.0)
- Transfer to Consolidated Income Statement – net settlement of cash flow hedge	23 viii	0.4	0.3
Exchange differences on translation of foreign operations		0.3	0.3
Exchange difference on defined benefit obligations		0.2	0.1
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on defined benefit obligations	32a viii	16.5	(21.2)
Deferred tax on defined benefit obligations	24	(0.3)	-
Other comprehensive income / (expense) for the financial year		16.9	(21.5)
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**70.6**	**34.5**

Consolidated Statement of Financial Position

as at 31 December 2015

	Notes	2015	2014
Assets		**€m**	€m
Non-current assets			
Property, plant and equipment	13	170.0	154.0
Intangible assets	14	0.9	0.7
Retirement benefit surplus	32a iv	5.6	5.4
		176.5	**160.1**
Current assets			
Inventories	17	1.9	2.0
Trade and other receivables	18	41.0	34.7
Cash and bank balances	19	25.0	22.7
		67.9	**59.4**
Total assets		**244.4**	**219.5**
Equity and liabilities			
Equity			
Share capital	20	12.1	12.0
Share premium	21	13.1	9.7
Other reserves	21	(9.0)	(8.0)
Retained earnings		99.3	47.6
Equity attributable to equity holders of the parent		**115.5**	**61.3**
Non-current liabilities			
Borrowings	22	55.3	66.7
Deferred tax liabilities	24	3.8	3.8
Provisions	26	0.5	0.5
Deferred grant	27	0.4	0.5
Retirement benefit obligation	32a iv	10.7	29.5
		70.7	**101.0**
Current liabilities			
Borrowings	22	14.0	17.3
Trade and other payables	25	43.0	38.4
Derivative financial instruments	23 viii	0.5	0.7
Current income tax liabilities		0.1	0.2
Provisions	26	0.5	0.5
Deferred grant	27	0.1	0.1
		58.2	**57.2**
Total liabilities		**128.9**	**158.2**
Total equity and liabilities		**244.4**	**219.5**

The financial statements were approved by the Board of Directors on 4 March 2016 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Consolidated Statement Of Changes In Equity

for the financial year ended 31 December 2015

	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 2015	**12.0**	**9.7**	**7.3**	**4.8**	**(0.7)**	**(19.4)**	**47.6**	**61.3**
Profit for the financial year	-	-	-	-	-	-	53.7	53.7
Other comprehensive income	-	-	-	-	0.2	0.3	16.4	16.9
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**0.2**	**0.3**	**70.1**	**70.6**
Employee share-based payments expense	-	-	-	0.1	-	-	-	0.1
Share issue	0.1	3.4	-	-	-	-	-	3.5
Dividends	-	-	-	-	-	-	(19.9)	(19.9)
Settlement of equity plans through market purchase of shares	-	-	-	-	-	-	(0.1)	(0.1)
Transferred to retained earnings on exercise of share options	-	-	-	(1.6)	-	-	1.6	-
	0.1	**3.4**	**-**	**(1.5)**	**0.2**	**0.3**	**51.7**	**54.2**
Balance at 31 December 2015	**12.1**	**13.1**	**7.3**	**3.3**	**(0.5)**	**(19.1)**	**99.3**	**115.5**

Analysed as follows:	
Share capital	12.1
Share premium	13.1
Other reserves	(9.0)
Retained earnings	99.3
	115.5

Consolidated Statement Of Changes In Equity

for the financial 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 financial year	-	-	-	-	-	-	56.0	56.0
Other comprehensive (expense) / income	-	-	-	-	(0.7)	0.3	(21.1)	(21.5)
Total comprehensive (expense) / income for the financial 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

Company Statement Of Financial Position

as at 31 December 2015

	Notes	2015 €m	2014 €m
Assets			
Non-current assets			
Property, plant and equipment	13	1.5	2.0
Intangible assets	14	0.8	0.5
Investments in subsidiaries	16	11.7	12.1
Retirement benefit surplus	32b iv	0.6	0.8
		14.6	**15.4**
Current assets			
Inventories	17	0.4	0.5
Trade and other receivables	18	119.4	126.2
Cash and bank balances	19	0.9	0.8
		120.7	**127.5**
Total assets		**135.3**	**142.9**
Equity and liabilities			
Equity			
Share capital	20	12.1	12.0
Share premium	21	13.1	9.7
Other reserves	21	10.5	12.0
Retained earnings		75.9	44.3
Equity attributable to equity holders		**111.6**	**78.0**
Non-current liabilities			
Borrowings	22	0.9	1.2
Retirement benefit obligation	32b iv	0.1	0.5
Provisions		0.1	-
		1.1	**1.7**
Current liabilities			
Borrowings	22	0.3	0.4
Trade and other payables	25	22.2	62.8
Provisions		0.1	-
		22.6	**63.2**
Total liabilities		**23.7**	**64.9**
Total equity and liabilities		**135.3**	**142.9**

The financial statements were approved by the Board of Directors on 4 March 2016 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Company Statement of Changes in Equity

for the financial year ended 31 December 2015

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2015	**12.0**	**9.7**	**7.2**	**4.8**	**44.3**	**78.0**
Profit for the financial year	-	-	-	-	50.6	50.6
Other comprehensive expense	-	-	-	-	(0.1)	(0.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**50.5**	**50.5**
Share issue	0.1	3.4	-	-	-	3.5
Dividends	-	-	-	-	(19.9)	(19.9)
Movement related to share options allocated to employees in subsidiaries	-	-	-	(0.4)	-	(0.4)
Transferred to retained earnings on exercise of share options	-	-	-	(1.1)	1.1	-
Settlement of equity plans through market purchase of shares	-	-	-	-	(0.1)	(0.1)
	0.1	**3.4**	**-**	**(1.5)**	**31.6**	**33.6**
Balance at 31 December 2015	**12.1**	**13.1**	**7.2**	**3.3**	**75.9**	**111.6**

Analysed as follows:	
Share capital	12.1
Share premium	13.1
Other reserves	10.5
Retained earnings	75.9
	111.6

Company Statement of Changes in Equity

for the financial 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 financial year	-	-	-	-	25.6	25.6
Other comprehensive expense	-	-	-	-	(0.4)	(0.4)
Total comprehensive income for the financial 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)
Movement related to share options allocated 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

Consolidated Statement of Cash Flows

for the financial year ended 31 December 2015

	Notes	2015 €m	2014 €m
Net cash inflow from operating activities	34	**68.2**	**39.7**
Cash flow from investing activities			
Interest received		0.1	0.1
Proceeds on disposal of property, plant and equipment		0.1	0.1
Payment received on finance lease receivable	15	-	17.8
Purchases of property, plant and equipment		(34.4)	(7.7)
Purchases of intangible assets		(0.6)	(0.3)
Net cash (outflow) / inflow from investing activities		**(34.8)**	**10.0**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(19.9)	(18.8)
Repayments of borrowings		(28.0)	(39.6)
Repayments of obligations under finance leases		(1.0)	(0.8)
Proceeds on issue of ordinary share capital		3.5	1.2
New bank loans raised		17.5	7.5
Settlement of equity plans through market purchase of shares		(0.1)	-
Proceeds from sale and lease back		-	1.6
Net cash outflow from financing activities		**(28.0)**	**(48.9)**
Net increase in cash and cash equivalents		5.4	0.8
Cash and cash equivalents at beginning of year		19.4	18.5
Effect of foreign exchange rate changes		0.2	0.1
Cash and cash equivalents at end of year	35	**25.0**	**19.4**

Company Statement of Cash Flows

for the financial year ended 31 December 2015

	Notes	2015 €m	2014 €m
Net cash outflow from operating activities	34	**(35.5)**	**(11.9)**
Cash flow from investing activities			
Dividend received from subsidiary		55.0	32.0
Purchases of property, plant and equipment		(1.9)	(2.1)
Purchases of intangible assets		(0.6)	(0.2)
Net cash inflow from investing activities		**52.5**	**29.7**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(19.9)	(18.8)
Repayments of obligations under finance leases		(0.3)	(0.3)
Proceeds on issue of ordinary share capital		3.5	1.2
Settlement of equity plans through market purchase of shares		(0.1)	-
Net cash outflow from financing activities		**(16.8)**	**(17.9)**
Net increase / (decrease) in cash and cash equivalents		0.2	(0.1)
Cash and cash equivalents at beginning of year		0.7	0.8
Cash and cash equivalents at end of year	35	**0.9**	**0.7**

Notes To The Financial Statements
for the financial year ended 31 December 2015

1. General information

Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland. 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 Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

The individual financial statements of the Company (Company financial statements) have been prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the Companies Act 2014. The Company has availed of the exemption contained in Section 304 (2) of the Companies Act 2014 which permits a company which publishes its Company and Group financial statements together to exclude the Company Income Statement and related notes that form part of the approved Company financial statements from the financial statements presented to its members.

Basis of preparation

The financial statements have been prepared under the historical cost convention except for the measurement of certain financial assets and financial liabilities at fair value.

All figures presented in the financial statements are in Euro and are rounded to the nearest one hundred thousand except where otherwise indicated.

The Consolidated Financial Statements include the information in the Remuneration Report that is described as being an integral part of the Consolidated Financial Statements.

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.

2. Summary of accounting policies - continued

New standards and interpretations

The Group adopted certain new and revised International Financial Reporting Standards (IFRSs) 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
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 (Amendment) Business Combinations	1 July 2014
IFRS 8 (Amendment) Operating Segments	1 July 2014
IFRS 13 (Amendment) Fair Value Measurement	1 July 2014
IAS 16 (Amendment) Property, Plant and Equipment	1 July 2014
IAS 19 (Amendment) Employee Benefits	1 July 2014
IAS 24 (Amendment) Related Party Disclosures	1 July 2014
IAS 38 (Amendment) Intangible Assets	1 July 2014
IAS 40 (Amendment) Investment Property	1 July 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 5 (Amendment) Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
IFRS 7 (Amendment) Financial Instruments: Disclosures	1 January 2016
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 14 Regulatory Deferral Accounts	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IAS 1 (Amendment) Presentation of Financial Statements	1 January 2016
IAS 7 (Amendments) Statement of Cash Flows	1 January 2017
IAS 12 (Amendments) Income taxes	1 January 2017
IAS 16 (Amendments) Property, Plant and Equipment	1 January 2016
IAS 19 (Amendment) Employee Benefits	1 January 2016
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 January 2016
IAS 41 (Amendment) Agriculture	1 January 2016

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group. Excluding IFRS 15 and IFRS 16 which are currently under review the Directors assess that at this point they do not believe the standards will have a significant impact on the financial statements of the Group in future periods.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

2. Summary of accounting policies - continued

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.

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.

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.

2. Summary of accounting policies - continued

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.

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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

2. Summary of accounting policies - continued

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 obligations is recognised in the Consolidated Income Statement under finance costs in accordance with *IAS 19 Employee Benefits*.

Retirement benefit schemes

Defined benefit obligations

For defined benefit obligations, 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 obligations 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 obligation 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.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit obligations. 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.

2. Summary of accounting policies - continued

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

Vessels

Vessels 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.

Depreciation on vessels is charged so as to write off the cost or deemed cost less residual value over the estimated economic useful life on a straight line basis. The amount initially recognised in respect of Ropax ships less estimated residual value, is allocated between hull and machinery and hotel and catering elements for depreciation purposes. In respect of LoLo vessels, all value is attributed to hull and machinery.

In considering residual values of 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.

The estimated economic useful lives of vessels is as follows;

- Hull

Conventional Ropax Ships	30 years
Fast ferries	15 years
LoLo	25 years

- Hotel and Catering 10 years

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

2. Summary of accounting policies - continued

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 certificate are capitalised as a separate component within 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 property, plant and equipment other than vessels but including leased assets is charged so as to write off the cost, other than freehold land and assets under construction, over the estimated economic 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.

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

2. Summary of accounting policies - continued

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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

2. Summary of accounting policies - continued

Cash and bank balances

Cash and bank balances comprise cash on hand, 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.

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*.

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 obligations and non-trading items

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

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. 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 obligations 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 32.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit obligation. 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 the Financial Statements 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.

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 review these lives and change 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 13.

Impairment

The Group assessed its property, plant & equipment and intangible 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. Following a change of operations in Belfast, certain terminal equipment became surplus to operational requirements. At 31 December 2015 no decision had been taken as to the future use of the equipment within the Company. On the basis there was no future revenue streams attributable to the assets, the Directors imputed an impairment charge of €0.6 million. Other than the above no internal or external indications of impairment were identified for other assets and consequently no impairment review was performed.

4. Segmental information

Revenue

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

	2015 €m	2014 €m
Ferries	203.9	184.3
Container & Terminal	118.2	107.0
Inter-segment	(1.5)	(1.2)
Total	**320.6**	**290.1**

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 of combined RoRo passenger ferries and external chartering of vessels. The principal activities of the Container & Terminal segment are the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services.

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

	Ferries €m	Container & Terminal €m	Inter-segment €m	Total €m
Revenue				
2015				
External revenue	203.6	117.0	-	320.6
Inter-segment revenue	0.3	1.2	(1.5)	-
Total	**203.9**	**118.2**	**(1.5)**	**320.6**
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**

Inter-segment revenue is at prevailing market prices.

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

	2015 €m	2014 €m
Passenger	122.7	109.3
Freight	193.9	176.7
Other	4.0	4.1
Total	**320.6**	**290.1**

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

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	
	2015	2014	2015	2014	2015	2014
	€m	€m	€m	€m	€m	€m
Result						
Operating profit before non-trading items	48.1	28.0	9.1	4.7	57.2	32.7
Non-trading items	-	28.7	-	-	-	28.7
Investment revenue	0.1	0.1	-	-	0.1	0.1
Finance costs	(3.0)	(4.6)	(0.2)	(0.2)	(3.2)	(4.8)
Profit before tax	45.2	52.2	8.9	4.5	54.1	56.7
Income tax expense	(0.5)	(0.6)	0.1	(0.1)	(0.4)	(0.7)
Profit for the financial year	44.7	51.6	9.0	4.4	53.7	56.0
Statement of Financial Position						
Assets						
Segment assets	174.8	154.7	44.6	42.1	219.4	196.8
Cash and bank balances	23.1	22.1	1.9	0.6	25.0	22.7
Consolidated total assets	197.9	176.8	46.5	42.7	244.4	219.5
Liabilities						
Segment liabilities	40.6	56.9	19.0	17.3	59.6	74.2
Borrowings	67.3	81.4	2.0	2.6	69.3	84.0
Consolidated total liabilities	107.9	138.3	21.0	19.9	128.9	158.2
Other segment information						
Capital additions	32.1	6.8	2.9	1.2	35.0	8.0
Depreciation and amortisation	15.6	15.1	2.7	2.7	18.3	17.8

Geographic analysis of revenue by origin of booking

	2015	2014
Revenue	€m	€m
Ireland	153.6	147.5
United Kingdom	69.5	52.8
Netherlands	52.0	48.3
Belgium	26.9	24.6
France	7.1	7.1
Other	11.5	9.8
Total	**320.6**	**290.1**

4. Segmental information - continued

Geographic analysis of location of property, plant and equipment

Property, plant and equipment	2015 €m	2014 €m
Vessels at sea / assets in transit		
Vessels	135.7	118.8
Containers	4.4	3.6
	140.1	122.4
On Shore		
Ireland	27.4	29.0
Other	2.5	2.6
	29.9	31.6
Carrying amount at 31 December	**170.0**	**154.0**

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

	2015	2014
The average number of employees during the financial year was as follows:		
Ferries	217	216
Container & Terminal	100	101
	317	317
The number of employees at year end was	316	322

	2015 €m	2014 €m
Aggregate costs of employee benefits were as follows:		
Wages and salaries	17.8	16.7
Social welfare charge	1.8	1.8
Defined benefit obligation - current service cost (note 32a vii)	1.9	1.9
Defined contribution pension scheme – pension cost (note 32a)	0.1	0.1
Past service credit (note 32a vii)	(0.3)	(1.8)
Share-based payment expense (note 31)	0.1	0.2
Total employee benefit expense	**21.4**	**18.9**

No staff costs were capitalised during the year (2014: nil).

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

6. Non-trading items

	2015 €m	2014 €m
Continuing operations		
Curtailment gain arising from Pension deficit funding agreement less related costs	-	28.7
Total non-trading items	**-**	**28.7**

In 2014 the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit pension scheme, whereby the future liabilities of the scheme were reduced. These changes gave rise to a curtailment gain of €31.0 million less €2.0 million of directly related share-based payment expense and €0.3 million of other costs and was included as a non-trading item in the Consolidated Income Statement and within the Ferries division segment.

7. Investment revenue

	2015 €m	2014 €m
Interest on bank deposits	0.1	0.1
Total investment revenue	**0.1**	**0.1**

8. Finance costs

	2015 €m	2014 €m
Interest on bank overdrafts and loans	2.5	3.4
Interest on obligations under finance leases	0.3	0.2
Net interest cost on defined benefit obligations (note 32a vii)	0.4	1.2
Total finance costs	**3.2**	**4.8**

9. Income tax expense

	2015 €m	2014 €m
Current tax	0.7	0.8
Deferred tax (note 24)	(0.3)	(0.1)
Total income tax expense for the financial year	**0.4**	**0.7**

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 20% and 21% (2014: 21% and 23%).

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

	2015 €m	2014 €m
Profit before tax	54.1	56.7
Tax at the domestic income tax rate of 12.5% (2014: 12.5%)	6.8	7.1
Effect of tonnage relief	(5.5)	(1.9)
Non-taxable curtailment gain	-	(3.9)
Net utilisation of tax losses	(0.3)	(0.1)
Difference in effective tax rates	-	0.1
Other items	(0.6)	(0.6)
Income tax expense recognised in the Consolidated Income Statement	**0.4**	**0.7**

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

10. Profit for the year

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

	2015 €m	2014 €m
Gain on disposal of property, plant and equipment	(0.1)	(0.1)
Foreign exchange (gains) / losses	(1.3)	(1.1)
Fuel cost	39.0	53.0
Amortisation of intangible assets (note 14)	0.4	0.4
Depreciation of property, plant and equipment (note 13)	18.0	17.5
	18.4	17.9
Amortisation of deferred grant (note 27)	(0.1)	(0.1)
Net depreciation and amortisation expense	18.3	17.8
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 305 Companies Act 2014, is given in the Report of the Remuneration Committee and is included within the financial statements by way of a cross reference.

The Company has availed of the exemption contained in Section 304 (2) of the Companies Act 2014 which permits a company which publishes its Company and Group financial statements together to exclude the Company Income Statement and related notes that form part of the approved Company financial statements from the financial statements presented to its members and filed with the CRO. The Company's profit for the financial year determined in accordance with IFRS as adopted by the EU was €50.6 million (2014: €25.6 million).

11. Dividends

	2015 €m	2014 €m
Final dividend of 7.035c per ICG Unit for financial year ended 31 December 2014 (2013: 6.7c)	13.1	12.4
Interim dividend of 3.638c per ICG Unit for the financial year ended 31 December 2015 (2014: 3.465c)	6.8	6.4
Total	19.9	18.8

During the year a final dividend of 7.035 cent per ICG Unit was paid for the financial year ended 31 December 2014. In the prior year a final dividend of 6.7 cent per ICG Unit was paid for the financial year ended 31 December 2013.

During the year an interim dividend of 3.638 cent per ICG Unit was paid for the financial year ended 31 December 2015. In the prior year an interim dividend of 3.465 cent per ICG Unit was paid for the financial year ended 31 December 2014.

The Board is proposing a final dividend of 7.387 cent per ICG Unit amounting to €13.8 million in respect of the results for the financial year ended 31 December 2015.

12. Earnings per share

Number of shares	2015 '000	2014 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	185,776	184,357
Effect of dilutive potential ordinary shares: Share options	2,806	1,438
Weighted average number of ordinary shares for the purposes of diluted earnings per share	188,582	185,795

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 20).

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 obligations (note 32a).

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	2015 €m	2014 €m
Earnings for the purposes of basic earnings per share -		
Profit for the financial year attributable to equity holders of the parent	53.7	56.0
Earnings for the purposes of diluted earnings per share	53.7	56.0
Earnings for the purposes of basic earnings per share -		
Profit for the year attributable to equity holders of the parent	53.7	56.0
Effect of non-trading items	-	(28.7)
Net interest cost on defined benefit obligations	0.4	1.2
Earnings for the purposes of adjusted earnings per share	54.1	28.5

	2015 cent	2014 cent
Basic earnings per share	28.9	30.4
Diluted earnings per share	28.5	30.1
Adjusted basic earnings per share	29.1	15.5
Adjusted diluted earnings per share	28.7	15.3

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

13. Property, plant and equipment

Group	Vessels	Plant and Equipment	Vehicles	Land and Buildings	Total
	€m	€m	€m	€m	€m
Cost					
At 1 January 2014	302.3	53.9	1.5	25.3	383.0
Additions	5.7	1.9	0.1	-	7.7
Exchange differences	-	0.3	-	-	0.3
Disposals	(5.7)	(1.2)	(0.2)	(0.2)	(7.3)
At 1 January 2015	302.3	54.9	1.4	25.1	383.7
Additions	31.1	3.2	-	0.1	34.4
Exchange differences	-	0.3	-	-	0.3
Disposals	(5.7)	(0.3)	(0.3)	-	(6.3)
Impairment	-	(0.6)	-	-	(0.6)
At 31 December 2015	**327.7**	**57.5**	**1.1**	**25.2**	**411.5**
Accumulated depreciation					
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 1 January 2015	183.5	37.2	0.9	8.1	229.7
Depreciation charge for the year	14.2	3.2	0.2	0.4	18.0
Eliminated on disposals	(5.7)	(0.3)	(0.3)	-	(6.3)
Exchange difference	-	0.1	-	-	0.1
At 31 December 2015	**192.0**	**40.2**	**0.8**	**8.5**	**241.5**
Carrying amount					
At 31 December 2014	118.8	17.7	0.5	17.0	154.0
At 31 December 2015	**135.7**	**17.3**	**0.3**	**16.7**	**170.0**

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 2015, the amount outstanding under that facility was €50.7 million (2014: €63.7 million) and the vessels that are subject to the mortgages had a net book value of €57.1 million (2014: €62.0 million).

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

The carrying amount of the Group's plant and equipment includes an amount of €3.9 million (2014: €5.2 million) in respect of assets held under finance leases.

13. Property, plant and equipment - continued

Company	Plant and Equipment €m	Vehicles €m	Land and Buildings €m	Total €m
Cost				
At 1 January 2014	6.9	0.1	0.1	7.1
Additions	2.1	-	-	2.1
Disposals	(2.2)	-	-	(2.2)
At 1 January 2015	6.8	0.1	0.1	7.0
Additions	1.9	-	-	1.9
Disposals	(1.9)	-	-	(1.9)
At 31 December 2015	**6.8**	**0.1**	**0.1**	**7.0**
Accumulated depreciation				
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 1 January 2015	4.8	0.1	0.1	5.0
Depreciation charge for the year	2.4	-	-	2.4
Eliminated on disposals	(1.9)	-	-	(1.9)
At 31 December 2015	**5.3**	**0.1**	**0.1**	**5.5**
Carrying amount				
At 31 December 2014	2.0	-	-	2.0
At 31 December 2015	**1.5**	**-**	**-**	**1.5**

The carrying amount of the Company's plant and equipment includes an amount of €1.1 million (2014: €1.4 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 (2014: €0.1 million) decrease / increase on depreciation in the Consolidated Income Statement and a €0.1 million (2014: €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 €1.1 million (2014: €1.0 million) decrease / €1.4 million (2014: €1.3 million) increase in depreciation in the Consolidated Income Statement, and a €1.1 million (2014: €1.0 million) increase / €1.4 million (2014: €1.3 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

14. Intangible assets

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Cost				
At 1 January	9.6	9.3	9.0	8.8
Additions	0.6	0.3	0.6	0.2
At 31 December	**10.2**	**9.6**	**9.6**	**9.0**
Amortisation				
At 1 January	8.9	8.5	8.5	8.2
Charge for the year	0.4	0.4	0.3	0.3
At 31 December	**9.3**	**8.9**	**8.8**	**8.5**
Carrying amount				
At 1 January	0.7	0.8	0.5	0.6
At 31 December	**0.9**	**0.7**	**0.8**	**0.5**

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.

15. Finance lease receivable

Group	2015 €m	2014 €m
Current finance lease receivables	-	-
Non-current finance lease receivables	-	-
	-	-
Opening balance	-	17.8
Amounts received	-	(17.8)
Closing balance	-	-

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. Investment in subsidiaries

Company

	2015 €m	2014 €m
Investment in subsidiaries at beginning of the financial year	12.1	11.6
Movement related to share options allocated to employees in subsidiaries	(0.4)	0.5
Investment in subsidiaries at end of the financial year	11.7	12.1

The movement related to share options represents share options attributable to employees of subsidiary companies.

The composition of the Group and the Company's principal subsidiaries at 31 December 2015 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
Contarga Limited	Ireland	100%	100%	Ship leasing

The registered office for Irish Ferries Limited, Eucon Shipping & Transport Limited, Irish Continental Line Limited, Contarga 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 Merchants House, 24 North Quay, Douglas IM1 4LE, Isle of Man.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

17. Inventories

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Fuel and lubricating oil	1.6	1.8	0.1	0.4
Catering and other stocks	0.3	0.2	0.3	0.1
	1.9	2.0	0.4	0.5

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 €45.5 million during the year (2014: €59.0 million).

18. Trade and other receivables

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Trade receivables	33.0	30.5	1.2	1.5
Allowance for doubtful debts	(1.4)	(1.3)	-	-
	31.6	29.2	1.2	1.5
Prepayments	5.7	4.2	0.2	0.2
Amounts due from subsidiary companies	-	-	115.1	124.1
Other receivables	3.7	1.3	2.9	0.4
	41.0	34.7	119.4	126.2

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 2015 (2014: 38 days).

18. Trade and other receivables - continued

The Group's trade receivables are analysed as follows:

	Gross value 2015 €m	Impairment 2015 €m	Net value 2015 €m	Gross value 2014 €m	Impairment 2014 €m	Net value 2014 €m
Not past due						
-Within terms	30.5	(0.9)	29.6	28.8	(0.9)	27.9
Past due						
-Within 3 months	2.3	(0.4)	1.9	1.5	(0.3)	1.2
-After 3 months	0.2	(0.1)	0.1	0.2	(0.1)	0.1
	33.0	**(1.4)**	**31.6**	**30.5**	**(1.3)**	**29.2**

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 2015 €m	Group 2014 €m
Balance at beginning of the financial year	1.3	1.1
Increase in allowance during the financial year	0.1	0.2
Balance at end of the financial year	1.4	1.3

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 2015.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

19. 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	2015 €m	2014 €m
Ireland	22.9	21.2
United Kingdom	0.8	0.7
Europe	1.3	0.8
Total	25.0	22.7

The cash and bank balances figure of €25.0 million at 31 December 2015 includes a deposit of €0.9 million (2014: €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.

20. Share capital

Group and Company

Authorised	2015 Number	2015 €m	2014 Number	2014 €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	2015 Number	2015 €m	2014 Number	2014 €m
Ordinary shares				
At beginning of the financial year	184,526,890	12.0	183,976,890	12.0
Share issue	1,945,000	0.1	550,000	-
At end of the financial year	186,471,890	12.1	184,526,890	12.0
Redeemable shares				
At beginning of the financial year	-	-	183,976,890	-
Share issue	-	-	400,000	-
Redemption	-	-	(184,376,890)	-
At end of the financial year	-	-	-	-

20. Share capital - continued

The number of ICG Units issued during the year was 1,945,000 (2014: 550,000) and total consideration received amounted to €3.5 million (2014: €1.2 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 2015 comprised one ordinary share and nil redeemable shares. The share unit, nor any share therein, carries no right to fixed income. In the prior year 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.

21. 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 2015 the reserve balance stands at €0.1 million. The balance is unchanged from 1 January 2014 and 1 January 2015.

The capital redemption reserve represents the nominal value of share capital repurchased. At 31 December 2015 the reserve balance stands at €7.2 million (2014: €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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

22. Borrowings

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Bank loans	65.7	76.2	-	-
Bank overdraft	-	3.3	-	0.1
Finance lease liabilities	3.6	4.5	1.2	1.5
	69.3	84.0	1.2	1.6
The borrowings are repayable as follows:				
On demand or within one year	14.0	17.3	0.3	0.4
In the second year	53.5	14.0	0.3	0.3
In the third year	0.7	51.0	0.3	0.3
In the fourth year	0.6	0.7	0.3	0.3
Fifth year and after	0.5	1.0	-	0.3
	69.3	84.0	1.2	1.6
Less: Amount due for settlement within 12 months	(14.0)	(17.3)	(0.3)	(0.4)
Amount due for settlement after 12 months	55.3	66.7	0.9	1.2

Under the terms of the amortising term loan facility, the Group has (i) granted statutory mortgages securing amounts outstanding under that facility, €50.7 million at 31 December 2015 (2014: €63.7 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 currency profile of the Group's borrowings are set out in note 23 (iii).

Company lease obligations at 31 December 2015 of €1.2 million (2014: €1.5 million) are denominated in Euro.

22. Borrowings - continued

Group finance leases	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	€m	€m	**€m**	€m
Amounts payable under finance leases:				
Within one year	1.2	1.2	1.0	1.0
In the second to fifth years inclusive	2.6	3.4	2.4	3.0
After five years	0.2	0.5	0.2	0.5
	4.0	5.1	3.6	4.5
Less: future finance charges	(0.4)	(0.6)	-	-
Present value of lease obligations	3.6	4.5	3.6	4.5
Less: amount due for settlement within 12 months	(1.0)	(1.0)	(1.0)	(1.0)
Amount due for settlement after 12 months	2.6	3.5	2.6	3.5

Company finance leases	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	**2015**	2014
	€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	1.1	1.3	0.9	1.1
After five years	-	0.1	-	0.1
	1.4	1.7	1.2	1.5
Less: future finance charges	(0.2)	(0.2)	-	-
Present value of lease obligations	1.2	1.5	1.2	1.5
Less: amount due for settlement within 12 months	(0.3)	(0.3)	(0.3)	(0.3)
Amount due for settlement after 12 months	0.9	1.2	0.9	1.2

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 financial year ended 31 December 2015, the average effective lease borrowing rate was 5.5% (2014: 5.5%) in the Group and 5.6% (2014: 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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

22. Borrowings - continued

Bank loan facilities

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Unsecured bank overdraft and trade guarantee facility:				
Amount utilised	0.7	4.0	-	0.1
Amount undrawn	14.3	11.0	14.3	11.0
	15.0	15.0	14.3	11.1
Unsecured bank loan facility:				
Amount drawn	15.0	12.5	-	-
Amount undrawn	25.0	27.5	25.0	27.5
	40.0	40.0	25.0	27.5
Secured bank amortising term loan facility:				
Amount outstanding	50.7	63.7	-	-

At 31 December the Group had total committed facilities of €105.7 million (2014: €118.7 million) which comprised of amounts utilised of €66.4 million (2014: €80.2 million) and amounts undrawn of €39.3 million (2014: €38.5 million).

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

	Group 2015	Group 2014	Company 2015	Company 2014
Bank overdrafts	0.9%	1.1%	0.9%	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 2015, €0.7 million (2014: €0.7 million) was utilised on this facility by way of trade guarantees and €nil 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 2015, €15.0 million (2014: €12.5 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.

22. Borrowings - continued

(iii) An amortising term loan facility with an outstanding balance at 31 December 2015 of €50.7 million (2014: €63.7 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 2015 as set out in note 23a. 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.

The Group's financing facilities contain provisions that where there is a change in control of the company, lenders may cancel the facilities and declare all utilisations immediately due and payable. A change of control is where any person or group of persons acting in concert becomes the owner of more than fifty per cent of the voting share capital of the Company.

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 2015.

23. 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 28 and 29 for further disclosures.

(i) Categories of financial instruments

Financial assets and liabilities

2015	**Loans and receivables at amortised cost**	**Cash flow hedges at fair value**	**Financial liabilities at amortised cost**	**Carrying value**	**Fair value**
	€m	**€m**	**€m**	**€m**	**€m**
Trade and other receivables	41.0	-	-	41.0	41.0
Cash and bank balances	25.0	-	-	25.0	25.0
Borrowings	-	-	69.3	69.3	66.3
Derivative financial instruments	-	0.5	-	0.5	0.5
Trade and other payables	-	-	43.0	43.0	43.0

2014	Loans and receivables at amortised cost	Cash flow hedges at fair value	Financial liabilities at amortised cost	Carrying value	Fair value
	€m	€m	€m	€m	€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

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

23. 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:

Trade and other receivables / payables

For trade receivables and trade payables, with average settlement periods of 38 days (2014: 38 days) and 64 days (2014: 57 days) respectively the carrying value less allowance for doubtful debts, 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 €0.5 million as at 31 December 2015 (2014: €0.7 million) and consisted entirely of interest rate swaps.

23. 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 2015, 78% (2014: 81%) of Group borrowings were at fixed rates at an average effective rate of 3.5% (2014: 3.5%) with an average repricing period of 1.9 years (2014: 2.9 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 2015 as a liability of €0.5 million (2014: €0.7 million).

At 31 December 2015, 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% (2014: 0.4%) and 1.7% (2014: 1.7%) respectively.

Sensitivity

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 2015, 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 2015 and 31 December 2014 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 one percentage point increase or decrease in market interest rates for all currencies in which the Group had borrowings and derivative financial instruments at 31 December 2015 would have decreased or increased profit before tax and equity by approximately €0.2 million (2014: €0.2 million).

(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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

23. Financial instruments and risk management - continued

Sensitivity

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 €0.6 million (2014: €2.9 million) and equity (before tax effects) would have decreased by €0.2 million (2014: €2.1 million); (ii) a 10% weakening in Euro exchange rates against all currencies, profit before tax would have decreased by €0.7 million (2014: €3.3 million) and equity (before tax effects) would have increased by €0.2 million (2014: €2.4 million).

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:

2015	Euro €m	Sterling €m	US Dollar €m	**Total €m**
Trade and other receivables[1]	32.3	7.7	2.4	42.4
Cash and bank balances	9.2	15.6	0.2	25.0
Total assets	41.5	23.3	2.6	67.4
Trade and other payables	31.3	9.8	1.9	43.0
Bank loans	65.7	-	-	65.7
Derivative financial instruments	0.5	-	-	0.5
Finance leases	3.0	0.6	-	3.6
Total liabilities	100.5	10.4	1.9	112.8
Net (liabilities) / assets	**(59.0)**	**12.9**	**0.7**	**(45.4)**

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

23. Financial instruments and risk management - continued

(iv) Fuel cost management

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.

(v) 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:

	2015 €m	2014 €m
Cash and bank balances	25.0	22.7
Committed undrawn facilities	39.3	38.5
Liquidity reserve	64.3	61.2

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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

23. 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 2015	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €m
Liabilities							
Trade and other payables		43.0	43.0	43.0	-	-	-
Bank loans	1.3	65.7	68.2	14.6	53.6	-	-
Finance leases	2.1	3.6	4.0	1.2	0.9	1.7	0.2
Derivative financial instruments	1.1	0.5	0.5	0.3	0.2	-	-
Total liabilities		**112.8**	**115.7**	**59.1**	**54.7**	**1.7**	**0.2**

Liquidity Table 2014	Weighted average period until maturity Years	Carrying amount €m	Contractual amount €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €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**

(vi) 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 18 and 19 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

(vii) 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 2015 and 31 December 2014.

23. Financial instruments and risk management - continued

The capital structure of the Group consists of net debt (borrowings as detailed in note 22 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 20 and 21).

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 policy requirements were achieved at 31 December 2015 and 31 December 2014. At 31 December 2015, the ratio of consolidated net debt as a multiple of EBITDA (reported basis) improved to 0.6 times (2014: 1.2 times).

(viii) Derivative financial instruments

The fair value of derivative financial instruments at 31 December 2015 was a liability of €0.5 million (2014: €0.7 million). All cash flow hedges were effective and fair value losses of €0.2 million (2014: losses of €1.0 million) were recorded in other comprehensive income and net settlements amounted to €0.4 million (2014: €0.3 million).

The Group utilised interest rate swaps during the years ended 31 December 2015 and 31 December 2014. 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 2015 was €50.7 million (2014: €63.7 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 2015 was a liability of €0.5 million (2014: €0.7 million). 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 hedged expense.

The Company did not utilise interest rate swaps during the years ended 31 December 2015 and 31 December 2014.

The Group and Company utilises currency derivatives to hedge future cash flows in the management of its exchange rate exposures. At 31 December 2015 and 31 December 2014, there were no material outstanding forward foreign exchange contracts.

24. 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 Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference would be immaterial and will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment to remit earnings.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

24. Deferred tax liabilities - continued

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 2015	Accelerated tax depreciation €m	Retirement benefit obligation €m	**Total €m**
At beginning of the financial year	3.1	0.7	3.8
Credit to the Consolidated Income Statement	(0.1)	(0.2)	(0.3)
Charge to the Consolidated Statement of Comprehensive Income	-	0.3	0.3
At end of the financial year	3.0	0.8	3.8

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

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 €0.1 million (2014: €0.5 million) in the Group and €0.1 million (2014: €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 2015 €m	Group 2014 €m	**Company 2015 €m**	Company 2014 €m
Tax losses carried forward	0.1	0.4	0.1	0.1
Other temporary differences	-	0.1	-	-
	0.1	0.5	0.1	0.1

25. Trade and other payables

Within 1 year	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Trade payables and accruals	39.2	34.2	3.9	3.2
Payroll taxes	1.3	1.0	0.1	0.1
Pay related social insurance	0.4	0.4	-	-
Value added tax	2.1	2.8	0.2	0.2
Amounts due to subsidiary companies	-	-	18.0	59.3
	43.0	38.4	22.2	62.8

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 64 days at 31 December 2015 (2014: 57 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.

26. Provisions

Group	2015 €m	2014 €m
Claims provision		
At beginning of the financial year	1.0	0.8
Utilisation of provision	(0.1)	(0.1)
Increase in provision	0.1	0.3
At end of the financial year	1.0	1.0
Analysed as follows:		
Current liabilities	0.5	0.5
Non-current liabilities	0.5	0.5
	1.0	1.0

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 financial year end, but for which no claim has been received.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

27. Deferred grant

Group	**2015** **€m**	2014 €m
At beginning of the financial year	0.6	0.7
Amortisation	(0.1)	(0.1)
At end of the financial year	0.5	0.6
Analysed as follows:		
Current liabilities	0.1	0.1
Non-current liabilities	0.4	0.5
	0.5	0.6

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

28. Commitments

	Group 2015 €m	Group 2014 €m
Commitments for the acquisition of property, plant and equipment - approved and contracted for	10.1	0.2

29. Operating lease agreements

	Group 2015 €m	Group 2014 €m
Minimum lease payments under operating leases recognised as an expense during the financial year	14.8	13.4

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

	Group 2015 €m	Group 2014 €m
Within one year	7.8	5.8
In the second to fifth years inclusive	10.8	3.3
After five years	62.6	57.7
	81.2	66.8

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 107 years, the outstanding terms of the operating leases within the Group at 31 December 2015 range from less than 1 month to 4 years. Property rentals are fixed for periods ranging from 1 to 7 years.

30. Operating lease income

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

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Within one year	4.1	3.8	0.3	0.3
In the second to fifth years inclusive	1.9	5.7	1.1	1.3
After five years	-	-	-	0.1
	6.0	9.5	1.4	1.7

The Group charters vessels under operating leases to third parties.

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

31. 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 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 where the grantee ceases employment with the Group or Company unless retention, for a maximum period of 12 months, is permitted by the Remuneration Committee. The Scheme Rules allow for the early exercise of outstanding options upon a change in control of the Company.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

31. Share-based payments - continued

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

	2015 Number of share options	2015 Weighted average exercise price €	2014 Number of share options	2014 Weighted average exercise price €
Outstanding at 1 January	8,365,000	1.80	8,545,000	1.77
Granted during the year	2,030,000	3.58	370,000	2.97
Exercised during the year	(1,980,000)	1.83	(550,000)	2.13
Forfeited during the year	(30,000)	3.38	-	-
Outstanding at 31 December	8,385,000	2.22	8,365,000	1.80
Exercisable at 31 December	4,815,000	1.76	3,270,000	1.61
Weighted average share price at date of exercise of options		4.14		3.00
Weighted average remaining contractual life of options outstanding at year end		4.2 years		4.2 years

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

	2015 Options	2014 Options	Price €
Exercisable:			
1998 Share Option Plan			
Basic Options	-	250,000	1.000
Super Options	-	250,000	1.000
Basic Options	500,000	500,000	1.067
Super Options	540,000	570,000	1.067
Basic Options	1,100,000	1,700,000	2.132
Super Options	1,475,000	-	2.132
2009 Share Option Plan			
Basic Tier Options	1,200,000	-	1.570
Exercisable at 31 December	**4,815,000**	**3,270,000**	
Not Yet Exercisable:			
1998 Share Option Plan			
Super Options	-	2,325,000	2.132
2009 Share Option Plan			
Basic Tier Options	-	1,200,000	1.570
Second Tier Options	1,200,000	1,200,000	1.570
Basic Tier Options	180,000	185,000	2.970
Second Tier Options	180,000	185,000	2.970
Basic Tier Options	1,005,000	-	3.580
Second Tier Options	1,005,000	-	3.580
Outstanding at 31 December	**8,385,000**	**8,365,000**	

31. 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, 1 September 2014 and 5 March 2015. The estimated fair values of the options are as follows:

Year of Grant	**2015 Basic Tier**	**2015 Second Tier**	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier	2007	2006	2005
Fair value of option	€0.4528	€0.5581	€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	**2015 Basic Tier**	**2015 Second Tier**	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier	2007	2006	2005
Weighted average share price	€5.282	€5.089	€2.970	€2.970	€1.570	€1.570	€2.132	€1.067	€1.000
Weighted average exercise price	€5.282	€5.089	€2.970	€2.970	€1.570	€1.570	€2.132	€1.067	€1.000
Expected volatility	29%	31%	27%	30%	34%	33%	35%	35%	36%
Expected life	7 years	9 years	7 years	9 years	7 years	9 years	10 years	10 years	10 years
Risk free rate	0.090%	0.299%	0.439%	0.765%	1.323%	1.799%	4.260%	3.765%	3.293%
Expected dividend yield	5.16%	4.72%	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, 2014 and 2015 basic tier options, and 9 years in the case of 2012, 2014 and 2015 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 2015, the share-based payment expense recognised in the Consolidated Income Statement was €0.1 million (2014: €2.2 million) and in the Income Statement of the Company was €nil (2014: €1.5 million).

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

	Group 2015 €m	Group 2014 €m	**Company 2015 €m**	Company 2014 €m
Employee benefits expense	0.1	0.2	-	-
Non-trading items (note 6)	-	2.0	-	1.5
Total share-based payment expense	0.1	2.2	-	1.5

Share-based payment expense of €4,000 (2014: €1.3 million) relates to the Directors of the Group. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2015 is €3.3 million (2014: €4.8 million). The balance on the share option reserve in the Company Statement of Financial Position at 31 December 2015 is €3.3 million (2014: €4.8 million).

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. Retirement benefit schemes

(a) Group retirement benefit schemes

The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has defined benefit obligations as set out below. Scheme assets are held in separate trustee administered funds.

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 €70,000 (2014: €60,000) 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 2015 (2014: €nil).

Defined Benefit Obligations

(i) Group sponsored schemes

The Group operates contributory defined benefit obligations, which provide retirement and death benefits for other employees who are not members of the defined contribution pension scheme. The defined benefit obligations 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 2015 amounted to €4.3 million (2014: €4.0 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.9 million (2014: €1.9 million). A past service credit of €0.3 million (2014: €1.8 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 2015, there were 768 pensioners in receipt of pension payments from the Group's schemes (2014: 766).

During the year, one of the Group's defined benefit obligations which had no employed members was wound up. The scheme assets at the date of wind up, amounting to €4.4 million, were utilised in full to secure the accrued benefits of the deferred members and pensioners. The actuary determined, as at date of wind-up, that the scheme assets equated to the actuarial value of the accrued benefits and that no augmentation cost or curtailment gain arose.

In 2014 the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit obligations, 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 up 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 and was treated as a curtailment gain in 2014.

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 1 April 2015. 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 2015 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, which disclosed a funding shortfall of £152 million. The MNOPF trustee subsequently issued contribution demands on participating employers. The share of the Group in the MNOPF as advised by the trustees is 1.53% (2014: 1.53%). Disclosures relating to this scheme are based on these allocations.

The valuation at 31 December 2015 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 2015 is €0.5 million (2014: €1.4 million). During the year the Group made payments of €1.1 million (2014: €0.9 million) to the trustees.

(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 obligations 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 obligations 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	
	2015	2014	**2015**	2014
Discount rate	3.75%	3.65%	2.20%	2.00%
Inflation rate	3.10%	3.10%	1.50%	1.50%
Rate of annual increase of pensions in payment	2.90%	2.90%	0.60% - 0.70%	0.60% - 0.70%
Rate of increase of pensionable salaries	1.44%	1.44%	0.00% - 1.00%	1.00%

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:

	2015		2014	
	Male	**Female**	Male	Female
Current retirees	26.0 years	28.9 years	24.3 years	27.2 years
Future retirees	27.6 years	30.2 years	27.5 years	29.8 years

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

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. Retirement benefit schemes - continued

(a) Group retirement benefit schemes - continued

(iii) Principal risks and assumptions - continued

Sensitivity of pension liability judgemental assumptions

The Group's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually and totals €268.8 million at 31 December 2015 (2014: €280.6 million). At 31 December 2015, the Group also has scheme assets totalling €263.7 million (2014: €256.5 million), giving a net pension deficit of €5.1 million (2014: deficit of €24.1 million). The size of the obligation is sensitive to actuarial assumptions. The sensitivity analyses below are based on a change in an assumption while holding all other assumptions constant. The sensitivity analyses intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries. The analyses are 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 7.7%
Rate of inflation	Increase/decrease by 0.5%	Increase/decrease by 6.7%
Rate of mortality	Members assumed to live 1 year longer	Increase by 3.1%

The size of the scheme assets which are also sensitive to asset return levels and the level of contributions from the Group are analysed by asset class in part (iv) of this note.

(iv) Retirement benefit assets and liabilities

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

	Schemes with Liabilities in Sterling		Schemes with Liabilities in Euro	
	2015 €m	2014 €m	2015 €m	2014 €m
Equities	9.9	8.9	119.4	131.9
Bonds	16.2	15.9	88.4	81.8
Property	0.4	0.3	16.5	14.2
Other	0.6	0.7	12.3	2.8
Fair value of scheme assets	27.1	25.8	236.6	230.7
Present value of scheme liabilities	(22.8)	(22.6)	(246.0)	(258.0)
Surplus / (deficit) in schemes	4.3	3.2	(9.4)	(27.3)

Two of the defined benefit obligations 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 obligations 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:

	2015 €m	2014 €m
Non-current assets – retirement benefit surplus	5.6	5.4
Non-current liabilities – retirement benefit obligation	(10.7)	(29.5)
Net deficit in pension schemes	(5.1)	(24.1)

32. 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:

2015	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	25.8	230.7	256.5
Interest income	0.9	4.5	5.4
Actuarial gains	(0.8)	13.1	12.3
Exchange difference	1.5	-	1.5
Employer contributions	0.4	2.8	3.2
Contributions from scheme members	0.1	0.3	0.4
Benefits paid	(0.8)	(14.8)	(15.6)
At end of the financial year	27.1	236.6	263.7

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial 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 the financial year	25.8	230.7	256.5

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. 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:

2015	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	22.6	258.0	280.6
Service cost	0.4	1.5	1.9
Interest cost	0.8	5.0	5.8
Past service credit	-	(0.3)	(0.3)
MNOPF deficit payments	(1.1)	-	(1.1)
Contributions from scheme members	0.1	0.3	0.4
Actuarial gains	(0.5)	(3.7)	(4.2)
Exchange difference	1.3	-	1.3
Benefits paid	(0.8)	(14.8)	(15.6)
At end of the financial year	22.8	246.0	268.8

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial 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 the financial year	22.6	258.0	280.6

The present value of scheme liabilities at the year ended 31 December 2015 and 31 December 2014 relate to wholly funded plans.

32. 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 obligations are as follows:

	2015 €m	2014 €m
Charges / (credits) to Employee benefits expense		
Current service cost	1.9	1.9
Past service credit	(0.3)	(1.8)
	1.6	0.1

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.

	2015 €m	2014 €m
Charged to Finance costs		
Interest income on scheme assets	(5.4)	(8.4)
Interest on scheme liabilities	5.8	9.6
Net interest cost on defined benefit obligations (note 8)	0.4	1.2

	2015 €m	2014 €m
Credit to Non-trading items		
Curtailment Gain	-	(31.0)

In 2014 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 resulting in a curtailment gain in the prior year.

The estimated amounts of contributions expected to be paid to the schemes during 2016 is €3.6 million based on current funding agreements.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. 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 obligations are as follows:

Actuarial gains and losses:	2015 €m	2014 €m
Actual return on scheme assets	17.7	30.1
Interest income on scheme assets	(5.4)	(8.4)
Return on scheme assets (excluding amounts included in net interest cost)	12.3	21.7
Remeasurement adjustments on scheme liabilities:		
- Gains and losses arising from changes in demographic assumptions	-	-
- Gains and losses arising from changes in financial assumptions	8.4	(48.0)
- Gains and losses arising from experience adjustments	(4.2)	5.1
Actuarial gains / (losses) recognised in the Consolidated Statement of Comprehensive Income	16.5	(21.2)

Exchange movement:	2015 €m	2014 €m
Exchange gain on scheme assets	1.5	1.6
Exchange loss on scheme liabilities	(1.3)	(1.5)
Exchange gain recognised in the Consolidated Statement of Comprehensive Income	0.2	0.1

(b) Company retirement benefit schemes

(i) Company sponsored / Group affiliated schemes

Certain employees of the Company are members of a defined benefit obligations 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 Ex Merchant Navy Officers Pension Fund (Ex MNOPF), which is sponsored by the Company.

During the year, one of the Group's defined benefit obligations which had no employed members was wound up. The scheme assets at the date of wind up, amounting to €4.4 million, were utilised in full to secure the accrued benefits of the deferred members and pensioners. The actuary determined, as at date of wind-up, that the scheme assets equated to the actuarial value of the accrued benefits and that no augmentation cost or curtailment gain arose.

The contributory defined benefit obligations sponsored by the Company and the Group companies provide retirement and death benefits for employees. The defined benefit obligations 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 Ex MNOPF Scheme, which is not available for public inspection, is dated 29 June 2012. 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 2015 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.

32. 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% (2014: 0.51%). Disclosures relating to this scheme are based on these allocations.

The valuation at 31 December 2015 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 €0.1 million at 31 December 2015 (2014: €0.4 million). During the year the Company made payments of €0.3 million (2014: €0.3 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 obligations is calculated by independent, qualified actuaries, updated at least annually and totals €1.0 million at 31 December 2015 (2014: €5.1 million). At 31 December 2015, the Company also has scheme assets totalling €1.5 million (2014: €5.4 million) giving a net pension surplus of €0.5 million (2014: €0.3 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 obligations, including an apportionment in respect of the MNOPF are as follows:

	Schemes with Liabilities in Sterling		Schemes with Liabilities in Euro	
	2015	2014	**2015**	2014
	€m	€m	**€m**	€m
Equities	-	-	1.1	3.6
Bonds	-	-	0.2	0.7
Property	-	-	0.1	0.1
Other	-	-	0.1	1.0
Fair value of scheme assets	-	-	1.5	5.4
Present value of scheme liabilities	(0.1)	(0.4)	(0.9)	(4.7)
(Deficit) / surplus in schemes	(0.1)	(0.4)	0.6	0.7

One of the retirement benefit schemes accounted for by the Company is 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:

	2015	2014
	€m	€m
Non-current assets – retirement benefit surplus	0.6	0.8
Non-current liabilities – retirement benefit obligation	(0.1)	(0.5)
Net surplus in pension schemes	0.5	0.3

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.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. Retirement benefit schemes - continued

(b) Company retirement benefit schemes - continued

(v) Movement in retirement benefit assets

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

2015	**Schemes in Sterling €m**	**Schemes in Euro €m**	**Total €m**
At beginning of the financial year	-	5.4	5.4
Interest income	-	0.1	0.1
Actuarial gains	-	0.3	0.3
Employer contributions	-	-	-
Benefits paid	-	(4.3)	(4.3)
At end of the financial year	-	1.5	1.5

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial 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 the financial year	-	5.4	5.4

32. 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 financial year were as follows:

2015	**Schemes in Sterling €m**	**Schemes in Euro €m**	**Total €m**
At beginning of the financial year	0.4	4.7	5.1
Interest cost	-	0.1	0.1
MNOPF deficit payments	(0.3)	-	(0.3)
Actuarial losses	-	0.4	0.4
Benefits paid	-	(4.3)	(4.3)
At end of the financial year	0.1	0.9	1.0

2014	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial 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 the financial year	0.4	4.7	5.1

The present value of scheme liabilities at the year ended 31 December 2015 and 31 December 2014 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 obligations are as follows:

	2015 €m	2014 €m
Charged to Finance costs		
Interest income on scheme assets	(0.1)	(0.2)
Interest cost on scheme liabilities	0.1	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 2016 is €0.2 million based on current funding agreements.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

32. 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 obligations are as follows:

Actuarial gains and losses:	**2015 €m**	2014 €m
Actual return on scheme assets	0.4	0.6
Interest income on scheme assets	(0.1)	(0.2)
Return on scheme assets (excluding amounts included in net interest cost)	0.3	0.4
Remeasurement adjustments on scheme liabilities:		
- Gains and losses arising from changes in demographic assumptions	-	-
- Gains and losses arising from changes in financial assumptions	-	(0.8)
- Gains and losses arising from experience adjustments	(0.4)	-
Actuarial losses recognised in Statement of Comprehensive Income	(0.1)	(0.4)

33. Related party transactions

During the financial year, Group entities incurred costs of €0.3 million (2014: €0.4 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 2015, expenses of €0.1 million (2014: €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 financial year amounted to €32.3 million (2014: €9.1 million advanced to subsidiaries). The Company has provided Letters of Financial Support for certain of its other subsidiaries as disclosed in note 37.

During the year the Company received dividends of €55.0 million (2014: €32.0 million) from subsidiary companies.

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

	2015 €m	2014 €m
Amounts due from subsidiary companies (note 18)	115.1	124.1
Amounts due to subsidiary companies (note 25)	(18.0)	(59.3)
	97.1	64.8

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.

33. 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 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Short-term benefits	3.9	3.5	0.2	0.2
Post-employment benefits	0.3	0.4	-	-
Share-based payment expense	0.1	1.7	-	-
	4.3	5.6	0.2	0.2

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 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.

Details of the Remuneration of the Groups Individual Directors, together with the number ICG shares owned by them and their outstanding share options are set out in the Report of the Remuneration Committee and the Report of the Directors.

Dividends

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

	Group 2015 €m	Group 2014 €m	Company 2015 €m	Company 2014 €m
Dividends	3.0	3.0	3.0	3.0

Share options

Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on page 60.

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

34. Net cash from operating activities

Group	**2015**	2014
	€m	€m
Operating activities		
Profit for the year	53.7	56.0
Adjustments for:		
Finance costs (net)	3.1	4.7
Income tax expense	0.4	0.7
Retirement benefit obligations – current service cost	1.9	1.9
Retirement benefit obligations – payments	(4.3)	(4.0)
Retirement benefit obligations – past service credit	(0.3)	(1.8)
Depreciation of property, plant and equipment	18.0	17.5
Amortisation of intangible assets	0.4	0.4
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment expense	0.1	0.2
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)	(0.1)
Impairment	0.6	-
Increase in provisions	-	0.2
Operating cash flows before movements in working capital	**73.4**	**46.6**
Decrease in inventories	0.1	0.7
Increase in receivables	(6.3)	(4.8)
Increase in payables	4.6	1.9
Cash generated from operations	**71.8**	**44.4**
Income taxes paid	(0.8)	(1.1)
Interest paid	(2.8)	(3.6)
Net cash inflow from operating activities	**68.2**	**39.7**

34. Net cash from operating activities - continued

Company	**2015**	2014
	€m	€m
Operating activities		
Profit for the year	50.6	25.6
Adjustments for:		
Finance costs (net)	0.4	0.5
Retirement benefit obligations – payments	(0.3)	(0.3)
Dividend income	(55.0)	(32.0)
Depreciation of property, plant and equipment	2.4	2.4
Amortisation of intangible assets	0.3	0.3
Non-trading item: Charge related to pension deficit agreement	-	1.8
Non-trading item: Fees related to pension deficit agreement	-	(0.3)
Increase in provisions	0.2	-
Operating cash flows before movements in working capital	**(1.4)**	**(2.0)**
Decrease in inventories	0.1	0.1
Decrease / (increase) in receivables	6.8	(39.0)
(Decrease) / increase in payables	(40.6)	29.5
Cash utilised by operations	**(35.1)**	**(11.4)**
Interest paid	(0.4)	(0.5)
Net cash outflow from operating activities	**(35.5)**	**(11.9)**

Notes To The Financial Statements

for the financial year ended 31 December 2015 - continued

35. 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 2015 €m	Group 2014 €m	**Company 2015 €m**	Company 2014 €m
Cash and bank balances	25.0	22.7	0.9	0.8
Bank overdraft (note 22)	-	(3.3)	-	(0.1)
Cash and cash equivalents	**25.0**	**19.4**	**0.9**	**0.7**

36. Non-cash transactions

Additions to property, plant and equipment during the year amounting to €nil (2014: €1.6 million) in the Group and €nil (2014: €nil) in the Company were financed by sale and leaseback financing.

37. 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 (2014: €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 obligations. 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 357 of the Companies Act 2014, the Company has guaranteed the liabilities of its Irish subsidiaries for the financial year ended 31 December 2015. Details of the Group's principal subsidiaries have been included in note 16 which includes the Irish subsidiaries of the Group covered by the Section 357 exemption. The Company has fair valued these guarantees at €nil at 31 December 2015 (2014: €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 2015 (2014: €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.

38. Events after the Reporting Period

The Board is proposing a final dividend of 7.387 cent per ICG Unit in respect of the results for the financial year ended 31 December 2015.

There have been no other material events affecting the Group since 31 December 2015.

39. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2016.

Other information


SAMSKIP
Eucon

Investor Information

ICG Units

An ICG Unit consists of one Ordinary Share and nil Redeemable Shares at 31 December 2015 and 31 December 2014. 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 2016, 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 2015	5.474	3.170	5.414
Year ended 31 December 2014	3.300	2.530	3.250

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

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 2016

Announcement of Preliminary Statement of Results to 31 December 2015	7 March 2016
Annual General Meeting	13 May 2016
Proposed final dividend payment date	10 June 2016
Half year results announcement	31 August 2016

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 2016 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.

Investor Information
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Other information

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A&L Goodbody, Dublin

Auditors
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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
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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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