Irish Continental Group

2019

Half Year Report

THURSDAY 29 AUGUST 2019

INTERIM MANAGEMENT REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2019

Irish Continental Group plc (ICG) the leading Irish-based maritime transport group, reports its financial performance for the half year ended 30 June 2019.

Highlights

Financial summary

	H1 2019*	H1 2018**	Change %
Revenue	€166.8m	€157.2m	+6.1%
EBITDA (pre non-trading items)	€30.0m	€26.1m	+14.9%
EBIT (including non-trading items)	€26.5m	€30.1m	-12.0%
Basic earnings per share	12.8c	15.3c	-16.3%
Adjusted earnings per share	4.9c	8.1c	-39.5%
Net (debt)/ cash	€(127.1)m	€54.6m	-

** H1 2019 = Half Year up to 30 June 2019, ** H1 2018 = Half Year up to 30 June 2018*

Volume movements

	H1 2019 '000	H1 2018 '000	Change %
Cars	161.2	170.9	-5.7%
RoRo freight	153.6	143.1	+7.3%
Containers shipped (teu*)	176.3	164.6	+7.1%
Port lifts	163.1	154.8	+5.4%

**teu: twenty foot equivalent units*

- Introduction of the €155.0 million W. B. Yeats cruise ferry on scheduled services with Irish Ferries in January 2019.
- Oscar Wilde sold in April 2019 for a deferred consideration of €28.9 million (profit before tax of €14.9 million), following the sale of the Jonathan Swift in April 2018 for a cash consideration of €15.5 million (profit before tax of €13.7 million).
- Fuel costs increased by €3.1 million (13.8%) to €25.5 million.
- Interim dividend increased by 5.0% to 4.42 cent, (2018: 4.21 cent).
- Owned container fleet expanded to five vessels with acquisition of Thetis D.

Commenting on the results, Chairman John B. McGuckian noted;

I am pleased to report improved revenue performance in the first six months of the financial year with growth achieved across both of our divisions resulting in Group revenue of €166.8 million, an increase of 6.1% over the prior year. This growth was supported by our fleet investment programme, most notable the commencement of scheduled sailings of the €155.0 million W.B. Yeats in January 2019. Growth in all our businesses has continued over the period since 30 June. While we remain positive for continued revenue growth more uncertainty than usual exists in relation to geopolitical tensions and the mechanism for the proposed exit of the United Kingdom from the European Union. Both these uncertainties have the potential to affect growth in the economies in which we operate. Notwithstanding, the Group remains in a strong position to pursue further opportunities.

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INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 - CONTINUED

Results

Financial Highlights

	H1 2019	H1 2018	Change %	FY 2018**
Revenue	€166.8m	€157.2m	+6.1%	€330.2m
EBITDA (pre non-trading items)	€30.0m	€26.1m	+14.9%	€68.4m
EBIT* (including non-trading items)	€26.5m	€30.1m	-12.0%	€60.0m

**Non-trading items H1 2019: €14.9 million (H1 2018: €13.7 million, FY 2018: €13.7 million)*
*** FY 2018 = Year End up to 31 December 2018*

The Board of Irish Continental Group plc (ICG) reports that, in the seasonally less profitable first half of the year, the Group recorded revenue of €166.8 million compared with €157.2 million in H1 2018, an increase of 6.1%. Earnings before interest, tax, depreciation and amortisation (EBITDA) before non-trading items were €30.0 million compared with €26.1 million in H1 2018. Group fuel costs increased by €3.1 million (+13.8%) to €25.5 million from €22.4 million. Non-trading items before tax comprising gains on disposal of vessels of €14.9 million (2018: €13.7 million) were recognised in the period. Earnings before interest and tax (EBIT) were €26.5 million compared with €30.1 million in 2018. Profit before tax was €24.9 million compared with €29.7 million in H1 2018.

There was a net finance charge of €1.6 million (2018: €0.4 million) which includes net bank interest payable of €1.1 million (2018: €0.5 million), lease interest €0.5 million (2018: €nil) and a net pension interest income of €nil (2018: cost €0.1 million). The tax charge amounted to €0.6 million (2018: €0.6 million). Basic EPS was 12.8c compared with 15.3c in H1 2018. Adjusted EPS (before non-trading items and net pension interest cost) amounted to 4.9c (2018: 8.1c).

Operational Review

Ferries Division

Financial Highlights

	H1 2019	H1 2018	Change %	FY 2018
Revenue*	€92.3m	€90.9m	+1.5%	€196.2m
EBITDA (pre non-trading items)	€19.7m	€18.8m	+4.8%	€53.6m
EBIT** (including non-trading items)	€19.2m	€24.1m	-20.3%	€47.9m

**Includes intersegment revenue of €3.4 million (H1 2018: €3.5 million)*
***Non-trading items H1 2019: €14.9 million (H1 2018: €13.7 million, FY 2018: €13.7 million)*

The division comprises Irish Ferries, a leading provider of passenger and freight ferry services between Ireland and both the UK and Continental Europe, and the chartering of vessels to third parties.

Revenue in the division was €92.3 million (2018: €90.9 million) while EBITDA was €19.7 million (2018: €18.8 million). EBIT decreased to €19.2 million (2018: €24.1 million).

The performance of the ferries operations in H1 2019 was significantly affected by schedule changes versus H1 2018. Chartering activities were expanded through the acquisition of a further container vessel during H1 2019 and the benefit of the hire purchase agreement relating to the deferred proceeds from the sale of the Oscar Wilde cruise ferry.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 - CONTINUED

Operational Review – continued

Ferries Division – continued

Tourism

	H1 2019	H1 2018	Change %	FY 2018
Car volumes ('000)	161.2	170.9	-5.7%	392.7
Passenger volumes ('000)	648.0	679.7	-4.7%	1,502.4
Passenger revenue	€44.1m	€46.8m	-5.8%	€109.2m

In H1 2019 total cars carried were 161,200, down 5.7% on the same period in H1 2018. Total passenger carryings were 648,000, a decrease of 4.7% on H1 2018. Estimated overall car market performance on routes serving the Republic of Ireland in H1 2019 versus H1 2018 was a decline of 3.1%.

The Irish Ferries tourism performance was affected by a number of scheduling changes compared to last year. The decision in 2018 to withdraw the Dublin Swift fastcraft services on the Dublin/ Holyhead route over the winter months resulted in 294 less scheduled sailings up to March. There was further curtailment of fastcraft services during May 2019 affecting 76 sailings to facilitate the installation of a new bow thruster to improve future operational performance of the Dublin Swift. The decision to offer a direct year round Ireland/ Continent freight service resulted in a loss of 3 sailings on that route as an extended freight biased schedules was offered. Carryings were further affected by a delay in opening our booking system for car bookings on the direct France services due to the uncertainty caused by the National Transport Authority ("NTA") interpretation of the EU Regulation covering Sea Passengers.

Freight

	H1 2019	H1 2018	Change %	FY 2018
RoRo freight volumes ('000)	153.6	143.1	+7.3%	283.7
RoRo freight revenue	€42.8m	€39.6m	+8.1%	€76.8m

Freight carryings in H1 2019 were 153,600 units, an increase of 7.3% over H1 2018. This compares to estimated overall RoRo freight market performance of 2.7% on RoRo shipping routes into the Republic of Ireland. Irish Ferries freight performance was positively affected by the operation of year round direct schedule to France, a full seven day service on the second RoPax serving Dublin/ Holyhead, and the offering of a full Ulysses schedule during June 2019 compared to June 2018 when that vessel suffered cancellations due to technical issues.

Chartering

	H1 2019	H1 2018	Change %	FY 2018
Charter revenue	€5.4m	€4.5m	+20.0%	€10.2m

The division expanded its time chartering operations during H1 2019 with the acquisition of the container vessel Thetis D in April. The total container fleet available for charter comprises five vessels, three of which are chartered internally to Eucon and the remaining two vessels chartered externally to third parties. Chartering revenues also include the finance lease benefit relating to the bareboat hire purchase of the Oscar Wilde which was sold during April 2019. The sale of the Oscar Wilde generated a profit of €14.9 million, based on contractual payments of €28.9 million (discounted value €24.5 million) receivable in instalments over 72 months.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 - CONTINUED

Operational Review – continued

Ferries Division – continued

Costs

	H1 2019	H1 2018	Change %	FY 2018
Operating costs	€88.0m	€80.5m	+9.3%	€162.0m

Costs in the division increased €7.5 million in H1 2019 compared to H1 2018. In addition to activity related variances, increased costs were incurred on fuel, maintenance and depreciation. Fuel costs were €18.1 million (2018: €15.7 million), the increase related principally to a stronger US dollar and schedule changes. Increased maintenance expenses related to additional annual overhaul works carried out on the fleet pertaining to technical improvements identified from the 2018 Ulysses disruption. The increase in depreciation relates to higher depreciation charges on the W.B. Yeats compared to Oscar Wilde and the expansion of the container vessel fleet.

Container and Terminal Division

Financial Highlights

	H1 2019	H1 2018	Change %	FY 2018
Revenue*	€78.4m	€70.4m	+11.4%	€143.3m
EBITDA	€10.3m	€7.3m	+41.1%	€14.8m
EBIT	€7.3m	€6.0m	+21.7%	€12.1m

**Includes intersegment revenue of €0.5 million (H1 2018: €0.6 million)*

Operational Highlights

	H1 2019	H1 2018	Change %	FY 2018
Volumes	'000	'000		'000
Containers shipped (teu)	176.3	164.6	+7.1%	327.6
Port lifts	163.1	154.8	+5.4%	310.0

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

Revenue in the division increased by 11.4% to €78.4 million (2018: €70.4 million), EBITDA increased to €10.3 million (2018: €7.3 million) while EBIT increased to €7.3 million (2018: €6.0 million).

Total containers shipped by Eucon were up 7.1% at 176,250 teu (2018: 164,600 teu). The increased volumes were accommodated through increased vessel capacity with an average weekly fleet capacity of 3,050 teu operated in H1 2019 compared to 2,800 teu in H1 2018. Costs increased in line with capacity additions, volumes, increased fuel costs in the period of €7.4 million (2018: €6.7 million), and increased depreciation on container and terminal equipment.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 5.4% to 163,100 lifts (2018: 154,800 lifts). DFT's volumes were up 8.4%, while BCT's lifts were up 1.1%.

During H1 2019 the Group agreed an extension to the existing port operating concession agreement at Belfast Port. This agreement now extends to 2026 during which the port owner Belfast Harbour Commissioners will undertake significant investment in new port assets.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 - CONTINUED

Statement of Financial Position

A summary Statement of Financial Position as at 30 June 2019 is presented below:

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Property, plant & equipment and intangible assets	316.7	289.2	308.1
Right of use assets	38.8	-	-
Long term receivable	20.8	-	-
Retirement benefit surplus	11.0	10.0	2.5
Other current assets	93.6	64.5	79.0
Cash and bank balances	115.7	180.0	124.7
Total assets	**596.6**	**543.7**	**514.3**
Non-current borrowings	234.1	124.8	204.7
Retirement benefit obligations	3.4	2.9	4.2
Other non-current liabilities	1.9	1.7	1.0
Current borrowings	8.7	0.6	0.3
Other current liabilities	79.7	173.4	51.2
Total liabilities	**327.8**	**303.4**	**261.4**
Total equity	**268.8**	**240.3**	**252.9**
Total equity and liabilities	**596.6**	**543.7**	**514.3**

The principal movements in the property, plant and equipment and intangible assets in H1 2019 relate to the acquisition of the Thetis D container vessel, upgrading of vessels, and scheduled replacement expenditure less depreciation charge in the period. Right of use assets have been recognised in 2019 on the adoption of accounting standard IFRS 16 Leases. The long term receivable in 2019 relates to the amounts receivable under the hire purchase sale agreement entered in to on the sale of the Oscar Wilde.

The movement in other current assets in the period mainly relates to an increase in trade debtors associated with higher freight revenue and seasonal tourism revenue. The increase in other current liabilities relates to the seasonal increase in tourism deferred revenue balances in advance of the peak tourism season.

The assumptions used to value pension obligations were reviewed against the background of market conditions as at 30 June 2019 leading to a change in discount and inflation rate assumptions while demographic and other assumptions were retained at 31 December 2018 levels. A net actuarial gain of €8.5 million arose in H1 2019 comprising gains in assets in excess of previous assumptions offset by higher pension obligation arising from a lower discount rate.

Shareholders' equity increased to €268.8 million from €252.9 million at 31 December 2018. The movements primarily comprised of the profit for the financial period of €24.3 million, the actuarial gain arising on retirement benefit schemes of €8.5 million, less amounts returned to shareholders comprising dividends paid of €16.3 million and share buyback of €2.1 million.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 - CONTINUED

Cash Flow

A summary of cash flows in the half year to 30 June 2019 is presented below:

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Operating profit (EBIT)*	26.5	30.1	60.0
Non trading items	(14.9)	(13.7)	(13.7)
Depreciation	18.4	9.7	22.1
EBITDA* (pre non-trading items)	**30.0**	**26.1**	**68.4**
Working capital movements	17.6	21.4	(3.8)
Pension payments in excess of service costs	(0.9)	(0.5)	(1.6)
Other	1.4	1.2	1.7
Cash generated from operations	**48.1**	**48.2**	**64.7**
Interest paid	(1.6)	(0.4)	(1.0)
Tax paid	(0.7)	(0.7)	(2.2)
Intangible asset additions	(0.1)	-	(0.1)
Capex excluding strategic capex	(12.7)	(8.9)	(15.5)
Free cash flow before strategic capex*	**33.0**	**38.2**	**45.9**
Strategic capex	(19.4)	(22.7)	(160.5)
Free cash flow after strategic capex*	**13.6**	**15.5**	**(114.6)**
Net asset sales	0.3	14.8	17.4
Dividends	(16.3)	(15.4)	(23.5)
Share issue	-	0.1	0.6
Share buyback	(2.1)	-	-
Net cash flows	**(4.5)**	**15.0**	**(120.1)**
Opening net (debt)/ cash	(80.3)	39.6	39.6
Lease liability non-cash movements	(42.5)	-	-
Translation/ other	0.2	-	0.2
Closing net (debt)/ cash	**(127.1)**	**54.6**	**(80.3)**

**Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 22.*

Net debt increased to €127.1 million at 30 June 2019 from €80.3 million at 31 December 2018. The increase was principally attributed to the first time application of IFRS 16 Leases which increased net debt by €31.0 million, with an additional €11.5 million of lease liabilities recognised on right of use assets acquired in the period. Net cash flows comprised EBITDA (pre non-trading items) for the period of €30.0 million, the net proceeds from the sale of the Oscar Wilde of €0.3 million and an overall positive seasonal working capital movement of €17.6 million. The working capital movements are largely attributable to higher deferred revenue balances ahead of the peak summer tourism trading offset by higher trade receivables related to higher levels of freight activity. These positive movements are offset by capital expenditure outflows in the period of €32.1 million. During the period €18.4 million was returned to shareholders being the final dividend for 2018 amounting to €16.3 million and share buyback of €2.1 million.

INTERIM MANAGEMENT REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Financing

Net (debt)/ cash

	Cash €m	Borrowings €m	Net Debt €m
At 31 December 2018	124.7	(205.0)	(80.3)
Lease liability non-cash movements	-	(42.5)	(42.5)
Cash flows	(9.0)	4.5	(4.5)
Translation/ other	-	0.2	0.2
At 30 June 2019	**115.7**	**(242.8)**	**(127.1)**

The net debt position of the Group at 30 June 2019 was €127.1 million, an increase of €46.8 million from the opening position at 1 January 2019. The net increase in borrowings is attributed to the recognition of lease liabilities pertaining to right of use assets on adoption of IFRS 16.

The borrowing facilities available to the Group at 30 June 2019 were as follows;

Borrowing Facilities

	Facility €m	Committed €m	Committed facilities drawn €m	Committed facilities undrawn €m
Revolving Credit	125.0	75.0	-	75.0
Private Placement	241.6	50.0	50.0	-
European Investment Bank	155.0	155.0	155.0	-
Lease liabilities	38.7	38.7	38.7	-
Overdraft and other	14.5	14.5	(0.9)	15.4
	574.8	**333.2**	**242.8**	**90.4**

At H1 2019 the Group had total lending facilities of €574.8 million available of which €333.2 million were committed facilities. €242.8 million of the committed facilities were drawn. In addition to the committed lines of credit, the Group had arranged uncommitted facilities of €241.6 million with utilisation dates expiring between 1.5 and 5 years.

These facilities together with cash from operations will be used to support the long-term investment opportunities including the delivery of a new cruise ferry.

Dividend

The Board has declared an interim dividend of 4.42 cent per ICG Unit payable on 4 October 2019 to shareholders on the register at 20 September 2019.

INTERIM MANAGEMENT REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Fuel

	H1 2019	H1 2018	Change %	FY 2018
Fuel costs	€25.5m	€22.4m	+13.8%	€48.2m

Group fuel costs in the first half of 2019 amounted to €25.5 million (2018: €22.4 million). The increase in fuel costs was due to the increase in the average global US Dollar cost of fuels due to a stronger Euro/ US Dollar exchange rates and schedule changes.

The Group has in place fuel surcharge mechanisms for freight customers across the Group which mitigated the increase in Euro fuel costs through increased surcharge revenues. In the reporting period the Group had not engaged in financial derivative trading to hedge its fuel costs.

Fleet Update

The W.B. Yeats delivered in December 2018 commenced sailings on 22 January 2019, initially on the Dublin/ Holyhead route before switching to the Dublin/ France service during March, swapping with the Epsilon.

The fastcraft Dublin Swift re-entered scheduled service during March following Winter lay-up, offering a tourism service for the Summer season to September.

The Group entered into an agreement for the purchase of the container vessel Thetis D, built in 2009 with a 1,421 teu container capacity. The Group took delivery of the vessel on 4 April 2019 and she has been on charter to a third party since acquisition. This increases the ICG owned container fleet to 5 vessels.

On 11 April 2019, the Company announced it entered into a hire purchase agreement for the sale of the vessel Oscar Wilde to buyers MSC Mediterranean Shipping Company S.A. for an agreed consideration of €28.9 million, payable in instalments over 72 months. The vessel was delivered to the buyer on 25 April 2019.

In conjunction with the delivery of the W.B. Yeats, the Group took the decision to concentrate its year round services to France solely on the Dublin/ Cherbourg service. This was to facilitate the growth of direct freight services to France and the majority of our customers who can access Dublin Port more conveniently via the national motorway network. While the Group had planned continuing an additional summer only service out of Rosslare with the Oscar Wilde, this plan unfortunately had to be cancelled following the National Transport Authority's interpretation of the EU Regulation covering Sea Passengers, which is especially penalising for operations out of peripheral ports like Rosslare.

In January 2018 the Group announced that it had entered into an agreement with the German company Flensburger Schiffbau-Gesselschaft & Co.KG ("FSG") whereby FSG has agreed to build a second cruise ferry for ICG at a contract price of €165.2 million for contracted delivery in late 2020. It is intended that this vessel will service the Dublin/ Holyhead route alongside the existing Ulysses with the chartered Epsilon being returned to its owners.

INTERIM MANAGEMENT REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Legal Challenge to the National Transport Authority interpretation of the EU Regulation no 1177/2010

As previously reported Irish Ferries has commenced legal proceedings by way of judicial review against the National Transport Authority's interpretation of the EU Regulation no 1177/2010 in respect of the cancellations that arose last year resulting from the delayed delivery by FSG of our new cruise ferry W. B. Yeats ship, delivered in December 2018.

We believe this challenge is necessary, in the best interests of our customers, to protect the viability of direct links to the Continent which is now all the more critical against the backdrop of the proposed UK exit from the EU. These direct links are threatened by what we strongly believe to be the NTA's incorrect interpretation of the Regulation.

Change in accounting standards

The Group implemented accounting standard IFRS 16: Leases with effect from 1 January 2019 using the modified retrospective approach as permitted by the standard. Under the modified retrospective approach the Group as lessee has not restated comparative information and has instead recognised the cumulative effect in the opening retained earnings. The most significant change for the Group arising from the application of IFRS 16 is that leases previously defined as operating leases under IAS 17 and treated as "off-balance sheet" are now required to be recognised in the Statement of Financial Position as a "right of use" asset and a related lease liability. The principal financial effects compared to IAS 17 treatment on the Condensed Financial Statements included in this Interim Report are as follows;

Statement of Financial Position	1 January 2019	30 June 2019
	€m	€m
Recognition of "right of use assets"	32.2	38.8
Reclassification of property, plant and equipment	(1.2)	(1.0)
Increase in lease obligations	31.0	37.9
Decrease in shareholders' equity	-	0.1

Income Statement	H1 2019		
	Ferries	Container & Terminal	Total
	€m	€m	€m
Decrease in operating costs/ increase in EBITDA	3.0	1.7	4.7
Increase in depreciation and amortisation expense	2.9	1.4	4.3
Increase in finance costs	0.1	0.4	0.5
Decrease in profit for the financial period	-	0.1	0.1

Related Party Transactions

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group in the period other than in respect of remuneration and dividends paid to key management personnel.

INTERIM MANAGEMENT REPORT

FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Principal Risks and Uncertainties

The Group has a risk management structure in place which is designed to identify, manage and mitigate the threats to the business on an ongoing basis. The principal risks and uncertainties faced by the Group as set out in detail on pages 44 to 47 of the 2018 Annual Report are; competitive activity, economic and political environment, serious accident/incident, mechanical and other failure, hazardous accidents, IT systems failure, data breach, fuel prices, volatility, fraud risk, and retirement benefit scheme risks.

These risks continue to be the most likely risks to affect the Group but the following are noted as likely to impact the second half year results;

- Volatility in exchange rates arising from the uncertainty regarding the proposed exit of the United Kingdom from the European Union and increased global trade tensions affecting both sterling and US dollar being the principal foreign currencies affecting the Group's logistical chain.
- Volatility in fuel prices both from a geographical perspective together with possible changed demand patterns in advance of the new emission control regulations due to take effect from 1 January 2020.

It remains unclear what the timing and manner of the proposed exit of the United Kingdom from the European Union will be. In as much as is feasible we have engaged with our port operators and regulatory authorities to minimise the possibility of any port disruptions. It is the Group's view that over the longer term trade between Ireland and the United Kingdom will remain strong underpinned by cultural and commercial linkages. The Group's investment in vessels is designed to provide route planning flexibility to adapt its schedules to customer demand over the short and long term.

The Group actively manages these risks and all other risks through its risk management structure.

Events after the Reporting Period

The Board has declared an interim dividend of 4.42 cent per ICG Unit in respect of 2019.

There have been no other material events affecting the Group to report since 30 June 2019.

Going Concern

After making enquiries, the Directors have reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months. In forming this view the Directors have considered the future cash requirements of the Group's business in the context of the economic environment over the next 12 months, the principal risks and uncertainties facing the Group, the Group's budget plan and the medium term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which are available to the Group. For this reason, they continue to adopt the going concern basis in preparing this half yearly financial report.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Current Trading and Outlook

Ferries

Activity in the Ferries Division in the period from 1 July 2019 to 24 August 2019 compared to the same period last year is set out below. During the comparative 2018 period significant schedule disruption was experienced due to technical issues with the Ulysses which serves the key Dublin/ Holyhead route.

- Car carryings were 119,200 cars, an increase of 14.1%
- Total passengers carried were 457,300 passengers, an increase of 13.2%
- RoRo freight carryings were 46,500, an increase of 25.7%

Cumulatively in the period from 1 January 2019 to 24 August 2019 compared to the same period last year activity was;

- Car carryings were 280,400 cars, an increase of 1.8%
- Total passengers carried were 1,105,300 passengers, an increase of 2.0%
- RoRo freight carryings were 200,200 units, an increase of 11.2%

Container and Terminal

Activity in the Container and Terminal division in the period from 1 July 2019 to 24 August 2019 compared to the same period last year was;

- Containers shipped were 49,900 teu, an increase of 2.4%
- Port lifts were 47,000 lifts, an increase of 2.6%

Cumulatively in the period from 1 January 2019 to 24 August 2019, compared to the same period last year activity was;

- Containers shipped were 226,100 teu, an increase of 6.0%
- Port lifts were 210,000 lifts, an increase of by 4.7%

With the trading performance for the year to date across all our business and continuing growth in the Irish economy the Group is well placed to target volume growth in all our markets supported by our recent strategic investments in the fleet. However more uncertainty than usual exists at present with indications that geopolitical tensions are leading to a slowing of economic growth internationally. Additionally the mechanism for the proposed exit of the United Kingdom from the European Union remains unclear. The latter has led to weakness in sterling which is a negative in attracting British holidaymakers to visit Ireland. Financially the Group remains in a strong position to pursue further opportunities.

Auditor Review

This half yearly financial report has not been audited or reviewed by the auditors of the Group.

INTERIM MANAGEMENT REPORT
FOR THE HALF YEAR ENDED 30 JUNE 2019 – CONTINUED

Forward-Looking Statements

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

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

Website

This half yearly financial report and Interim Management Report are available on the Group's website www.icg.ie.

John B. McGuckian
Chairman

28 August 2019

RESPONSIBILITY STATEMENT

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

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

- the Group Condensed Financial Statements for the half year ended 30 June 2019 have been prepared in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34 Interim Financial Reporting) adopted pursuant to the procedure provided for under Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and the Council of 19 July 2002;
- the Interim Management Report includes a fair review of the important events that have occurred during the first six months of the financial year, their impact on the Group Condensed Financial Statements for the half year ended 30 June 2019, and a description of the principal risks and uncertainties for the remaining six months; and
- the Interim Management Report includes a fair review of related party transactions that have occurred during the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period, and any changes in the related parties transactions described in the last Annual Report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year.

On behalf of the Board

Eamonn Rothwell	**David Ledwidge**
Director	Director

28 August 2019

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	H1 2019 Unaudited €m	H1 2018 Unaudited €m	FY 2018 Audited €m
Revenue	4	166.8	157.2	330.2
Depreciation and amortisation		(18.4)	(9.7)	(22.1)
Employee benefits expense		(10.2)	(11.3)	(22.8)
Other operating expenses		(126.6)	(119.8)	(239.0)
		11.6	**16.4**	**46.3**
Non- trading items	6	14.9	13.7	13.7
Operating profit		**26.5**	**30.1**	**60.0**
Finance income		0.1	0.1	0.2
Finance costs		(1.7)	(0.5)	(1.0)
Profit before taxation		**24.9**	**29.7**	**59.2**
Income tax expense		(0.6)	(0.6)	(1.4)
Profit for the financial period: all attributable to equity holders of the parent	4	**24.3**	**29.1**	**57.8**
Earnings per ordinary share – expressed in cent per share				
Basic	7	12.8c	15.3c	30.4c
Diluted	7	12.7c	15.2c	30.2c

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	H1 2019 Unaudited €m	H1 2018 Unaudited €m	FY 2018 Audited €m
Profit for the financial period		**24.3**	**29.1**	**57.8**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		-	-	(0.1)
Items that will not be reclassified subsequently to profit or loss:				
Actuarial gain/ (loss) on defined benefit pension schemes	14	8.5	1.8	(8.1)
Deferred tax on defined benefit pension schemes		0.1	(0.2)	0.1
Other comprehensive income for the financial period		**8.6**	**1.6**	**(8.1)**
Total comprehensive income for the financial period: all attributable to equity holders of the parent		**32.9**	**30.7**	**49.7**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	H1 2019 Unaudited €m	H1 2018 Unaudited €m	FY 2018 Audited €m
Assets				
Non-current assets				
Property, plant and equipment	8	316.3	288.8	307.7
Right of use assets	10	38.8	-	-
Intangible assets		0.4	0.4	0.4
Long term receivable	9	20.8	-	-
Retirement benefit surplus	14	11.0	10.0	2.5
		387.3	**299.2**	**310.6**
Current assets				
Inventories		3.0	2.8	3.3
Trade and other receivables		90.6	61.7	75.7
Cash and bank balances	11	115.7	180.0	124.7
		209.3	**244.5**	**203.7**
Total assets		**596.6**	**543.7**	**514.3**
Equity and liabilities				
Equity				
Share capital		12.4	12.4	12.4
Share premium		19.4	18.9	19.4
Other reserves		(9.4)	(11.9)	(10.8)
Retained earnings		246.4	220.9	231.9
Equity attributable to equity holders		**268.8**	**240.3**	**252.9**
Non-current liabilities				
Borrowings	11	234.1	124.8	204.7
Deferred tax liabilities		0.8	1.0	0.6
Provisions		1.1	0.5	0.4
Deferred grant		-	0.2	-
Retirement benefit obligations	14	3.4	2.9	4.2
		239.4	**129.4**	**209.9**
Current liabilities				
Borrowings	11	8.7	0.6	0.3
Trade and other payables		79.1	172.0	49.7
Current income tax liabilities		-	0.8	0.2
Provisions		0.6	0.5	1.3
Deferred grant		-	0.1	-
		88.4	**174.0**	**51.5**
Total liabilities		**327.8**	**303.4**	**261.4**
Total equity and liabilities		**596.6**	**543.7**	**514.3**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 30 JUNE 2019 - UNAUDITED

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**(10.8)**	**231.9**	**252.9**
Profit for the financial period	-	-	-	24.3	24.3
Other comprehensive income	-	-	-	8.6	8.6
Total comprehensive income for the financial period	**-**	**-**	**-**	**32.9**	**32.9**
Employee share-based payments expense	-	-	1.4	-	1.4
Share issue	-	-	-	-	-
Share buy back	-	-	-	(2.1)	(2.1)
Dividends (note 5)	-	-	-	(16.3)	(16.3)
	-	**-**	**1.4**	**14.5**	**15.9**
Balance at 30 June 2019	**12.4**	**19.4**	**(9.4)**	**246.4**	**268.8**
Analysed as follows:					
Share capital					12.4
Share premium					19.4
Other reserves					(9.4)
Retained earnings					246.4
					268.8

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2019	**7.3**	**3.8**	**(21.9)**	**(10.8)**
Employee share-based payments expense	-	1.4	-	1.4
	-	**1.4**	**-**	**1.4**
Balance at 30 June 2019	**7.3**	**5.2**	**(21.9)**	**(9.4)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 JUNE 2018 - UNAUDITED

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.7**	**223.8**
Impact of adopting IFRS 15 at 1 January 2018	-	-	-	(0.1)	(0.1)
Restated balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.6**	**223.7**
Profit for the financial period	-	-	-	29.1	29.1
Other comprehensive income	-	-	-	1.6	1.6
Total comprehensive income for the financial period	**-**	**-**	**-**	**30.7**	**30.7**
Employee share-based payments expense	-	-	1.2	-	1.2
Share issue	0.1	-	-	-	0.1
Dividends (note 5)	-	-	-	(15.4)	(15.4)
	0.1	**-**	**1.2**	**15.3**	**16.6**
Balance at 30 June 2018	**12.4**	**18.9**	**(11.9)**	**220.9**	**240.3**
Analysed as follows:					
Share capital					12.4
Share premium					18.9
Other reserves					(11.9)
Retained earnings					220.9
					240.3

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2018	**7.3**	**1.5**	**(21.9)**	**(13.1)**
Employee share-based payments expense	-	1.2	-	1.2
	-	**1.2**	**-**	**1.2**
Balance at 30 June 2018	**7.3**	**2.7**	**(21.9)**	**(11.9)**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR FINANCIAL ENDED 31 DECEMBER 2018 - AUDITED

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.7**	**223.8**
Impact of adopting IFRS 15 at 1 January 2018	-	-	-	(0.1)	(0.1)
Restated balance at 1 January 2018	**12.3**	**18.9**	**(13.1)**	**205.6**	**223.7**
Profit for the financial year	-	-	-	57.8	57.8
Other comprehensive expense	-	-	-	(8.1)	(8.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**49.7**	**49.7**
Employee share-based payments expense	-	-	2.4	-	2.4
Share issue	0.1	0.5	-	-	0.6
Dividends (note 5)	-	-	-	(23.5)	(23.5)
Transferred to retained earnings on exercise of share options	-	-	(0.1)	0.1	-
	0.1	**0.5**	**2.3**	**26.3**	**29.2**
Balance at 31 December 2018	**12.4**	**19.4**	**(10.8)**	**231.9**	**252.9**
Analysed as follows:					
Share capital					12.4
Share premium					19.4
Other reserves					(10.8)
Retained earnings					231.9
					252.9

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2018	**7.3**	**1.5**	**(21.9)**	**(13.1)**
Employee share-based payments expense	-	2.4	-	2.4
Transferred to retained earnings on exercise of share options	-	(0.1)	-	(0.1)
	-	**2.3**	**-**	**2.3**
Balance at 31 December 2018	**7.3**	**3.8**	**(21.9)**	**(10.8)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2019

	Notes	H1 2019 Unaudited €m	H1 2018 Unaudited €m	FY 2018 Audited €m
Net cash inflow from operating activities	15	**45.8**	**47.1**	**61.5**
Cash flow from investing activities				
Net proceeds on disposal of property, plant and equipment	6	0.3	14.8	17.4
Purchases of property, plant and equipment	8	(32.1)	(31.6)	(176.1)
Purchases of intangible assets		(0.1)	-	(0.1)
Net cash (outflow) from investing activities		**(31.9)**	**(16.8)**	**(158.8)**
Cash flow from financing activities				
Dividends paid to equity holders of the Company	5	(16.3)	(15.4)	(23.5)
Repayments of obligations under finance leases		(4.5)	(0.3)	(0.7)
Proceeds on issue of ordinary share capital		-	0.1	0.6
Share buy back		(2.1)	-	-
New bank loans raised	11	-	75.0	155.0
Net cash (outflow)/ inflow from financing activities		**(22.9)**	**59.4**	**131.4**
Net (decrease)/ increase in cash and cash equivalents		(9.0)	89.7	34.1
Cash and cash equivalents at the beginning of the period		**124.7**	**90.3**	**90.3**
Effect of foreign exchange rate changes		-	-	0.3
Cash and cash equivalents at the end of the period	11	**115.7**	**180.0**	**124.7**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

1. General information

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

- the Group Condensed Financial Statements for the half year to 30 June 2019 have been prepared to meet our obligation to do so under the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended);
- the Group Condensed Financial Statements for the half year to 30 June 2019 do not constitute the statutory financial statements of the Group;
- the figures disclosed relating to 31 December 2018 have been derived from the statutory financial statements for the financial year ended 31 December 2018 which were audited, received an unqualified audit report and have been filed with the Registrar of Companies; and
- the interim figures included in the Group Condensed Financial Statements for the six months ended 30 June 2019 and the comparative amounts for the six months ended 30 June 2018 have been neither audited nor reviewed by the auditors of the Group.

Certain financial measures set out in our Half Yearly Report to 30 June 2019 are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures ("APMs") provides useful supplementary information which, when viewed in conjunction with the Group's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before non-trading items*, interest, tax, depreciation and amortisation.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest and tax.	Measures the Group's earnings from ongoing operations.
Free cash flow before strategic capex	Free cash flow comprises operating cash flow less capital expenditure before strategic capex which comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
Adjusted EPS	EPS is adjusted to exclude non-trading items and net interest cost on defined benefit obligations.	A key indicator of long term financial performance and value creation of a public listed company.

*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.

In addition to the above APMs the Group utilises additional APMs of Return on Average Capital Employed and Schedule Integrity in relation to full year performance which are not meaningful at the half year due to seasonality.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

2. Accounting policies

The Group Condensed Financial Statements for the six months ended 30 June 2019 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (as amended), the related Transparency Rules of the Central Bank of Ireland and with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

The accounting policies and methods of computation applied in preparing these Group Condensed Financial Statements are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2018, which is available at www.icg.ie, except for the application of new IFRS 16 Leases and amendments to other standards as described below.

IFRS 16 Leases

In the current period the Group has applied IFRS 16: Leases for the first time. The date of initial application was 1 January 2019.

IFRS 16 replaces IAS 17: Leases and related interpretations setting out the principle for the recognition, measurement, presentation and disclosure of leases for both lessee and lessor. A significant change arising from the application of IFRS 16 for leases is that leases previously defined as operating leases under IAS 17 and treated as "off-balance sheet" are now required to be recognised in the Statement of Financial Position as a "right of use" asset and a related lease liability. There has been no significant changes in accounting by lessors.

The Group has decided to apply IFRS 16 using the modified retrospective approach as permitted by the standard. Under the modified retrospective approach the Group as leasee has not restated comparative information and has instead recognised the cumulative effect in opening retained earnings.

The Group has availed of the following practical expedients as permitted by the standard;
i) Short-term leases where the lease term is or the remaining lease term at date of adoption was 12 months or less,
ii) Leases where the underlying asset is of low value,
iii) Adoption of a portfolio approach to individual containers leased under a master agreement,
iv) Non separation of the non-lease components from the lease component attaching to short term vessel leases.

The Group recognises the lease payments associated with those leases at (i) and (ii) above as an expense on a straight line basis over the lease term.

The majority of leases held by the Group in terms of contractual commitment relate to property and vessel charters all of which were previously classified as operating leases. At 1 January 2019, the principal property leases related to leases of property with outstanding terms of between 77 and 103 years with 7 year rent reviews. Vessel charters included short term time charters and a bareboat charter of a Ro-Pax vessel. These leases, after allowing for the practical expedients availed of, were recognised as a lease liability at the date of adoption measured at the present value of the remaining lease payments discounted using the Group's incremental borrowing rate. The Group also recognised a right of use asset equal to the lease liability, adjusted for rentals prepaid or accrued which were not material.

In relation to the bareboat charter of the Ro-Pax vessel, the Group assessed the contractual terms and determined that the future lease rentals applying to an extension option should be added to the contractual commitments previously disclosed under IAS 17 as the Group was reasonably certain to exercise that option based on the conditions which existed as at 1 January 2019.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

2. Accounting policies – continued

IFRS 16 Leases - continued

The Group does not classify that element of a contract as a lease where the right to control the use of an identified asset for a period of time is based on variable consideration based on activity levels. In these circumstances any variable consideration is expensed to Income Statement as the right is consumed.

The effects from adopting the standard were;

- On the opening statement of consolidated financial position at 1 January 2019; an increase the carrying value of right of use assets of €32.2 million, a reduction in the carrying value of property, plant and equipment of €1.2 million, an increase in lease obligations of €31.0 million and a net nil adjustment to equity attributable to shareholders.
- In the reporting period H1 2019: a reduction in operating expenses of €4.7 million, an increase in depreciation of € 4.3 million, an increase in finance costs of €0.5 million giving a net reduction in profit before tax of €0.1 million.

The adoption of IFRS 16 has not affected the Group's lessor accounting in respect of charter revenues receivable.

In accordance with IFRS 16 Leases the deferred consideration receivable in relation to bareboat hire purchase sale agreement pertaining to the disposal of the Oscar Wilde in April 2019 has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

Further detail of the effects of the adoption of IFRS 16 is given in note 10.

Arising from the adoption of IFRS 16 the Group's accounting policy for leases has been updated as set out below.

Identifying a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) As Lessee

Where the Group acts as a lessee the Group recognises a right of use asset and lease liability at the lease commencement date, which is the date the underlying asset is available for our use.

Right of use assets are initially measured at cost, and subsequently measured at cost less any accumulated depreciation and impairment losses (if any), and adjusted for certain remeasurement of lease liabilities. The recognised right of use assets are depreciated on a straight-line basis over the shorter of their estimated useful lives and the lease term. Right of use assets are subject to impairment under IAS 36 'Impairment of assets'. Right of use assets are presented as a separate line item in the Statement of Financial Position.

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate if the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. In the Condensed Consolidated Cash Flow Statement the payments made are separated in to the principal portion (presented within financing activities), and interest (presented in operating activities). It is remeasured if there is a change in future lease payments, a change in the lease term, or as appropriate, a change in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonable certain not to be exercised.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

2. Accounting policies – continued

IFRS 16 Leases - continued

The Group has applied judgement in determining the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right of use assets recognised. The Group also applies judgement in estimating the incremental borrowing rate applicable to a lease.

b) As Lessor

The Group treats bareboat hire purchase sale agreements in relation to the disposal of vessels as finance leases. The sales proceeds recognised at the commencement of the lease term by the Group is that implied by the fair value of the asset, which together with any initial direct costs equal the net investment in the lease and is presented as a receivable in the Statement of Financial Position. Following initial measurement finance lease income is recognised in Revenue and is allocated to accounting periods so as to reflect a constant periodic rate of return on the outstanding net investment.

Lease payments receivable arising from the grant of a right to use vessel not relating to a sale is recognised as Revenue on a straight line basis over the term of the relevant charter.

Other Standards

The following standards and interpretations effective from 1 January 2019 did not have any impact on these condensed financial statements;

- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayments features with Negative Compensation
- Amendments to IAS 28 Long-term interests in Associates Ventures
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle
    - IFRS 3 Business Combinations
    - IFRS 11 Joint Arrangements
    - IAS 23 Borrowing Costs
- Amendment to IAS 19 Plan Amendment, Curtailment or Settlement

IFRS 17 Insurance Contracts will be affective from 1 January 2020. The Group is currently evaluating the impact IFRS 17 may have on the Group financial statements which is currently not expected to be material.

Other than the changes to assumptions used in relation to the valuation of retirement benefit obligations there have been no material changes in estimates in these half yearly financial information based on the estimates that have previously been made in the prior year financial statements to 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

3. Critical Accounting Estimates and Judgements

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. In preparing these Condensed Financial Statements the approach to the making of these judgements, estimates and assumptions is consistent with that used in the Group Annual Report for the financial year ended 31 December 2018, other than judgements and estimates made in applying IFRS 16 Leases (page 24). In applying IFRS 16 the Directors exercised judgement in determining the incremental borrowing rate.

The Group used estimates of its incremental borrowing rate to calculate the present value of future lease payments at the date of adoption. For terms of up to 12 years the Group calculated its incremental borrowing rate based on existing loan facility arrangements. In relation to significant long term lease obligations extending for up to 103 years the Group modelled estimates of borrowing rates for similar terms, currency, counterparty risk and security. The weighted average incremental borrowing rate applied to lease liabilities at adoption was 3.0%.

4. Segmental information

The Board is deemed the chief operating decision maker within the Group. Under IFRS 8: Operating Segments, the Group has determined that the operating segments are (i) Ferries and (ii) Container and Terminal.

These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group. The principal activities of the Ferries segment are the operation of combined RoRo passenger ferries and chartering of vessels. The principal activities of the Container and Terminal segment are the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services. There has been no change in the basis of segmentation or in the basis measurement of segment profit or loss in the period.

i) Revenue Analysis

By business segment:

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Ferries			
Passenger	44.1	46.8	109.2
Freight	42.8	39.6	76.8
Charter	5.4	4.5	10.2
	92.3	90.9	196.2
Container and Terminal			
Freight	78.4	70.4	143.3
Inter segment revenue	(3.9)	(4.1)	(9.3)
Total	**166.8**	**157.2**	**330.2**

The nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. As revenues are recognised over short time periods of no more than days, a key determinant to categorising revenues is whether they principally arise from a business to customer (passenger contracts) or a business to business relationship (freight and charter contracts) as this impacts directly on the uncertainty of cash flows. On this basis, revenue by business segment is a reasonable approximation of revenue disaggregation.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

4. Segmental information – continued

i) Revenue Analysis - continued

By geographic origin of booking:

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Ireland	69.4	65.6	156.7
United Kingdom	36.1	39.2	64.3
Netherlands	33.2	30.9	60.8
Belgium	16.4	14.6	29.9
France	0.4	3.5	6.3
Other	11.3	3.4	12.2
	166.8	**157.2**	**330.2**

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

ii) Profit for the financial year

	Ferries			Container & Terminal			Group Total		
	H1 2019 €m	H1 2018 €m	FY 2018 €m	H1 2019 €m	H1 2018 €m	FY 2018 €m	H1 2019 €m	H1 2018 €m	FY 2018 €m
Operating profit	4.3	10.4	34.2	7.3	6.0	12.1	11.6	16.4	46.3
Finance income	0.1	0.1	0.2	-	-	-	0.1	0.1	0.2
Finance costs	(1.0)	(0.5)	(0.6)	(0.7)	-	(0.4)	(1.7)	(0.5)	(1.0)
Non-trading items	14.9	13.7	13.7	-	-	-	14.9	13.7	13.7
Profit before tax	18.3	23.7	47.5	6.6	6.0	11.7	24.9	29.7	59.2
Income tax expense	(0.1)	(0.2)	(0.5)	(0.5)	(0.4)	(0.9)	(0.6)	(0.6)	(1.4)
Profit for the financial year	**18.2**	**23.5**	**47.0**	**6.1**	**5.6**	**10.8**	**24.3**	**29.1**	**57.8**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

4. Segmental information – continued

iii) Statement of Financial Position

	Ferries			Container & Terminal			Group Total		
	H1 2019 €m	H1 2018 €m	FY 2018 €m	H1 2019 €m	H1 2018 €m	FY 2018 €m	H1 2019 €m	H1 2018 €m	FY 2018 €m
Assets									
Segment assets	391.5	309.3	334.4	89.4	54.4	55.2	480.9	363.7	389.6
Cash and cash equivalents	85.7	150.8	94.5	30.0	29.2	30.2	115.7	180.0	124.7
Consolidated total assets	**477.2**	**460.1**	**428.9**	**119.4**	**83.6**	**85.4**	**596.6**	**543.7**	**514.3**
Liabilities									
Segment liabilities	56.9	150.9	31.9	28.1	27.1	24.5	85.0	178.0	56.4
Borrowings	182.3	124.6	204.3	60.5	0.8	0.7	242.8	125.4	205.0
Consolidated total liabilities	**239.2**	**275.5**	**236.2**	**88.6**	**27.9**	**25.2**	**327.8**	**303.4**	**261.4**

iv) Seasonality

Group revenue and profit before tax is weighted towards the second half of the year principally due to passenger demand patterns in the Ferries Division whereas operating costs are more evenly distributed over the year. In the Ferries Division for financial year 2018, 44% of tourism cars and 57% of RoRo freight carryings were carried in the first half of the year. Container freight carryings and port lifts are more evenly distributed throughout the year. Consequently 48% of Group revenues and 65% Group operating profit respectively were earned in the first half of 2018.

5. Dividend

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Interim dividend	-	-	8.1
Final dividend	16.3	15.4	15.4
	16.3	**15.4**	**23.5**

In June 2019 a final dividend of 8.56 cent per ICG Unit was paid for the financial year ended 31 December 2018. In June 2018 a final dividend of 8.15 cent per ICG Unit was paid for the year ended 31 December 2017. In October 2018 an interim dividend of 4.21 cent per ICG Unit was paid for the year ended 31 December 2018.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

6. Non-trading items

Gain on disposal	H1 2019 €m	H1 2018 €m	FY 2018 €m
Consideration	**28.9**	**15.5**	**15.5**
Gain on disposal of vessel			
Consideration (net of commissions)	28.2	15.1	15.1
Effect of discounting	(3.7)	-	-
Present value of net consideration (note 9)	**24.5**	**15.1**	**15.1**
NBV of vessels disposed	(8.6)	(1.1)	(1.1)
Disposal costs	(0.7)	(0.1)	(0.1)
Performance pay associated with disposal	(0.3)	(0.2)	(0.2)
Gain on disposal	**14.9**	**13.7**	**13.7**

On 11 April 2019, the Company announced it entered into a hire purchase agreement for the sale of the vessel Oscar Wilde, which had become surplus to operational requirements, to buyers MSC Mediterranean Shipping Company SA for an agreed consideration of €28.9 million, payable in instalments over 6 years. The vessel was delivered to the buyer on 25 April.

Of the net consideration of €24.5 million, net receipts of €23.5 million are represented by the lease receivable (note 9) at 30 June 2019. €0.3 million of disposal costs were accrued at 30 June 2019. Net cash flows of €0.3 million relating to the non-trading item are disclosed in the Condensed Consolidated Statement of Cash Flows.

In the prior period the Group sold the fastcraft Jonathan Swift. As both vessels had been used in the Group's Irish tonnage tax trade, no tax arose on either disposal.

These gains on disposal of the vessels are included in the profit for the relevant period and are disclosed as non-trading items in the Condensed Consolidated Income Statement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

7. Earnings per share

Number of shares	H1 2019 '000	H1 2018 '000	FY 2018 '000
Weighted average number of ordinary shares for the purpose of basic earnings per share	190,237	190,004	190,037
Effect of dilutive potential ordinary shares: Share options	1,263	1,420	1,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**191,500**	**191,424**	**191,442**

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

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	H1 2019 €m	H1 2018 €m	FY 2018 €m
Earnings for the purpose of basic and diluted earnings per share - Profit for the financial period attributable to equity holders of the parent	24.3	29.1	57.8
Effect of non-trading items after tax	(14.9)	(13.7)	(13.7)
Effect of net interest income on defined benefit pension schemes	-	(0.1)	(0.1)
Earnings for the purpose of adjusted earnings per share	**9.4**	**15.3**	**44.0**
	Cent	**Cent**	**Cent**
Basic earnings per share	12.8	15.3	30.4
Diluted earnings per share	12.7	15.2	30.2
Adjusted basic earnings per share	4.9	8.1	23.1
Adjusted diluted earnings per share	4.9	8.0	23.0

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

8. Property, plant and equipment

	Assets under construction €m	Vessels €m	Plant, Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 31 December 2018	161.0	278.1	63.4	25.9	528.4
Adjustment on initial application of IFRS 16	-	-	(4.7)	-	(4.7)
At 1 January 2019 (note 10)	**161.0**	**278.1**	**58.7**	**25.9**	**523.7**
Additions	3.2	27.3	1.5	0.1	32.1
Disposals	-	(47.5)	(0.3)	-	(47.8)
Reclassification	(155.7)	155.5	0.2	-	-
At 30 June 2019	**8.5**	**413.4**	**60.1**	**26.0**	**508.0**
Accumulated depreciation					
At 31 December 2018	-	166.7	45.1	8.9	220.7
Adjustment on initial application of IFRS 16	-	-	(3.5)	-	(3.5)
At 1 January 2019 (note 10)	**-**	**166.7**	**41.6**	**8.9**	**217.2**
Charge for period	-	12.0	1.5	0.2	13.7
Disposals	-	(38.9)	(0.3)	-	(39.2)
Reclassification	-	-	-	-	-
At 30 June 2019	**-**	**139.8**	**42.8**	**9.1**	**191.7**
Carrying amount					
At 31 December 2018	161.0	111.4	18.3	17.0	307.7
At 1 January 2019 (note 10)	161.0	111.4	17.1	17.0	306.5
At 30 June 2019	**8.5**	**273.6**	**17.3**	**16.9**	**316.3**
At 30 June 2018	137.0	118.2	15.9	17.7	288.8

9. Lease receivable

	H1 2019 €m
Current finance lease receivable	2.7
Non – current finance lease receivable	20.8
	23.5
At 1 January 2019	-
Additions	24.5
Amounts received	(1.1)
Net benefit recognised in period	0.1
At 30 June 2019	**23.5**

During the period, the Group entered into a bareboat hire purchase sale agreement for the disposal of the vessel Oscar Wilde (note 6). In accordance with IFRS 16 Leases the deferred consideration has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

10. Impact of the first time application of IFRS 16 Leases

The Group's approach to the application of IFRS 16 Leases with effect from 1 January 2019 is set out at note 2 Accounting Policies. At initial application, the Group recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018. The impact of the application of IFRS 16 is set out below.

i) Reconciliation of opening lease liabilities

	H1 2019 €m
Operating Lease contractual commitments at 31 December 2018	70.9
Commitments relating to extension options not contracted for at 31 December 2018 and assessed as reasonably certain to be exercised as at 1 January 2019	5.7
Commitments related to leases previously classified as finance leases	1.1
Commitments relating to leases treated as short term leases	(0.7)
Gross lease commitments at 1 January 2019	77.0
Effect of discounting	(45.0)
Lease liability at 1 January 2019	32.0
Present value of lease commitments previously classified as finance leases	(1.0)
Additional lease liabilities recognised on adoption of IFRS 16	**31.0**

ii) Reconciliation of the opening position as per Statement of Financial Position

	Carrying amount under IAS 17 as at 31 December 2018 €m	Effect of IFRS 16 €m	Carrying amount under IFRS 16 as at 1 January 2019 €m
Assets			
Non-Current assets			
Property, plant and equipment	307.7	-1.2	306.5
Right of use assets	-	32.2	32.2
Non-Current liabilities			
Borrowings	204.7	22.6	227.3
Current liabilities			
Borrowings	0.3	8.4	8.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2019

10. Impact of the first time application of IFRS 16 Leases - continued

iii) Effect on the Income Statement from the date of adoption of IFRS 16 compared to IAS 17 in the period

	H1 2019 €m
Reduction in operating lease expenses included in other operating costs	(4.7)
Reduction in depreciation of property plant and equipment	(0.2)
Increase in depreciation and amortisation expense arising from depreciation of right of use assets	4.5
Increase in finance costs	0.5
Net effect on operating profit in the period from the adoption of IFRS 16	**(0.1)**

iv) Movements in the Consolidated Statement of Financial Position in the reporting period

Right of use assets	Vessels €m	Plant and Equipment €m	Land and Buildings €m	Total €m
Cost				
At 31 December 2018	-	-	-	-
Re-classed from property, plant & equipment	-	4.7	-	4.7
Initial application of IFRS 16	10.9	2.4	17.7	31.0
At 1 January 2019	**10.9**	**7.1**	**17.7**	**35.7**
Additions	-	0.7	10.8	11.5
Disposals	-	-	-	-
Currency adjustment	-	-	(0.3)	(0.3)
At 30 June 2019	**10.9**	**7.8**	**28.2**	**46.9**
Accumulated depreciation				
At 31 December 2018	-	-	-	-
Re-classed from property, plant & equipment	-	3.5	-	3.5
Initial application of IFRS 16	-	-	-	-
At 1 January 2019	**-**	**3.5**	**-**	**3.5**
Charge for period	2.8	0.8	1.0	4.6
Disposals	-	-	-	-
At 30 June 2019	**2.8**	**4.3**	**1.0**	**8.1**
Carrying amount				
At 31 December 2018	-	-	-	-
At 1 January 2019	10.9	3.6	17.7	32.2
At 30 June 2019	**8.1**	**3.5**	**27.2**	**38.8**
At 30 June 2018	-	-	-	-

v) Amounts recognised in the Condensed Consolidated Income Statement

	H1 2019 €m
Depreciation	4.6
Interest on lease liabilities	0.5
Operating costs:	
- Expenses relating to short term leases	3.2
- Variable lease payments not included in the measurement of lease liabilities	0.2
Amounts recognised in the Condensed Consolidated Income Statement	**8.5**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

11. Net cash and borrowing facilities

i) The components of the Groups net cash/ (debt) position at the reporting date and the movements in the period are set out in the following table.

	Cash €m	Bank Loans €m	Loan Notes	Leases €m	Origination fees €m	Total €m
At 31 December 2018						
Current assets	124.7	-	-	-	-	124.7
Creditors due within one year	-	-	-	(0.3)	-	(0.3)
Creditors due after one year	-	(155.0)	(50.0)	(0.7)	1.0	(204.7)
	124.7	**(155.0)**	**(50.0)**	**(1.0)**	**1.0**	**(80.3)**
IFRS 16 adoption	-	-	-	(31.0)	-	(31.0)
At 1 January 2019	**124.7**	**(155.0)**	**(50.0)**	**(32.0)**	**1.0**	**(111.3)**
Movements during the period						
Cash flow	(9.0)	-	-	-	-	(9.0)
Inception of leases	-	-	-	(11.5)	-	(11.5)
Payments	-	-	-	4.5	-	4.5
Amortised	-	-	-	-	(0.1)	(0.1)
Foreign exchange movements	-	-	-	0.3	-	0.3
	(9.0)	**-**	**-**	**(6.7)**	**(0.1)**	**(15.8)**
At 30 June 2019						
Current assets	115.7	-	-	-	-	115.7
Creditors due within one year	-	-	-	(8.8)	0.1	(8.7)
Creditors due after one year	-	(155.0)	(50.0)	(29.9)	0.8	(234.1)
	115.7	**(155.0)**	**(50.0)**	**(38.7)**	**0.9**	**(127.1)**
At 30 June 2018						
Current assets	180.0	-	-	-	-	180.0
Creditors due within one year	-	-	-	(0.7)	0.1	(0.6)
Creditors due after one year	-	(75.0)	(50.0)	(0.7)	0.9	(124.8)
	180.0	**(75.0)**	**(50.0)**	**(1.4)**	**1.0**	**54.6**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

11. Net cash and borrowing facilities – continued

ii) The maturity profile and available borrowing and cash facilities available to the Group at 30 June 2019 are set out in the following table.

				Maturity Profile			
	Facility €m	Undrawn €m	On-hand / drawn €m	Less than 1 year €m	Between 1 – 2 years €m	Between 2 – 5 years €m	More than 5 years €m
Cash	-	-	115.7	115.7	-	-	-
Committed lending facilities							
Bank overdrafts	15.4	15.4	-	-	-	-	-
Bank loans	230.0	75.0	155.0	-	11.5	46.5	97.0
Loan notes	50.0	-	50.0	-	-	-	50.0
Leases	38.7	-	38.7	8.8	5.1	6.3	18.5
Committed lending facilities	**334.1**	**90.4**	**243.7**	**8.8**	**16.6**	**52.8**	**165.5**
Uncommitted lending facilities							
Bank loans	50.0						
Loan notes	191.6						
Uncommitted lending facilities	**241.6**						

Bank overdrafts are stated net of trade guarantee facilities utilised of €0.6 million.

Obligations under the Group borrowing facilities have been cross guaranteed by the parent company and certain subsidiaries but are otherwise unsecured except for lease obligations which are secured by the lessors' title to leased assets.

12. Tax

Corporation tax for the interim period is estimated based on the best estimate of the weighted average annual corporation tax rate expected to apply to each taxable entity for the full financial year.

The Company and subsidiaries that are Irish Resident for tax purposes 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.

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13. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including market risk (such as interest rate risk, foreign currency risk, commodity price 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. Treasury management practices which may include the use of derivative financial instruments are used to manage these underlying risks.

These interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2018 Annual Report. There have been no changes to the risk management procedures or policies since the 2018 year end.

i) Carrying value and fair value estimation of financial assets and liabilities

The table below sets out the carrying value and fair values of the Group's financial assets and liabilities at the reporting date.

	H1 2019		H1 2018		FY 2018	
	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m	Carrying value €m	Fair value €m
Financial assets						
Long term receivable	20.8	20.8	-	-	-	-
Trade and other receivables	90.6	90.6	61.7	61.7	75.7	75.7
Cash and cash equivalents	115.7	115.7	180.0	180.0	124.7	124.7
Total financial assets	**227.1**	**227.1**	**241.7**	**241.7**	**200.4**	**200.4**
Financial liabilities						
Borrowings	242.8	251.2	125.4	125.9	205.0	205.2
Trade and other payables	79.1	79.1	172.0	172.0	49.7	49.7
Total financial liabilities	**321.9**	**330.3**	**297.4**	**297.9**	**254.7**	**254.9**

ii) Fair value hierarchy

The Group has adopted the following fair value measurement hierarchy for financial assets and liabilities:

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

The Group did not hold any financial assets or financial liabilities at the reporting dates required to be carried at fair value in the Condensed Statement of Consolidated Financial Position.

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

With the exception of the financial liabilities related to borrowings set out in the table at (i) above it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in these half year financial statements approximate their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

13. Financial instruments and risk management – continued

iii) Fair value of financial assets and financial liabilities measured at amortised cost - continued

The fair value of borrowings are classified within Level 2 of the fair value hierarchy. Fair value has been estimated based on discounted cash flow analysis using interest rates reasonably expected to be available to the Group for similar products derived from observable market interest rates at the reporting date and observable credit spread market movements since inception of the borrowings.

iv) Derivative financial instruments

At 30 June 2019, 31 December 2018, and 30 June 2018 the Group did not hold any material opening positions relating to derivative financial instruments.

The Group does not currently utilise interest rate derivatives to manage its interest rate exposure as it contracts fixed rate borrowings directly with lenders.

The Group does not currently utilise commodity derivatives to hedge its fuel costs purchasing its fuel requirements at spot.

14. Retirement benefit schemes

The assumptions used to value pension obligations were reviewed against the background of market conditions as at 30 June 2019 leading to a change in discount and inflation rate assumptions while demographic and other assumptions were retained at 31 December 2018 levels. Scheme assets have been valued as per investment managers' valuations at 30 June 2019. In consultation with the actuary to the principal group defined benefit pension schemes, the discount rate used in relation to the pension scheme liabilities is 1.10% for Euro liabilities (31 December 2018: 1.80%) and 2.20% for Sterling liabilities (31 December 2018: 2.65%).

At 30 June 2019 the Group's total obligation in respect of defined benefit schemes totals €279.8 million (31 December 2018: €266.0 million). The schemes held assets of €287.4 million (31 December 2018: €264.3 million), giving a net pension surplus of €7.6 million (31 December 2018: €1.7 million net deficit).

The principal assumptions used for the purpose of the actuarial valuations have been set after considering independent actuarial advice and which are reflective of market conditions that existed at 30 June 2019, were as follows:

	H1 2019		H1 2018		FY 2018	
	Sterling	Euro	Sterling	Euro	Sterling	Euro
Discount rate	2.20%	1.10%	2.50%	1.80%	2.65%	1.80%
Inflation rate	2.45%	1.10%	3.30%	1.60%	3.45%	1.50%
Rate of increase of pensions in payment	3.15%	0.20% - 0.30%	3.05%	0.70% - 0.80%	3.15%	0.60% - 0.70%
Rate of pensionable salary increases	1.00%	0.00% - 0.90%	0.00% - 0.90%	0.00% - 1.00%	1.00%	0.00% - 1.00%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 30 JUNE 2019

14. Retirement benefit schemes – continued

The movements in the net surplus on the retirement benefit schemes were as follows:

	H1 2019	H1 2018	FY 2018
Movement in retirement benefit schemes net surplus	€m	€m	€m
Opening (deficit)/ surplus	(1.7)	4.7	4.7
Current service cost	(0.7)	(0.9)	(1.7)
Curtailment gain	0.2	-	0.5
Employer contributions paid	1.4	1.4	2.8
Net interest income	-	0.1	0.1
Actuarial gain/ (loss)	8.5	1.8	(8.1)
Currency adjustment	(0.1)	-	-
Net surplus/ (deficit)	**7.6**	**7.1**	**(1.7)**
Schemes in surplus	11.0	10.0	2.5
Schemes in deficit	(3.4)	(2.9)	(4.2)
Net surplus/ (deficit)	**7.6**	**7.1**	**(1.7)**

The improvement in pension deficit since 31 December 2018 includes actuarial gains which are recognised in the Condensed Consolidated Statement of Comprehensive Income.

	H1 2019	H1 2018	FY 2018
Actuarial gains/ (losses) recognised in the Condensed Consolidated Statement of Comprehensive Income	€m	€m	€m
Return on scheme assets in excess/ (less than) of interest income	26.1	(2.7)	(14.7)
Remeasurement adjustments on scheme liabilities			
- Changes in demographic assumptions	-	-	(1.9)
- Changes in financial assumptions	(17.5)	0.8	3.9
- Experience adjustments	(0.1)	3.7	4.6
Actuarial gains/ (losses) recognised in the Condensed Consolidated Statement of Comprehensive Income	**8.5**	**1.8**	**(8.1)**

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

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15. Net cash inflow from operating activities

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Operating activities			
Profit for the financial period/ year	24.3	29.1	57.8
Adjustments for:			
Finance costs (net)	1.6	0.4	0.8
Income tax expense	0.6	0.6	1.4
Retirement benefit scheme funding in excess of amounts expensed to Income Statement	(0.9)	(0.5)	(1.6)
Depreciation and amortisation expense	18.4	9.7	22.1
Share-based payment expense	1.4	1.2	2.4
Gain on disposal of property, plant and equipment	(14.9)	(13.7)	(15.1)
Decrease in provisions	-	-	0.7
Operating cash flow before movements in working capital	**30.5**	**26.8**	**68.5**
Decrease/ (increase) in inventories	0.3	(0.1)	(0.6)
Increase in receivables	(12.0)	(4.6)	(4.6)
Increase in payables	29.3	26.1	1.4
Cash generated from operations	**48.1**	**48.2**	**64.7**
Income taxes paid	(0.7)	(0.7)	(2.2)
Interest paid	(1.6)	(0.4)	(1.0)
Net cash inflow from operating activities	**45.8**	**47.1**	**61.5**

At 30 June 2019 and 30 June 2018 the overall working capital movements amounted to €17.6 million and €21.4 million respectively, which relate to seasonal working capital inflows that are expected to unwind in the second half of the year. Working capital movements exclude accruals of €nil million (31 December 2018: €nil million, 30 June 2018: €97.7 million) relating to vessel work in progress balances not yet paid and prepayments in line with contractual terms for works not yet undertaken of €28.9 million (31 December 2018: €28.9 million, and 30 June 2018: €14.9 million). Movements in these accrual and prepayments are included as purchases of property, plant and equipment in the Condensed Consolidated Statement of Cash Flows.

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16. Related party transactions

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

During the six months ended 30 June 2019 there were no material changes to, or material transactions between Irish Continental Group plc and its key management personnel or members of their close family, other than in respect of remuneration and dividends. There were no other material related party transactions in the period.

17. Contingent assets/ liabilities

There have been no material changes in contingent assets or liabilities as reported in the Group's financial statement for the year ended 31 December 2018.

18. Impairment

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

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

19. Composition of the entity

There have been no changes in the composition of the entity during the period ended 30 June 2019.

20. Commitments

	H1 2019 €m	H1 2018 €m	FY 2018 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for	143.1	272.7	136.3

21. Events after the reporting period

The Board has declared an interim dividend of 4.42 cent per ICG Unit in respect of 2019.

There have been no other material events affecting the Group to report since 30 June 2019.

22. Board approval

This interim report was approved by the Board of Directors of Irish Continental Group plc on 28 August 2019.