



IRISH CONTINENTAL GROUP

HALF YEARLY FINANCIAL REPORT

FOR THE SIX MONTHS ENDED 30 JUNE 2008

| Financial Highlights | Unaudited | | Audited |
|--|-------------------------------------|----------|----------------|
| | Six months to 30 th June | | Financial Year |
| | 2008 | 2007 | 2007 |
| Revenue | €166.1m | €163.2m | €355.8m |
| Operating Profit before Non Trading Charge | €17.3m | €16.4m | €50.1m |
| Non Trading Charge | - | €(16.5)m | €(10.1)m |
| Operating Profit / (Loss) | €17.3m | €(0.1)m | €40.0m |
| EPS Basic | 67.1c | (6.8)c | 160.9c |
| EPS Diluted | 66.3c | - | 158.9c |
| EPS Adjusted | 58.9c | 50.8c | 178.6c |
| EPS Adjusted Diluted | 58.2c | 49.4c | 176.3c |
| Net Debt | €70.3m | €121.2m | €84.5m |

Other Key Points

| | 30 June 2008 | 30 June 2007 | % |
|--------------------------|--------------|--------------|------|
| | 000 | 000 | % |
| Passengers | 681 | 689 | -1.2 |
| Cars | 169 | 173 | -2.3 |
| RoRo Freight | 127 | 131 | -3.1 |
| Container Freight (teu.) | 273 | 255 | +7.1 |
| Port Lifts | 111 | 108 | +2.8 |

Comment

“This is a robust operating result, with profit before interest of €17.3 million in the first half of 2008 despite substantially higher fuel costs and a challenging economic backdrop”.

John B. McGuckian
Chairman
29th August 2008

Enquiries: Eamonn Rothwell Tel: +353-1-607 5628
Garry O’Dea Tel: +353-1-607 5628
Email: info@icg.ie
Website: www.icg.ie

INTERIM MANAGEMENT REPORT FOR THE SIX MONTHS TO 30TH JUNE 2008

RESULTS

The Board of Irish Continental Group plc (ICG) reports that, in the seasonally less profitable first half of the year, the Group recorded revenue of €166.1 million compared with €163.2 million in the same period in 2007. Operating profit before non-trading charge was €17.3 million compared with €16.4 million in 2007. Operating profit was also €17.3 million, compared with a loss of €0.1 million in the same period in 2007 (the prior year figures having been influenced by a non-trading charge of €16.5 million which is explained below). There was a net finance credit of €0.2 million which includes a net credit of €2.0 million in relation to expected income on defined benefit pension scheme assets less interest on scheme liabilities. There was a profit before tax of €17.5 million compared with a loss of €1.0 million in the first half of 2007. The tax charge was €1.0 million (2007: €0.6 million). Basic EPS was 67.1c compared with a loss of 6.8c in 2007. Adjusted EPS, i.e. before non-trading items and the net pension interest credit, amounted to 58.9c (50.8c in 2007).

This strong result was achieved despite Group wide fuel costs rising 64% from €15.2 million to €24.9 million.

SIGNIFICANT EVENTS FOR THE PERIOD

Sale of the MV Normandy

During the period the MV Normandy was sold, at a profit of €3.8 million, as it had become surplus to the Group's requirements. The ship has been replaced on the route by the €51 million MV Oscar Wilde, acquired in 2007.

Redemption of redeemable shares

On 7 March 2008 the Board redeemed one redeemable share per ICG unit for a consideration of 100 cent per share. This was paid in April 2008 and amounted to €24.5 million.

PRIOR YEAR NON TRADING CHARGE

During the previous year the Company had received offers for the Company from Aella plc and Moonduster Limited. Arising from the offers, the Company had estimated total expenses incurred at 30 June 2007 of €16.5 million. The Aella plc offer was rejected by shareholders on 26 September 2007 and subsequently, in the financial statements for the year ended 31 December 2007, this expense reduced to €10.1 million.

EXTRAORDINARY GENERAL MEETING / REDEMPTION OF REDEEMABLE SHARES

The Board has decided to convene an Extraordinary General Meeting of the Company, to consider and vote on a number of resolutions which concern the share capital of the Company. A separate notice of meeting will be sent to all shareholders as soon as is practicable. One of the resolutions empowers the Directors to allot authorised, but unissued, redeemable shares to existing shareholders.

Subject to the passing of this resolution, the Board intends to redeem one redeemable share per ICG unit for a cash consideration of 27.5 cent per redeemable share.

OPERATIONAL REVIEW

Ferries Division

The division comprises Irish Ferries, a leading provider of passenger and freight ferry services between Ireland and both the UK and Continental Europe, and the bareboat chartering of multipurpose ferries to third parties. Irish Ferries operated 2,128 sailings in the period, up 3.5% on 2007.

Revenue in the division was €83.9 million (2007: €85.9 million). Profit from operations was €13.9 million (2007: €12.2 million), including the profit on disposal of the MV Normandy.

Passenger

Irish Ferries' passenger business is focused on passengers travelling with their own cars. Total passengers carried were down 1.2% at 681,000 while total cars carried in the first half of 2008 were 169,000, down 2.3% on the first half of 2007. (In the first half of 2007, Irish Ferries had an extremely strong performance, with cars up 19%).

Freight

The overall Roll On Roll Off freight market has slowed, reflecting the economic backdrop, and Irish Ferries' volumes were down 3.1% to 127,000 units, when compared with the first half of 2007. (Again, Irish Ferries' first half of 2007 performance, up 19%, was stronger than the market as a whole).

Fleet

On the Ireland France route, the MV Oscar Wilde has replaced MV Normandy. The MV Oscar Wilde, with its substantial additional capacity, and much higher standard of accommodation, is proving very popular in the market place. The new vessel, a €51 million investment in the route, is more costly to operate than the MV Normandy, although this is more than offset in the first half of 2008 by the profit on disposal of the latter vessel of €3.8 million.

Chartering

Two vessels within the Group remained on charter to P&O during the period. The revenue in the current half year has fallen due to the reduced charter rates which took effect in the second half of 2007, together with the weakening of sterling and the dollar against the euro. In the corresponding period in the previous year, the Group also had charter income in respect of the MV Oscar Wilde, which had been chartered back to the previous owners, Color Line, for approximately seven months.

Container and Terminal Division

The division includes the intermodal freight services Eucon and Feederlink as well as the division's strategically located container terminals in Dublin (DFT) and Belfast (BCT).

Turnover in the division grew 6.3% to €82.2 million (2007: €77.3 million), while profit from operations was €3.4 million (2007: €4.2 million).

Total containers shipped were up 7.1% at 273,000 teu., while the number of units lifted at division's port facilities in Dublin (DFT) and Belfast (BCT) were up 2.8% at 111,000 lifts.

The capacity expansion at DFT, the division's lift-on / lift-off terminal in Dublin Port, which commenced in 2007, is progressing and is now expected to be fully complete in the second half of 2009.

FINANCE

Capital expenditure in the period was €6.1 million (2007: €51.3 million). Net debt at the end of the period amounted to €70.3 million. This compares with €84.5 million at 31 December 2007, the reduction due to the positive cash flow from operations and the proceeds of sale of the MV Normandy, partially offset by the €24.5 million redemption of redeemable shares.

The retirement benefit obligation has been reviewed at the half year and the net surplus in schemes has reduced from €25.9 million at 31 December 2007 to €8.5 million at the end of this period.

Shareholders' equity was €177.6 million at 30 June 2008, compared with €212.3 million at 31 December 2007. The main movements in equity comprise profit for the period of €16.5 million, actuarial loss on retirement benefits of €19.5 million, adverse exchange translation movements of €9.0 million and redemption of redeemable shares of €24.5 million.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has a risk management structure in place which is designed to identify, manage and mitigate the threats to the business. However, it is not possible to eliminate all risk. The key risks facing the Group in the six months to 31 December 2008 include the following:

- **Safety**

The Group is dependent on the safe operation of both passenger and freight vessels. 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. Similarly, in the event that critical port installations were to be damaged and placed out of commission for a protracted period of time, there is the potential for substantial business interruption. In mitigation, the Group has a major accident response plan for emergency situations and the Group carries insurance in respect of passenger, cargo and third party liabilities, but does not carry insurance for business interruption.

- **Market Risk**

The passenger market is subject to general economic conditions, the propensity of consumers to travel and more specifically, to competitive threat from airlines, particularly short haul airlines.

The freight market is subject to general economic conditions and in particular the volume of international trade in North West Europe for the remainder of 2008.

- **Fuel Volatility**

The Group's vessels consume heavy fuel oil (HFO) and marine diesel oil (MDO) both of which are subject to price volatility which may continue in the remaining months to 31 December 2008. It is the Group's current policy to purchase these commodities in the spot markets and to remain unhedged.

- **Business Continuity / Interruption**

The business of the Group is exposed to the risk of interruption from incidents such as mechanical failure, labour disputes, either within the Group or in key suppliers, for example ports or fuel suppliers, or a loss of significant IT systems.

RELATED PARTY TRANSACTIONS

There were no related party transactions in the half year that have materially affected the financial position or performance of the Group in the period. In addition, there were no changes in related party transactions from the last annual report that could have a material effect on the financial position or performance of the Group in the first six months.

GOING CONCERN

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing this half yearly financial report.

AUDITOR REVIEW

This half yearly financial report has not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

CURRENT TRADING & OUTLOOK

In the year to date, passenger car volumes are down 4.5% and RoRo freight volumes are down 5%, while in the Container & Terminal Division, container volumes have risen 4% year to date.

Fuel costs remain high and, in these circumstances, it is inevitable that prices, for both passenger travel and freight, will have to rise. Irish Ferries will also be actively reviewing the schedule of the Jonathan Swift fast ferry with a view to reducing frequency in the less busy winter season and thereby conserving fuel.

FORWARD LOOKING STATEMENTS

This report 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 and those 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
29th August 2008

RESPONSIBILITY STATEMENT

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

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

- the Group Condensed Financial Statements for the half year ended 30 June 2008 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and gives a true and fair view of the assets, liabilities, financial position and profit of the Group;
- 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 2008, and a description of the principal risks and uncertainties for the remaining six months;
- 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 it was determined that there were no related party transactions that have materially affected the financial position or performance of the Group in this period.

Eamonn Rothwell Chief Executive Officer
Garry O'Dea Finance Director
29th August 2008

**CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

| | | Unaudited | Unaudited | Audited |
|---|--------------|------------------|------------------|----------------|
| | | 30 Jun | 30 Jun | 31 Dec |
| | | 2008 | 2007 | 2007 |
| | Notes | €m | €m | €m |
| Continuing operations | | | | |
| Revenue | | 166.1 | 163.2 | 355.8 |
| Depreciation | | (12.2) | (16.2) | (30.1) |
| Employee benefits expense | | (14.8) | (15.7) | (32.8) |
| Other operating expenses | | (121.8) | (114.9) | (242.8) |
| | | 17.3 | 16.4 | 50.1 |
| Non trading charge | 4 | - | (16.5) | (10.1) |
| Operating profit / (loss) | | 17.3 | (0.1) | 40.0 |
| Investment revenue | | 9.7 | 10.2 | 20.6 |
| Finance costs | | (9.5) | (11.1) | (19.9) |
| Profit / (loss) before taxation | | 17.5 | (1.0) | 40.7 |
| Income tax expense | | (1.0) | (0.6) | (2.4) |
| Profit / (loss) for the period: all attributable to equity holders of the parent | | 16.5 | (1.6) | 38.3 |
| Earnings / (loss) per ordinary share (cent) | | | | |
| All from continuing operations | | | | |
| -basic | 6 | 67.1 | (6.8) | 160.9 |
| -diluted | 6 | 66.3 | - | 158.9 |

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE FOR THE SIX MONTHS ENDED 30 JUNE 2008

| | | Unaudited | Unaudited | Audited |
|---|--------------|------------------|------------------|----------------|
| | | 30 Jun | 30 Jun | 31 Dec |
| | | 2008 | 2007 | 2007 |
| | Notes | €m | €m | €m |
| Gain on cash flow hedges | | - | - | 0.1 |
| Exchange differences on translation of foreign operations | | (9.0) | (1.0) | (12.2) |
| Actuarial loss on retirement benefit obligations | 11 | (19.5) | (0.8) | (0.4) |
| Deferred Tax on Group retirement benefit obligations | | 0.6 | (0.3) | (0.7) |
| Exchange difference on retirement benefit obligations | | 0.5 | - | 0.3 |
| Net amount directly recognised in equity | | (27.4) | (2.1) | (12.9) |
| Profit / (loss) for the period | | 16.5 | (1.6) | 38.3 |
| Total recognised (expense) / income for the period: all attributable to equity holders of the parent | | (10.9) | (3.7) | 25.4 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

| | Share Capital | Share Premium | Capital Reserve | Share Options Reserve | Hedging Reserve | Translation Reserve | Retained Earnings | Total |
|---|------------------|------------------|--------------------|-----------------------------|--------------------|------------------------|----------------------|---------------|
| | €m | €m | €m | €m | €m | €m | €m | €m |
| Balance at 1 January 2008 | 16.5 | 48.1 | 2.2 | 1.0 | 0.6 | (9.5) | 153.4 | 212.3 |
| Total recognised income and expense for the period | - | - | - | - | - | (9.0) | (1.9) | (10.9) |
| Exercise of share options - shares issued at premium | 0.1 | 0.6 | - | - | - | - | - | 0.7 |
| Redemption of redeemable share capital (note 5) | - | - | - | - | - | - | (24.5) | (24.5) |
| | 0.1 | 0.6 | - | - | - | (9.0) | (26.4) | (34.7) |
| Balance at 30 June 2008 | 16.6 | 48.7 | 2.2 | 1.0 | 0.6 | (18.5) | 127.0 | 177.6 |
| Analysed as follows: | | | | | | | | |
| Share capital | | | | | | | | 16.6 |
| Share premium | | | | | | | | 48.7 |
| Other reserves | | | | | | | | (14.7) |
| Retained earnings | | | | | | | | 127.0 |
| | | | | | | | | 177.6 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2007**

| | 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 2007 | 15.9 | 40.6 | 2.2 | 0.5 | 0.5 | 2.7 | 115.9 | 178.3 |
| Total recognised income and expense for the period | - | - | - | - | - | (1.0) | (2.7) | (3.7) |
| Exercise of share options - shares issued at premium | 0.1 | 0.9 | - | - | - | - | - | 1.0 |
| Employee share options expense | - | - | - | 0.3 | - | - | - | 0.3 |
| | 0.1 | 0.9 | - | 0.3 | - | (1.0) | (2.7) | (2.4) |
| Balance at 30 June 2007 | 16.0 | 41.5 | 2.2 | 0.8 | 0.5 | 1.7 | 113.2 | 175.9 |
| Analysed as follows: | | | | | | | | |
| Share capital | | | | | | | | 16.0 |
| Share premium | | | | | | | | 41.5 |
| Other reserves | | | | | | | | 5.2 |
| Retained earnings | | | | | | | | 113.2 |
| | | | | | | | | 175.9 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007**

| | 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 2007 | 15.9 | 40.6 | 2.2 | 0.5 | 0.5 | 2.7 | 115.9 | 178.3 |
| Total recognised income and expenses for the year | - | - | - | - | 0.1 | (12.2) | 37.5 | 25.4 |
| Exercise of share options - shares issued at premium | 0.6 | 7.5 | - | - | - | - | - | 8.1 |
| Employee share options expense | - | - | - | 0.5 | - | - | - | 0.5 |
| | 0.6 | 7.5 | - | 0.5 | 0.1 | (12.2) | 37.5 | 34.0 |
| Balance at 31 December 2007 | 16.5 | 48.1 | 2.2 | 1.0 | 0.6 | (9.5) | 153.4 | 212.3 |
| Analysed as follows: | | | | | | | | |
| Share capital | | | | | | | | 16.5 |
| Share premium | | | | | | | | 48.1 |
| Other reserves | | | | | | | | (5.7) |
| Retained earnings | | | | | | | | 153.4 |
| | | | | | | | | 212.3 |

**CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2008**

| | | Unaudited | Unaudited | Audited |
|--|--------------|------------------|------------------|----------------|
| | | 30 Jun | 30 Jun | 31 Dec |
| | | 2008 | 2007 | 2007 |
| | Notes | €m | €m | €m |
| Assets | | | | |
| Non current assets | | | | |
| Property, plant & equipment | 7 | 260.7 | 305.4 | 277.4 |
| Intangible assets | 8 | 2.3 | 2.6 | 2.2 |
| Long term receivables | | 4.5 | 4.7 | 4.6 |
| Retirement benefit surplus | 11 | 17.2 | 31.2 | 32.5 |
| | | 284.7 | 343.9 | 316.7 |
| Current assets | | | | |
| Inventories | | 1.6 | 0.8 | 1.3 |
| Trade and other receivables | | 46.6 | 46.1 | 46.6 |
| Derivative financial instruments | | 0.6 | 0.4 | 0.6 |
| Cash and cash equivalents | | 23.8 | 19.0 | 12.4 |
| | | 72.6 | 66.3 | 60.9 |
| Asset classified as held for sale | | - | - | 9.0 |
| | | 72.6 | 66.3 | 69.9 |
| Total assets | | 357.3 | 410.2 | 386.6 |
| Equity and liabilities | | | | |
| Capital and reserves | | | | |
| Share capital | | 16.6 | 16.0 | 16.5 |
| Share premium | | 48.7 | 41.5 | 48.1 |
| Other reserves | | (14.7) | 5.2 | (5.7) |
| Retained earnings | | 127.0 | 113.2 | 153.4 |
| Equity attributable to equity holders | | 177.6 | 175.9 | 212.3 |
| Non-current liabilities | | | | |
| Borrowings | | 78.0 | 111.5 | 83.5 |
| Provisions | | 0.3 | 2.9 | 0.3 |
| Deferred grant | | 1.2 | 1.3 | 1.3 |
| Deferred tax liabilities | | 5.2 | 5.9 | 6.2 |
| Retirement benefit obligation | 11 | 8.7 | 9.2 | 6.6 |
| | | 93.4 | 130.8 | 97.9 |
| Current liabilities | | | | |
| Borrowings | | 16.1 | 28.7 | 13.4 |
| Trade and other payables | | 62.1 | 70.5 | 57.2 |
| Current tax liabilities | | 7.6 | 4.2 | 5.3 |
| Provisions | | 0.4 | - | 0.4 |
| Deferred grant | | 0.1 | 0.1 | 0.1 |
| | | 86.3 | 103.5 | 76.4 |
| Total liabilities | | 179.7 | 234.3 | 174.3 |
| Total equity and liabilities | | 357.3 | 410.2 | 386.6 |

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2008**

| | | Unaudited | Unaudited | Audited |
|---|--------------|------------------|------------------|----------------|
| | | 30 Jun | 30 Jun | 31 Dec |
| | | 2008 | 2007 | 2007 |
| | Notes | €m | €m | €m |
| Net cash from operating activities | 12 | 28.4 | 42.7 | 77.5 |
| Investing activities | | | | |
| Interest received | | 0.5 | 0.6 | 1.3 |
| Proceeds on disposal of property, plant and equipment | | 14.4 | - | 0.1 |
| Purchases of property, plant and equipment | | (5.5) | (51.0) | (58.0) |
| Purchase of intangible assets | | (0.6) | (0.3) | (0.4) |
| Net cash from / (used in) investing activities | | 8.8 | (50.7) | (57.0) |
| Financing activities | | | | |
| Redemption of redeemable shares | | (24.5) | - | - |
| Repayments of borrowings | | (38.0) | (50.0) | (85.6) |
| Repayments of obligations under finance leases | | (1.1) | (1.3) | (2.9) |
| Proceeds on issue of share capital | | 0.7 | 1.0 | 8.1 |
| New bank loans raised | | 34.5 | 62.5 | 62.5 |
| New finance leases raised | | - | 0.1 | 0.1 |
| Increase in bank overdrafts | | 3.4 | 4.4 | - |
| Net cash (used in) / from financing activities | | (25.0) | 16.7 | (17.8) |
| Net increase in cash and cash equivalents | | 12.2 | 8.7 | 2.7 |
| Cash and cash equivalents at the beginning of the year | | 12.4 | 11.0 | 11.0 |
| Effect of foreign exchange rate changes | | (0.8) | (0.7) | (1.3) |
| Cash and cash equivalents at the end of the year | | | | |
| Bank balances and cash | | 23.8 | 19.0 | 12.4 |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 JUNE 2008**

1. General Information

These condensed financial statements do not comprise the statutory accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986. The summary financial statements for the year ended 31 December 2007, as presented in this Interim Report, represent an abbreviated version of the Group's full financial statements for that year. Those financial statements contained an unqualified audit report without reference to any matters of emphasis and have been filed with the Companies Registration Office in Ireland.

The interim figures included in the condensed financial statements for the six months ended 30 June 2008 and the comparative amounts for the six months ended 30 June 2007 are unaudited.

2. Accounting policies

The Group Condensed Financial Statements for the six months ended 30 June 2008 have been prepared in accordance with the Transparency Regulations 2007, the related Transparency Rules of the Irish Financial Services Regulatory Authority and with IAS 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies and methods of computation applied in preparing this Interim Report are consistent with those set out in the Group Annual Report for the financial year ended 31 December 2007, which is available at www.icg.ie.

Three interpretations issued by the International Financial Reporting Interpretations Committee are effective in the current period for the first time. These are: IFRIC 11 - IFRS 2 Group and Treasury Share Transactions; IFRIC 12 - Service Concession Arrangements and IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The adoption of these interpretations has not led to any changes in the Group's accounting policies and as a result no disclosure requirements arise.

There have been no material change in estimates in these interim accounts based on the estimates that have previously been made in the prior year interim accounts to 30 June 2007 and the prior year financial statements to 31 December 2007.

3. Segmental information: Analysis by class of business

| | Unaudited | | | | Audited | |
|------------------------|----------------|-------------|--------------|--------------|-----------------|-------------|
| | 6 months ended | | | | 12 months ended | |
| | 30 Jun 2008 | | 30 Jun 2007 | | 31 Dec 2007 | |
| | Revenue | Profit | Revenue | Profit | Revenue | Profit |
| €m | €m | €m | €m | €m | €m | |
| Ferries & Travel | 83.9 | 13.9 | 85.9 | 12.2 | 197.9 | 40.9 |
| Container and Terminal | 82.5 | 3.4 | 77.5 | 4.2 | 158.4 | 9.2 |
| Intersegment | (0.3) | - | (0.2) | - | (0.5) | - |
| Net Interest | - | 0.2 | - | (0.9) | - | 0.7 |
| Non allocated item | - | - | - | (16.5) | - | (10.1) |
| | | | | | | |
| | 166.1 | 17.5 | 163.2 | (1.0) | 355.8 | 40.7 |

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

4. Non trading charge

| | Unaudited | Unaudited | Audited |
|----------------|----------------|----------------|-----------------|
| | 6 months ended | 6 months ended | 12 months ended |
| | 30 Jun 2008 | 30 Jun 2007 | 31 Dec 2007 |
| | €m | €m | €m |
| Takeover costs | - | (16.5) | (10.1) |

Takeover costs

During the prior year the Company received offers for the entire issued and to be issued share capital of the company from Aella plc and Moonduster Limited. Arising from the offers, the Company engaged professional advisors and, by entering into expense reimbursement agreements, agreed to reimburse the offerors' expenses in certain circumstances.

In the Interim accounts 2007, the Group reported a non trading exceptional charge of €16.5 million, which represented the estimated potential costs incurred by the Group in relation to the recommended offers for the Group via a Scheme of Arrangement at that stage. Subsequently, on 26 September 2007, the revised recommended acquisition of the Group, by Aella plc, which had been announced on 20 August 2007, was voted on and not approved by the shareholders at an Extraordinary General Meeting. The exceptional charge was then reduced to €10.1 million as reported in the 2007 Annual Report.

5. Redemption of redeemable shares

| | Unaudited | Unaudited | Audited |
|---|----------------|----------------|-----------------|
| | 6 months ended | 6 months ended | 12 months ended |
| | 30 Jun 2008 | 30 Jun 2007 | 31 Dec 2007 |
| | €m | €m | €m |
| Redemption of one redeemable share for 100c | 24.5 | - | - |

On 7 March 2008 the Board decided to redeem one redeemable share per ICG unit for a consideration of 100 cent per share payable. This was paid in April 2008.

There was no dividend paid in the period to 30 June 2008.

6. Earnings per share

| | Unaudited | Unaudited | Audited |
|---|----------------|----------------|-----------------|
| | 6 months ended | 6 months ended | 12 months ended |
| | 30 Jun 2008 | 30 Jun 2007 | 31 Dec 2007 |
| | Cent | cent | cent |
| Basic earnings / (loss) per share | 67.1 | (6.8) | 160.9 |
| Diluted earnings per share | 66.3 | - | 158.9 |
| Adjusted earnings per share | 58.9 | 50.8 | 178.6 |
| Adjusted diluted earnings per share | 58.2 | 49.4 | 176.3 |
| 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: | | | |
| | €m | €m | €m |
| Earnings | | | |
| Earnings for the purpose of basic and diluted earnings per share - | | | |
| Profit / (loss) for the year attributable to equity holders of the parent | 16.5 | (1.6) | 38.3 |
| Earnings for the purpose of adjusted earnings per share - | | | |
| Profit / (loss) for the year attributable to equity holders of the parent | 16.5 | (1.6) | 38.3 |
| Effect of non trading charge | - | 16.5 | 10.1 |
| Effect of expected return on defined benefit pension scheme assets | (9.2) | (9.6) | (19.3) |
| Effect of interest on defined benefit pension scheme liabilities | <u>7.2</u> | <u>6.7</u> | <u>13.4</u> |
| Earnings for the purpose of adjusted earnings per share | 14.5 | 12.0 | 42.5 |
| Number of shares | | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 24.6 | 23.6 | 23.8 |
| Effect of dilutive potential ordinary shares: Share options | <u>0.3</u> | <u>0.7</u> | <u>0.3</u> |
| Weighted average number of ordinary shares for the purpose of diluted adjusted earnings per share | 24.9 | 24.3 | 24.1 |

7. Property, plant and equipment

| | Assets under construction | Ships | Plant & equipment | Vehicles | Land & buildings | Total |
|---------------------------------|---------------------------|--------------|-------------------|------------|------------------|--------------|
| | €m | €m | €m | €m | €m | €m |
| Cost | | | | | | |
| At 1 January 2008 | 0.5 | 378.0 | 66.9 | 2.8 | 24.5 | 472.7 |
| Additions | 1.9 | 2.0 | 1.3 | 0.3 | - | 5.5 |
| Disposals | - | - | (0.4) | (0.4) | - | (0.8) |
| Exchange differences | - | (17.7) | - | - | - | (17.7) |
| Reclassification | (2.3) | - | - | - | 2.3 | - |
| At 30 June 2008 | 0.1 | 362.3 | 67.8 | 2.7 | 26.8 | 459.7 |
| Accumulated depreciation | | | | | | |
| At 1 January 2008 | - | 145.7 | 40.5 | 1.4 | 7.7 | 195.3 |
| Charge for period | - | 9.7 | 1.7 | 0.2 | 0.2 | 11.8 |
| Disposals | - | - | (0.3) | (0.3) | - | (0.6) |
| Exchange differences | - | (7.4) | (0.1) | - | - | (7.5) |
| At 30 June 2008 | - | 148.0 | 41.8 | 1.3 | 7.9 | 199.0 |
| Net book amounts | | | | | | |
| At 1 January 2008 | 0.5 | 232.3 | 26.4 | 1.4 | 16.8 | 277.4 |
| At 30 June 2008 | 0.1 | 214.3 | 26.0 | 1.4 | 18.9 | 260.7 |

Certain of the Group's borrowings are secured on ships which have a carrying amount of €91.4 million at 30 June 2008 (31 December 2007: €93.5 million).

At 30 June 2008 the Group has entered into commitments to the value of €0.8 million for the purchase of fixed assets.

8. Intangible Assets

| | €m |
|------------------------|------------|
| Cost | |
| At 1 January 2008 | 7.0 |
| Additions | 0.6 |
| At 30 June 2008 | 7.6 |
| Amortisation | |
| At 1 January 2008 | 4.8 |
| Charge for the year | 0.5 |
| At 30 June 2008 | 5.3 |
| Carrying amount | |
| At 1 January 2008 | 2.2 |
| At 30 June 2008 | 2.3 |

9. Net debt

| | Cash | Overdrafts | Loans | Leases | Total |
|-------------------------------|-------------|--------------|---------------|--------------|---------------|
| | €m | €m | €m | €m | €m |
| At 1 January 2008 | | | | | |
| Current assets | 12.4 | - | - | - | 12.4 |
| Creditors due within one year | - | (0.1) | (11.1) | (2.2) | (13.4) |
| Creditors due after one year | - | - | (80.6) | (2.9) | (83.5) |
| | 12.4 | (0.1) | (91.7) | (5.1) | (84.5) |
| Cash flow | 12.2 | (3.4) | - | - | 8.8 |
| Foreign exchange rate changes | (0.8) | - | 1.7 | - | 0.9 |
| Drawdown | - | - | (34.5) | - | (34.5) |
| Repayment | - | - | 38.0 | 1.0 | 39.0 |
| | 23.8 | (3.5) | (86.5) | (4.1) | (70.3) |
| At 30 June 2008 | | | | | |
| Current assets | 23.8 | - | - | - | 23.8 |
| Creditors due within one year | - | (3.5) | (10.5) | (2.1) | (16.1) |
| Creditors due after one year | - | - | (76.0) | (2.0) | (78.0) |
| | 23.8 | (3.5) | (86.5) | (4.1) | (70.3) |

10. Tax

Corporation tax for the interim period is estimated based on the best estimates of the weighted average annual corporation tax rate expected to apply for the full financial year. The rate for the current year is not expected to differ materially from the effective tax rate used for the year ended 31 December 2007.

11. Retirement Benefit Schemes

Retirement benefit scheme valuations have been updated at the half year to reflect management's best estimates of scheme assets and scheme liabilities. Scheme assets have been valued as per investment managers valuations at 30 June 2008. Scheme liabilities have been estimated using the same assumptions as at 31 December 2007 except that the discount rate has been increased to 6.25% (31 December 2007: 5.6%) for schemes with euro liabilities and 6.5% (31 December 2007: 5.6%) for schemes with sterling liabilities, reflecting the underlying long term interest rate and yield on European AAA rated bonds, and in respect of sterling schemes, the inflation rate has been increased to 3.75% (31 December 2007: 3.0%).

| | Unaudited | Unaudited | Audited |
|-----------------------------|-----------------------|-----------------------|------------------------|
| | 6 months ended | 6 months ended | 12 months ended |
| | 30 Jun 2008 | 30 Jun 2007 | 31 Dec 2007 |
| | €m | €m | €m |
| Opening surplus | 25.9 | 20.0 | 19.8 |
| Current service cost | (1.2) | (1.2) | (2.8) |
| Employer contributions paid | 1.1 | 1.1 | 3.0 |
| Other finance income | 2.0 | 2.9 | 5.9 |
| Actuarial loss | (19.5) | (0.8) | (0.4) |
| Other | <u>0.2</u> | = | <u>0.4</u> |
| Net Surplus | <u>8.5</u> | <u>22.0</u> | <u>25.9</u> |
| Schemes in surplus | 17.2 | 31.2 | 32.5 |
| Schemes in deficit | <u>(8.7)</u> | <u>(9.2)</u> | <u>(6.6)</u> |
| Net Surplus | <u>8.5</u> | <u>22.0</u> | <u>25.9</u> |

12. Net cash from operating activities

| | | Unaudited | Unaudited | Audited |
|--|-------|-------------|-------------|-------------|
| | | 30 Jun | 30 Jun | 31 Dec |
| | | 2008 | 2007 | 2007 |
| | Notes | €m | €m | €m |
| Operating activities | | | | |
| Profit / (loss) for the period | | 16.5 | (1.6) | 38.3 |
| Adjustments for: | | | | |
| Finance costs (net) | | (0.2) | 0.9 | (0.7) |
| Income tax expense | | 1.0 | 0.6 | 2.4 |
| Retirement benefit obligation – service cost | | 1.2 | 1.2 | 2.8 |
| Retirement benefit obligation – payments | | (1.1) | (1.1) | (3.0) |
| Depreciation of property, plant and equipment | | 11.8 | 15.7 | 29.2 |
| Amortisation of intangible assets | | 0.5 | 0.5 | 1.0 |
| Amortisation of deferred income | | (0.1) | - | (0.1) |
| Share based payment expense | | - | 0.3 | 0.5 |
| Gain on disposal of property, plant and equipment | | (3.9) | - | (0.1) |
| Decrease in restructuring provisions | | - | - | (1.3) |
| Increase / (decrease) in other provisions | | - | 0.7 | (0.2) |
| Operating cash flow before movements in working capital | | 25.7 | 17.2 | 68.8 |
| Increase in inventories | | (0.3) | (0.2) | (0.7) |
| (Increase) / decrease in receivables | | (0.2) | 7.4 | 6.8 |
| Increase in payables | | 5.7 | 22.9 | 10.1 |
| Cash generated from operations | | 30.9 | 47.3 | 85.0 |
| Income taxes paid | | (0.1) | (0.2) | (1.0) |
| Interest paid | | (2.4) | (4.4) | (6.5) |
| Net cash from operating activities | | 28.4 | 42.7 | 77.5 |

13. Related party transactions

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

14. 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 2007.

15. Composition of the Entity

There has been no change in the composition of the entity during the period ended 30 June 2008.

16. Subsequent Events

There were no material subsequent events to report since the period ended 30 June 2008.

17. Board Approval

This interim report was approved by the Board of Directors of Irish Continental Group plc on 28th August 2008.