THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser (being if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the Investment Intermediaries Act 1995 of Ireland or the Stock Exchange Act 1995 and, if you are resident in the United Kingdom, an organisation or firm authorised or exempted under the Financial Services and Markets Act 2000).

If you sell or have sold or otherwise transferred all your ICG Units, please send this document, and the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

NCB Corporate Finance, which is authorised in Ireland by the Financial Regulator under the Investment Intermediaries Act 1995, is acting exclusively for ICG and no one else in connection with certain of the proposals described in this document and the accompanying form of proxy and will not be responsible to anyone other than ICG for providing the protections afforded to customers of NCB Corporate Finance or for providing advice thereto.

IRISH CONTINENTAL GROUP

IRISH CONTINENTAL GROUP PLC

AUTHORITY TO PURCHASE OWN SHARES

Approval for waiver of obligation under Rule 37 of the Takeover Rules

AUTHORITY TO ALLOT REDEEMABLE SHARES

NOTICE OF EXTRAORDINARY GENERAL MEETING

and

2008 HALF YEARLY FINANCIAL REPORT

This document should be read as a whole. Your attention is drawn to the letter from John B. McGuckian, Chairman of ICG, in Part I of this document, which contains a unanimous recommendation from the Board that you vote in favour of the resolutions to be proposed at the EGM. A letter from NCB Corporate Finance appears in Part II of this document.

Notice of an Extraordinary General Meeting of ICG to be held at the Clarion Hotel, IFSC, North Wall Quay, Dublin 1 on 23 October 2008 at 11.00 am is set out at the end of this document.

Shareholders will find enclosed with this document a Form of Proxy for the EGM. Whether or not ICG Shareholders wish to attend the EGM, they are asked to complete the enclosed Form of Proxy in accordance with the instructions printed on the forms and return it either by post or by hand as soon as possible but in any event so as to be received by ICG's Registrars, **Computershare Investor Services (Ireland) Limited, at P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, no later than 11.00 am on 21 October 2008.**

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Event	Time and Date
Latest time and date for receipt of Forms of Proxy for the EGM	11.00 am on 21 October 2008
Extraordinary General Meeting	11.00 am on 23 October 2008

IRISH CONTINENTAL GROUP

Irish Continental Group plc

(Incorporated and registered in Ireland under the Companies Acts with registered number 41043)

Directors:
John B. McGuckian (Chairman)
Eamonn Rothwell*
Garry O'Dea*
Anthony Kelly*
Peter Crowley
Bernard Somers

Registered Office
Ferryport
Alexandra Road
Dublin 1

Company Secretary
Thomas Corcoran

29 September 2008

** Executive director*

To ICG Shareholders

Dear Shareholder

1. INTRODUCTION

The Board of ICG has determined that it would be in the Company's best interests to put in place the authority to:

i. repurchase a proportion of the Company's own shares; and

ii. allot Redeemable Shares in the Company.

The purpose of this letter and the rest of the document is to set out the background to these proposals, provide details of each proposal, outline the authority being sought from Shareholders, and the action you are required to take to facilitate implementation of the Company's proposals.

At the end of this document you will find a notice convening an Extraordinary General Meeting of the Company to be held on 23 October 2008. Three resolutions are being proposed for consideration at the EGM.

In addition, this document also includes a copy of the 2008 half yearly financial report of the Company for the period ended on 30 June 2008 which the Company is required to circulate to Shareholders.

2. PURCHASE OF OWN SHARES THROUGH BUY BACK AUTHORITY

The Board has examined the merits of having a share buy-back authority in place and has concluded that it would be in the interests of the Company and its Shareholders as a whole to provide for a share buy-back programme. Having a share buy-back authority in place would mean that the Company would be in a position to respond to volatile market conditions such as those which exist at present. A share buy-back programme would also provide Shareholders with the flexibility, but without any compulsion, to realise value in respect of all or some of their shareholding and could be a tax efficient method of returning surplus cash to Shareholders.

The Company does not currently have any routine repurchase authority in place, and last repurchased ICG Units on 30 September 2004 under the authority sought and received on 30 April 2004. To enable the Company to purchase its own shares on the market, Shareholder authority must be received in accordance with section 215 of the 1990 Act. The Market Purchases Resolution (also know as Resolution 2) seeks such authority.

The authority conferred on the Board by the Market Purchases Resolution is limited to the purchase of 2,461,670 ICG Units (representing approximately 10% of the Company's existing issued share capital). The minimum price payable per ICG Unit is the nominal value of each share and the maximum price (exclusive of expenses) is 105% of the Market Price on the day of purchase (as defined). This premium is in accordance with the relevant guidelines as issued by the IAIM. Whether or not this amount of capital is returned, and the timing of such returns, will be at the discretion of the Board.

This authority to purchase ICG Units will be used by the Board with discretion. Any purchases will be made only from funds not required for other purposes and in the light of prevailing market conditions. No purchase will be made unless the Directors are of the opinion that it would be in the best interests of the company and the remaining Shareholders. The Board will also take into account the Company's cash resources and available bank and other financing facilities and other possible investment opportunities before deciding whether to exercise this authority.

Any purchase of ICG Units pursuant to this authority will be made on market (that is on the Irish Stock Exchange) in accordance with section 215 of the 1990 Act. ICG Units purchased will be cancelled and will not be available for re-issue.

Details of any ICG Units purchased pursuant to the Market Purchases Resolution will be notified to the Irish Stock Exchange no later than 7.30 a.m. on the Business Day following the purchase. Details will also be included in the Company's Annual Report in respect of the financial period in which any such purchase takes place.

The authority to purchase ICG Units pursuant to the Market Purchases Resolution will expire 18 months from the passing of the Market Purchases Resolution, unless previously varied, revoked or renewed by the Shareholders in general meeting.

SOURCE OF FUNDS FOR THE PURCHASE OF ICG UNITS

The Company will source the funds required to affect any purchase of ICG Units from part or all of its reserves of cash and other available bank and financing facilities. The specific sources of funds for each purchase will be determined by the Directors based on availability and market rates prevailing at the time the funds are required.

WAIVER OF OBLIGATION TO MAKE A GENERAL OFFER UNDER RULE 37 OF THE TAKEOVER RULES

Under Rule 37 of the Takeover Rules, when any person or persons acting in concert, acquire control of a relevant company (control being a holding of 30% or more of the voting rights exercisable at a general meeting of the company) wholly or partly by reason of the redemption or purchase by that company of any of its own securities, such person or, in the case of persons acting in concert, such one or more of those persons as the Panel shall direct, would normally be required to extend a general offer to all shareholders in accordance with Rule 37.

South Morston is interested in 7,201,572 ICG Units, representing 29.25% of the existing issued share capital of the Company. Full implementation of the Market Purchases would result in a maximum of 2,461,670 ICG Units being purchased by the Company. Therefore, in the event that the Company utilised the authority in the Market Purchases Resolution in full and assuming that the South Morston Concert Party did not dispose of any ICG Units, the South Morston Concert Party shareholding, while remaining the same in number of ICG Units, would increase as a percentage of the issued share capital from 29.25% to **32.51%**. As a result, South Morston and/or any other member of the South Morston Concert Party as the Panel may direct, would become obliged under the Takeover Rules to extend a general offer to all shareholders in accordance with Rule 37, unless such obligation was waived by the Panel.

The Panel has agreed to waive this obligation subject to the following conditions:

i. that a majority of the Independent Shareholders approve, on a poll, the Waiver Resolution (Resolution 1 at the EGM); and

ii. that, a circular is prepared by ICG in accordance with the Whitewash Guidance Note in the Takeover Rules and such circular is approved by the Panel. This document constitutes such circular and this Circular has been approved (in this respect only) by the Panel.

Your attention is drawn to the letter from NCB Corporate Finance set out in Part II of this document which provides independent advice in relation to the Waiver Resolution.

INFORMATION ON SOUTH MORSTON INVESTMENT COMPANY LIMITED
South Morston Investment Company Limited is a private company incorporated in Ireland whose principal activity is the development and selling of real estate. The voting share capital of South Morston Investment Company Limited is held by Danninger an unlimited private company incorporated in Ireland. Danninger is ultimately controlled by Liam Carroll and Roisin Carroll.

3. ALLOTMENT OF REDEEMABLE SHARES

On 30 April 2003, the Company granted authority to the Board to create, and from time to time allot by way of bonus issue, Redeemable Shares. Consequently, the authorised share capital of the Company was increased by the creation of 450,000,000 Redeemable Shares of 0.01 cents each. The Redeemable Shares were created so that the Board could maintain flexibility to maximise the net return on amounts paid to Shareholders by the Company from time to time by redeeming Redeemable Shares. Subsequently on 28 July 2003, the Board allotted Redeemable Shares to Shareholders by way of a bonus issue of 10 Redeemable Shares for each Ordinary Share held by Shareholders, thereby creating ICG Units with each ICG unit comprising 1 Ordinary Share and 10 Redeemable Shares.

BONUS ISSUE OF REDEEMABLE SHARES
As at 29 September 2008, being the date of this document, as a result of redemptions of Redeemable Shares from time to time, each ICG Unit includes a holding of 2 Redeemable Shares per Ordinary Share.

The Board wishes to put in place authority to allot further Redeemable Shares, by way of a bonus issue, such that each ICG Unit shall once again comprise 10 Redeemable Shares per Ordinary Share. In the event that the Board decides, at its discretion, to proceed with such bonus issue, it would involve a bonus issue of 8 Redeemable Shares, credited as fully paid, for every one Ordinary Share held by each shareholder on the relevant record date. The Redeemable Shares will be paid up out of the Company's share premium account.

To enable the Company to allot Redeemable Shares, Shareholder authority must be received in accordance with Section 20 of the 1983 Act. The bonus issue is therefore conditional on the approval by shareholders of Resolution 3 at the EGM.

REASON FOR THE AUTHORITY TO ALLOT REDEEMABLE SHARES
The Board wishes to maximise the net return on amounts paid to Shareholders. To do this it seeks to have the flexibility in the future to redeem Redeemable Shares from time to time. If such redemptions take place, it is unlikely that a dividend would also be paid, and vice versa. Any bonus issue of Redeemable Shares would be paid up out of the Company's share premium account.

SUMMARY OF THE PROCEDURE IN RELATION TO A BONUS ISSUE OF REDEEMABLE SHARES

An issue of Redeemable Shares by way of a bonus issue would involve the following:

1. There would be a capitalisation issue out of the Company's share premium account of 8 Redeemable Shares per existing ICG Unit, so that each ICG Unit shall comprise ten Redeemable Shares for every one Ordinary Share.

2. The Redeemable Shares would have a nominal value of 0.01 cent each, no voting rights and no rights to dividend.

3. From time to time, the Board, at its own discretion, may redeem Redeemable Shares at a premium over their nominal value, as the Board thinks fit. Any such redemptions will be in cash and, if any such redemptions take place, it is unlikely that a dividend would also be paid, and vice versa. The directors believe that this proposal may increase the attractiveness of the Company's shares to existing Shareholders and to potential future shareholders.

4. It should be stressed that the Company reserves the right not to proceed with a bonus issue of Redeemable Shares if the Board determines that to do so would no longer be in the best interests of Shareholders or the Company.

5. The rights and restrictions attaching to the Redeemable Shares and the proposed redemption procedure are set out in Part V, of this document.

TAXATION

Part V also sets out notes summarising the taxation implications for shareholders of the proposed Redeemable Shares. **These notes, which are for guidance only, do not constitute advice offered by the Company or its advisers and are based on current Irish legislation and Revenue practice and are, therefore, subject to any changes therein. You should consult your own taxation adviser as to your individual taxation position.**

4. EXTRAORDINARY GENERAL MEETING

Implementation of any Market Purchases requires the approval by Independent Shareholders of the Waiver Resolution and by Shareholders of the Market Purchases Resolution. Full exercise by the Board of any authority granted by the Market Purchases Resolution is conditional on the Waiver Resolution being passed, on a poll, by the Independent Shareholders.

The allotment of Redeemable Shares also requires the approval of Shareholders.

Accordingly you will find set out at the end of this document a notice convening an extraordinary general meeting of the Company to be held at 11.00 am on 23 October 2008 at the Clarion Hotel, IFSC, North Wall Quay, Dublin 1 at which the following 3 resolutions will be proposed:

1. The Waiver Resolution (proposed as an ordinary Resolution of the Independent Shareholders);

2. The Market Purchases Resolution (proposed as a special Resolution); and

3. Authority to allot Redeemable Shares (proposed as an ordinary Resolution).

5. ACTION TO BE TAKEN

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the EGM.

Whether or not you intend to be present at the EGM, you are requested to complete the accompanying Form of Proxy in accordance with the instructions printed thereon and to return it as soon as possible and, in any event, so as to be received by Computershare Investor Services (Ireland) Limited, at P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18 not later than 11.00 am on 21 October 2008. Completion and return of the Form of Proxy will not preclude Shareholders from attending the meeting and voting in person on the Resolutions, should they wish to do so.

6. RECOMMENDATION

The Board considers the Resolutions (other than the Waiver Resolution) to be in the best interest of the Company and its Shareholders as a whole.

The Board, which has been so advised by NCB Corporate Finance, considers the Waiver Resolution to be in the best interests of the Company and the Independent Shareholders as a whole. In providing its advice on the Waiver Resolution, NCB Corporate Finance has taken account of the commercial assessments of the Board. Your attention is drawn to the letter from NCB Corporate Finance in Part II of this document which contains its advice in relation to the Waiver Resolution.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the Resolutions at the EGM, as they intend to do so in respect of their own beneficial holdings being in aggregate 4,190,089 ICG Units, representing approximately 17.02% of the existing issued share capital of the Company.

Yours faithfully

John B. McGuckian
Chairman

PART II – LETTER FROM NCB CORPORATE FINANCE

NCB Corporate Finance
3 George's Dock, IFSC, Dublin 1, Ireland

NCB
Independent & International

T: +353 1 611 5611 F: +353 1 611 5766
E: info@ncb.ie W: www.ncb.ie

Irish Continental Group plc
Ferryport
Alexandra Road
Dublin 1

29 September 2008

Dear Sirs,

We refer to certain of the proposals in the letter from the Chairman of ICG, contained in Part I of this document. In particular, we refer to the potential increase to 32.51% in the percentage of the Company's issued share capital in which the South Morston Concert Party could be interested. This potential increase would arise pursuant to Market Purchases by the Company of up to 2,461,670 ICG Units (which is the maximum number of ICG Units which can be acquired under the Market Purchases Resolution). As a result of these increases, the South Morston Concert Party, would become obliged under the Takeover Rules to extend a general offer to all Shareholders in accordance with Rule 37, unless such obligation was waived by the Panel.

As described in Part I of this document, the Panel has agreed, subject to the approval by a majority of the Independent Shareholders on a poll of the Waiver Resolution and to the other conditions specified in Part I of this document, to waive the obligation of the South Morston Concert Party to extend a general offer to all Shareholders in accordance with Rule 37, which could arise pursuant to Market Purchases.

NCB Corporate Finance considers the approval of the Waiver Resolution, which is a condition to the implementation of any Market Purchases, to be in the best interests of the Company and the Independent Shareholders as a whole. In providing this advice, NCB Corporate Finance has placed reliance on the commercial assessment of the Directors.

Yours faithfully

Liam Booth
Managing Director

Jonathan Simmons
Director

for and on behalf of
NCB Corporate Finance

PART A - Consolidated Income Statements
for the years ended 31 December 2005, 2006 and 2007

The financial information in this Part III, Part A is extracted without material adjustment from the published audited consolidated accounts for the years ended 31 December 2006 and 2007 which have been prepared in accordance with International Financial Reporting Standards. The financial information contained in this Part III, Part A for 2005 is the restated 2005 financial information published as comparatives in the 2006 financial statements which has been extracted without material adjustments from those financial statements. The restatement arose from a change in accounting policy. The impact of the restatement of the 2005 financial information contained in the 2005 published audited consolidated accounts is set out in Note 7. The auditors, Deloitte & Touche, have reported without qualification in respect of the financial statements for each of the financial years ended 2005, 2006 and 2007. The financial information in this Part III does not constitute statutory accounts within the meaning of section 4 of the Companies (Amendment) Act 1986.

	Notes	2005 * As Restated €m	2006 €m	2007 €m
Continuing operations				
Revenue	5	298.5	312.1	355.8
Depreciation and amortisation	13	(27.7)	(27.5)	(30.1)
Employee benefits expense	8	(57.9)	(32.9)	(32.8)
Other operating expenses		(194.8)	(219.5)	(242.8)
		18.1	**32.2**	**50.1**
Non trading (charge) / credit	9	(31.6)	0.7	(10.1)
Operating (loss) / profit		**(13.5)**	**32.9**	**40.0**
Investment revenue	10	14.1	18.3	20.6
Finance costs	11	(15.6)	(17.9)	(19.9)
(Loss) / profit before tax		**(15.0)**	**33.3**	**40.7**
Income tax expense	12	(0.8)	(1.0)	(2.4)
(Loss) / profit for the year: all attributable				
to equity holders of the parent	13	**(15.8)**	**32.3**	**38.3**
Earnings per share – expressed in € cent per share				
From continuing operations:				
Basic	15	(67.8)c	137.4c	160.9c
Diluted	15	-	136.9c	158.9c

* Presentation of comparative amounts have been restated and reclassified (see notes 7 and 9)

Consolidated Statements of Recognised Income and Expense
for the years ended 31 December 2005, 2006 and 2007

	Notes	2005 * As Restated €m	2006 €m	2007 €m
Losses / gains on cash flow hedges	24 / 26	(0.1)	0.6	0.1
Exchange differences on translation of				
foreign operations	24	5.8	(0.9)	(12.2)
Actuarial gain / (loss) on retirement				
benefit obligations	35 viii	3.9	12.1	(0.4)
Deferred Tax on Group defined benefit plan	27	-	(0.5)	(0.7)
Exchange difference on defined benefit plan	35 v/vi	-	-	0.3
Net amount directly recognised in equity		9.6	11.3	(12.9)
(Loss) / profit for the year		(15.8)	32.3	38.3
Total recognised income and expense for the year:				
all attributable to equity holders of the parent		**(6.2)**	**43.6**	**25.4**

* Presentation of comparative amounts have been restated and reclassified (see notes 7 and 9)

Consolidated Cash Flow Statements
For the years ended 31 December 2006 and 2007

	Notes	2006 €m	2007 €m
Net cash from operating activities	37	**8.7**	**77.5**
Investing activities			
Interest received		0.3	1.3
Proceeds on disposal of property, plant and equipment		0.2	0.1
Purchases of property, plant and equipment		(11.4)	(58.0)
Purchases of intangible assets		(0.6)	(0.4)
Net cash used in investing activities		**(11.5)**	**(57.0)**
Financing activities			
Redemption of redeemable shares		(7.2)	-
Repayments of borrowings		(11.8)	(85.6)
Repayments of obligations under finance leases		(4.0)	(2.9)
Proceeds on issue of ordinary share capital		1.1	8.1
New bank loans raised		19.6	62.5
New finance leases raised		2.4	0.1
Net cash from / (used in) financing activities		**0.1**	**(17.8)**
Net (decrease) / increase in cash and cash equivalents		(2.7)	2.7
Cash and cash equivalents at the beginning of the year		**14.0**	**11.0**
Effect of foreign exchange rate changes		(0.3)	(1.3)
Cash and cash equivalents at the end of the year			
Bank balances and cash		**11.0**	**12.4**

Consolidated Balance Sheets
as at 31 December 2006 and 2007

	Notes	2006 €m	2007 €m
Assets			
Non-current assets			
Property, plant and equipment	16	271.0	277.4
Intangible assets	17	2.8	2.2
Long term receivable	18	4.5	4.6
Retirement benefit surplus	35 iv	29.9	32.5
		308.2	**316.7**
Current assets			
Inventories	19	0.6	1.3
Trade and other receivables	20	53.5	46.6
Derivative financial instruments	26	0.5	0.6
Cash and cash equivalents	21	11.0	12.4
		65.6	60.9
Asset classified as held for sale	22	-	9.0
		65.6	**69.9**
Total assets		**373.8**	**386.6**
Equity and liabilities			
Equity			
Share capital	23	15.9	16.5
Share premium	24	40.6	48.1
Other reserves	24	5.9	(5.7)
Retained earnings	24	115.9	153.4
Equity attributable to equity holders of the parent		**178.3**	**212.3**
Non-current liabilities			
Borrowings	25	110.3	83.5
Deferred tax liabilities	27	5.6	6.2
Provisions	29	0.4	0.3
Deferred grant	30	1.4	1.3
Retirement benefit obligation	35 iv	10.1	6.6
		127.8	**97.9**
Current liabilities			
Borrowings	25	14.5	13.4
Trade and other payables	28	47.1	57.2
Current tax liabilities	28	4.3	5.3
Provisions	29	1.7	0.4
Deferred grant	30	0.1	0.1
		67.7	**76.4**
Total liabilities		**195.5**	**174.3**
Total equity and liabilities		**373.8**	**386.6**

1. STATEMENT OF SIGNIFICANT POLICIES

The accounting policy for deferred revenue and the presentation of the financial statements in relation to the expected return on scheme assets and the interest on scheme liabilities have been amended in 2006 and the impact of these changes are set out in notes 7 and 9.

The significant accounting polices adopted by the Group are as follows:

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS). The financial statements have also been prepared in accordance with IFRS as adopted by the European Union and therefore the Groups financial statements comply with Article 4 of the IAS Regulations. The financial statements have also been prepared in accordance with the Companies Acts 1963 to 2006, and the Listing Rules of the Irish and London Stock Exchanges.

The financial statements have been prepared on the historical cost basis except for the revaluation of financial instruments. The significant accounting policies adopted by the Group are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in the present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

Revenue recognition.

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

Passenger ticket revenue is recognised at the date of travel. Unused tickets are treated as revenue in accordance with the Group's terms and conditions of sale. Freight revenue is recognised at the date of transportation. Revenue from passenger tickets sold before the year end for a travel date after the year end is included in the balance sheet in current liabilities under the caption "trade and other payables".

Cash revenue from on-board sales is recognised immediately.

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

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Non trading (charge) / credit

Non trading charges and credits 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. Judgement is used by the Group in assessing the particular items which should be disclosed in the Income Statement and related notes as non trading items.

Leasing

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

The Group as lessee

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

The capital element of future lease rentals is treated as a liability and is included in the Consolidated Balance Sheet as a finance lease obligation. The interest element of lease payments is charged to the Consolidated Income Statement over the period of the lease in proportion to the balance outstanding.

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

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

The Group as lessor

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

Foreign currencies

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

In preparing the financial statements of the individual Companies transactions in currencies other than theentity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items, are included in the income statement for the year.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group foreign operations are expressed in euros using exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rate fluctuatesignificantly during the period, in which case the exchange rates at the date of transactions are used.

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

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

Borrowing costs

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

All other borrowing costs are recognised in the Consolidated Income Statement in the year in which they are incurred.

Government grants

Grants of a capital nature are treated as deferred income and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement in the same periods as the related expenditure is charged.

Retirement benefit costs

For defined benefit plans, the cost of providing benefits and the liabilities of the plans are determined using the projected unit credit method, with actuarial valuations being carried out by independent and professionally qualified actuaries at each balance sheet date.

Current service cost, interest cost and return on plan assets are recognised in the Consolidated Income Statement. Actuarial gains and losses are recognised in full in the period in which they occur in the Statement of Recognised Income and Expense. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

In addition to the pension schemes operated by the Group, certain employees are included in the Merchant Navy Officers Pension Fund. This scheme is treated as a defined benefit scheme included with the other Group schemes.

The expected return on scheme assets has been recorded under Investment revenue and the Interest on scheme liabilities has been recorded in the Income Statement under Finance costs.

The surplus or deficit on the Group's defined benefit pension plans is recognised in full in the Consolidated Balance Sheet. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

Finance costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, gains and losses on hedging instruments that are recognised in the Consolidated Income Statement and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the Consolidated Income Statement using the effective interest rate method. The finance cost on defined benefit pension scheme liabilities is recognised in the Consolidated Income Statement in accordance with IAS 19.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

A proportion of the Group's profits fall within the charge to Tonnage Tax, under which regime taxable profits are relieved to an amount based on the tonnage of vessels employed during the year. The tonnage tax charge is included within the income tax charge in the Consolidated Income Statement.

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

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

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

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

Property, plant and equipment

Passenger ships

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

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

In considering residual values of passenger ships, the directors have based the valuation on the current scrap value of the ships per light displacement ton. Residual values are reviewed annually and updated if required. Estimations of economic life and residual values of ships are a key judgemental estimate in the financial statements.

For passenger ships, hotel and catering components are depreciated over 10 years. Hull and machinery components are depreciated over the useful lives of the ships of 15 years for fast ferries and 30 years to residual value for conventional ferries.

The carrying values of passenger ships are reviewed for impairment when there is any indication that the carrying values may not be recoverable in which case the assets are written down to their recoverable amount.

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

Other assets

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

Freehold land is not depreciated.

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

Depreciation on the tangible fixed assets is charged so as to write off the cost or deemed cost of assets, other than land and properties under construction, over the estimated useful lives, using the straight-line method, on the following bases:

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

Assets under construction, the construction of which falls into two or more accounting periods are recorded at the cost incurred to date and no depreciation is charged on these amounts. Depreciation commences when the assets are ready for their intended use. Cost includes borrowing costs capitalised in accordance with the Group's accounting policies.

Intangible assets

Computer Software

Costs incurred on the acquisition of computer software are capitalised, as are costs directly associated with developing computer software programmes, if they meet the recognition criteria of IAS 38. Computer software costs recognised as assets are written off over their estimated useful lives, which is normally 5 years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognises as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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

Inventories

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

Financial instruments

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

Trade receivables

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

Trade receivables are classified as loans and receivables which are measured at amortised cost.

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in the Consolidated Income Statement when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Investments are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value. Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in Consolidated Income Statement for the period. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly into equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the Consolidated Income Statement for the period. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available –for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

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

Financial liabilities and equity

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

Bank borrowings

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

Trade payables

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

Equity instruments

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

Derivative financial instruments and hedge accounting

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

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

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

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

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

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value, with gains or losses reported in the income statement.

Provisions

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

Share-based payments

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

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

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

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

Treasury shares

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

Segmental analysis

The Group's primary format for segmental reporting is business segments. The risks and returns of the Group's operations are primarily determined by the different services that the Group offers. The Group has two business segments, Ferries and Container and Terminal. Corporate activities, such as the cost of corporate stewardship, are reported along with the elimination of inter-group activities under the heading "Unallocated Liabilities".

Segment assets and liabilities consist of property, plant and equipment and other assets and liabilities that can be reasonably allocated to the reported segment. Unallocated segment assets and liabilities mainly include current and deferred income tax balances together with financial assets and liabilities.

The Group's secondary format for segmental reporting is geographical segments. There is no significant difference in risk profile between the routes the Group operates i.e. between geographical areas. Given that the Group is primarily an operator of ships, there is no reasonable basis upon which to assign its main assets, ships, to any geographical area. Therefore the Group presents geographical information only in relation to where revenues are earned.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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 that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these amounts.
The estimates and underlying assumptions are reviewed on an ongoing basis.

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

Post-retirement benefits
The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals €258.1 million at 31 December 2007. At 31 December 2007 the Group also has plan assets totalling €284.0 million , giving a net pension asset of €25.9 million. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the plan asset is also sensitive to asset return levels and the level of contributions from the Group.

Deferred tax
Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

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

3. GENERAL INFORMATION

Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland under the Companies Acts 1963 to 2006. The principal activities of the Group are described in note 6.

The Group operates a passenger and freight shipping service between Ireland and France.

4. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the 2007, the Group has adopted IFRS 7 Financial Instruments: Disclosures which is effective for annual reporting periods beginning on or after 1 January 2007 and the consequential amendments to IAS 1 Presentation of Financial Statements.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Group's financial instruments and management of capital (see note 40).

Four interpretations issued by the International Financial Reporting Interpretations Committee are effective for 2007 also. These are: IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies; IFRIC 8 Scope of IFRS 2; IFRIC 9 Reassessment of embedded derivatives; and IFRIC 10 Interim reporting and impairments. The adoption of these interpretations has not led to any changes in the Group's accounting policies.

In 2006, the Group adopted the Amendments to International Accounting Standard (IAS) 39 Financial Instruments: recognition and measurement and International Financial Reporting Standard (IFRS) 4 Insurance contracts. There has been no impact on opening reserves or results to date in relation to the implementation of these new standards.

In 2005, the group adopted IAS 39 Financial Instruments. The impact of this at 31 December 2005 was an increase in trade and other payables by €0.1 million.

5. REVENUE

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

	2005 As Restated €m	**2006 €m**	**2007 €m**
Continuing operations			
Ferries	162.5	170.0	197.9
Containers & Terminal	136.4	142.6	158.4
Intersegment	(0.4)	(0.5)	(0.5)
	298.5	312.1	355.8

6. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group is currently organised into two operating divisions – Ferries and Container & Terminal. These divisions are the basis on which the Group reports its primary segment information.

The principal activities of the Ferries division are the operation and external charter of combined RoRo passenger ferries. The principal activities of the Container & Terminal division are the provision of door-to-door and feeder LoLo freight services, stevedoring and container storage.

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

	Ferries	**Container & Terminal**	**Total (all continuing operations)**
2005	**€m**	**€m**	**€m**
Revenue			
External sales	162.5	136.4	298.9
Inter-segment sales	-	(0.4)	(0.4)
Total revenue from continuing operations	162.5	136.0	298.5

Inter-segment sales are charged at prevailing market prices.

Result	**€m**	**€m**	**€m**
Opening profit from continuing operations	13.9	4.2	18.1
Non recurring charge			(31.6)
Investment income			14.1
Finance costs			(15.6)
Loss before tax			(15.0)
Income tax expense			(0.8)
Loss for the year from continuing operations			(15.8)

Other Information	Ferries	Container & Terminal	Total (all continuing operations)
Capital additions	10.9	2.6	13.5
Depreciation and amortisation	23.9	3.8	27.7

Balance sheet	**€m**	**€m**	**€m**
Assets			
Segment assets	282.3	55.0	337.3
Cash and cash equivalents			14.0
Unallocated assets			4.9
Consolidated total assets			356.2

	€m	**€m**	**€m**
Liabilities			
Segment liabilities	31.3	22.7	54.0
Debt			119.9
Unallocated liabilities			41.9
Consolidated total liabilities			215.8

2006	Ferries	Container & Terminal	Total (all continuing operations)
	€m	€m	€m
Revenue			
External sales	170.0	142.6	312.6
Inter-segment sales	-	(0.5)	(0.5)
Total revenue from continuing operations	170.0	142.1	312.1

Inter-segment sales are charged at prevailing market prices.

Result			
	€m	€m	€m
Operating profit from continuing operations	28.6	3.6	32.2
Non trading credit			0.7
Investment income			18.3
Finance costs			(17.9)
Profit before tax			33.3
Income tax expense			(1.0)
Profit for the year from continuing operations			32.3

Other Information			
Capital additions	8.7	3.3	12.0
Depreciation and amortisation	24.2	3.3	27.5

Balance sheet	€m	€m	€m
Assets			
Segment assets	299.3	59.0	358.3
Cash and cash equivalents			11.0
Unallocated assets			4.5
Consolidated total assets			373.8
	€m	€m	€m
Liabilities			
Segment liabilities	37.6	23.5	61.1
Debt			124.8
Unallocated liabilities			9.6
Consolidated total liabilities			195.5

2007	Ferries	Container & Terminal	Total (all continuing operations)
	€m	€m	€m
Revenue			
External sales	197.9	158.4	356.3
Inter-segment sales	-	(0.5)	(0.5)
Total revenue from			
continuing operations	197.9	157.9	355.8

Inter-segment sales are charged at prevailing market prices.

Result			
Operating profit			
from continuing operations	40.9	9.2	50.1
Non trading charge			(10.1)
Investment income			20.6
Finance costs			(19.9)
Profit before tax			40.7
Income tax expense			(2.4)
Profit for the year from continuing operations			38.3

Other Information			
Capital additions	49.7	8.7	58.4
Depreciation and amortisation	27.1	3.0	30.1

Balance sheet	€m	€m	€m
Assets			
Segment assets	301.1	68.5	369.6
Cash and cash equivalents			12.4
Unallocated assets			4.6
Consolidated total assets			386.6
	€m	€m	€m
Liabilities			
Segment liabilities	43.9	23.2	67.1
Debt			96.9
Unallocated liabilities			10.3
Consolidated total liabilities			174.3

Revenue Split on the Basis of Geographical Origin

As noted in the Statement of Significant Accounting Policies the Group's secondary format for segmental reporting is geographical segments. There is no significant difference in risk profile between the routes the Group operates i.e. between geographical areas. Given that the Group is primarily an operator of ships there is no reasonable basis upon which to assign its main assets, ships, to any geographical area.
Therefore, the Group presents geographical information relating only to where revenues are earned.

	2005 As Restated €m	**2006 €m**	**2007 €m**
Ireland	124.5	129.5	150.5
United Kingdom	92.5	78.8	75.7
Continental Europe	81.5	103.8	129.6
	298.5	312.1	355.8

7. CHANGE IN ACCOUNTING POLICY

The Group made changes to its accounting policies in 2006. Prior to 2006, unused tickets were recognised as revenue based on management's knowledge and experience of the business. As a result of changes in the business the policy now is to treat unused tickets as revenue in accordance with the Group's current terms and conditions of sale. The 2005 figures have been restated in accordance with the new policy.

This adjustment gives rise to a cumulative increase in reserves of €1.7 million at 1 January 2005 and a cumulative increase in reserves of €1.5 million at 1 January 2006.

The figures in 2005 have been restated in accordance with the new policy, resulting in a charge to the income statement of €0.2 million for the year ended 31 December 2005 and a decrease in deferred revenue accruals as previously reported in the balance sheet at 31 December 2005 of €1.5 million as follows:

	Revenue €m	**Deferred Revenue Accruals €m**	**Retained Earnings €m**
As previously reported at 31 December 2005	298.7	1.8	77.7
Deferred revenue restatement –			
Income Statement effect	(0.2)	-	-
Balance Sheet effect	-	(1.5)	1.5
	298.5	0.3	79.2

8. EMPLOYEE BENEFITS EXPENSE

	2005 As Restated	2006	2007
The average number of employees during the year was as follows:			
Ferries	580	363	304
Container & Terminal	515	167	176
	1,095	530	480
The number of employees at year end was	1,055	479	474

	€m	€m	€m
Aggregate costs of employee benefits were as follows:			
Wages and salaries	43.5	27.1	27.3
Social welfare charge	4.1	2.2	2.2
Retirement benefit costs (note 35 vii)	10.2	3.2	2.8
Share options expense	0.1	0.4	0.5
Non trading credit (note 9)	31.6	(0.7)	-
	89.5	32.2	32.8
Less non trading credit included above	(31.6)	0.7	-
	57.9	32.9	32.8

9. NON TRADING (CHARGE) / CREDIT

	2005 As Restated €m	2006 €m	2007 €m
Takeover costs	-	-	(10.1)
PRSI rebate credit	(2.5)	4.4	-
Restructuring costs	(29.1)	(3.7)	-
	(31.6)	0.7	(10.1)

Takeover costs

During the 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. Amounts claimed by Moonduster Limited are not included in the above figure (note 39).

PRSI rebate

The credit of €4.4 million in 2006 represents rebates of Seafarers' PRSI under the relevant scheme. In 2005, as a result of a delay in enacting the relevant legislation renewing the PRSI scheme, a charge of €2.5 million was created against the PRSI rebate recorded as a debtor at 31 December 2004. This €2.5 million was included in Employee Benefit Expenses in the Income Statement in 2005 but has been reclassified, as reported above.

Restructuring costs

The restructuring charge in 2006 of €3.7 million comprises redundancy costs in respect of applicants for the severance package announced in 2006, in addition to those that were provided in 2005. The €29.1 million in 2005 relates to the voluntary redundancy package offered to all relevant staff members under the outsourcing programme, which is net of a pension curtailment credit of €5.4 million in 2005.

10. INVESTMENT REVENUE

	2005 As Restated €m	**2006 €m**	**2007 €m**
Interest on bank deposits	0.3	0.3	0.7
Expected return on defined benefit pension			
scheme assets (note 35 vii)	13.1	17.8	19.3
Other financial income	0.7	0.2	0.6
	14.1	18.3	20.6

11. FINANCE COSTS

	2005 As Restated €m	**2006 €m**	**2007 €m**
Interest on bank overdrafts and loans	5.1	5.7	6.0
Interest on obligations under finance leases	0.5	0.3	0.3
Interest on defined benefit pension scheme			
liabilities (note 35 vii)	9.9	11.7	13.4
Interest on other balances	0.1	0.2	0.2
	15.6	17.9	19.9

12. INCOME TAX EXPENSE

	2005 As Restated €m	**2006 €m**	**2007 €m**
Current tax	1.0	0.9	2.1
Deferred tax (note 27)	(0.2)	0.1	0.3
Income tax expense for the year	0.8	1.0	2.4

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax method. Under the tonnage tax method, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised. Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax system. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The total charge for the year can be reconciled to the accounting profit as follows:

	2005 As Restated €m	2006 €m	2007 €m
Profit before tax from continuing operations	(15.0)	33.3	40.7
Tax at the domestic income tax rate of 12.5%	(1.9)	4.2	5.1
Effect of depreciation in excess of capital allowances	0.1	0.1	0.6
Effect of income, expenses and credits excluded			
in determining taxable profit	(0.4)	(0.2)	(1.8)
Effect of other timing differences	0.1	(0.1)	0.1
Adjustment in respect of previous period	-	0.1	-
Effect of utilisation of tax losses	(0.3)	(0.4)	(0.2)
Effect of unused tax losses carried forward	0.9	0.1	(0.4)
Effect of different tax rates of subsidiaries			
operating in other jurisdictions	0.4	0.4	1.2
Effect of higher rates of tax on other income	-	-	0.1
Effect of tonnage relief	2.1	(3.3)	(2.6)
Income tax expense recognised in Consolidated			
Income Statement	1.0	0.9	2.1

13. (LOSS) / PROFIT FOR THE YEAR

(Loss) / profit for the year has been arrived at after charging / (crediting):

	2005 As Restated €m	2006 €m	2007 €m
Amortisation of intangible assets (note 17)	0.8	1.1	1.0
Depreciation of property, plant and equipment (note 16)	27.0	26.5	29.2
	27.8	27.6	30.2
Amortisation of deferred grant (note 30)	(0.1)	(0.1)	(0.1)
Net depreciation and amortisation expense	27.7	27.5	30.1
Auditors' remuneration			
for audit services	0.2	0.2	0.3
for audit related services	-	-	0.2
for tax compliance services	0.1	0.1	0.1

14. REDEMPTION OF REDEEMABLE SHARES

	2005 As Restated €m	2006 €m	2007 €m
Redemption of one redeemable share for 19.2c	-	4.6	-
Redemption of one redeemable share for 10.92c	-	2.6	-
Redemption of one redeemable share for 17.25c	4.0	-	-
Redemption of one redeemable share for 9.91875c	2.3	-	-
	6.3	7.2	-

15. EARNINGS PER SHARE – ALL FROM CONTINUING OPERATIONS

	2005 As Restated Cent	2006 Cent	2007 Cent
Basic earnings per share	(67.8)	137.4	160.9
Diluted earnings per share	-	136.9	158.9
Adjusted basic earnings per share	54.1	108.5	178.6
Adjusted diluted earnings per share	53.4	108.1	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:

	2005 As Restated €m	2006 €m	2007 €m
Earnings			
Earnings for the purposes of basic earnings per share -			
Loss/profit for the year attributable to equity holders			
of the parent	(15.8)	32.3	38.3
Earnings for the purposes of diluted earnings per share	(15.8)	32.3	38.3
Earnings for the purposes of basic earnings per share -			
(Loss) / profit for the year attributable to equity holders of the parent	(15.8)	32.3	38.3
Effect of non trading charge / (credit)	31.6	(0.7)	10.1
Effect of expected return on defined benefit pension			
scheme assets	(13.1)	(17.8)	(19.3)
Effect of interest on defined benefit pension scheme			
liabilities	9.9	11.7	13.4
Earnings for the purposes of adjusted earnings per share	12.6	25.5	42.5
Number of shares	**€m**	**€m**	**€m**
Weighted average number of ordinary shares for the			
purposes of basic earnings per share	23.3	23.5	23.8
Effect of dilutive potential ordinary shares: Share options	0.3	0.1	0.3
Weighted average number of ordinary shares for			
the purposes of diluted adjusted earnings per share	23.6	23.6	24.1

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the year (note 23).

The figures used in both the adjusted basic and diluted earnings per share have been adjusted to take into account the non trading charge or credit together with the net figure for the expected return on defined benefit pension scheme assets and the interest on defined pension scheme liabilities (note 35).

Management consider the adjusted earnings per share calculation to be a better indication of the continuing underlying performance of the Group.

16. PROPERTY, PLANT AND EQUIPMENT

	Assets Under Construction €m	**Passenger Ships €m**	**Plant and Equipment €m**	**Vehicles €m**	**Land and Buildings €m**	**Total €m**
Cost						
At 1 January 2006	-	384.8	58.6	2.3	24.5	470.2
Additions	0.7	6.1	3.9	0.7	-	11.4
Exchange differences	-	(4.1)	-	-	-	(4.1)
Disposals	-	(6.4)	-	(0.5)	-	(6.9)
At 1 January 2007	0.7	380.4	62.5	2.5	24.5	470.6
Additions	0.5	48.8	8.1	0.6	-	58.0
Reclassification	(0.7)	-	0.7	-	-	
Classified as held for						
sale	-	(22.8)	-	-	-	(22.8)
Exchange differences	-	(23.2)	(0.1)	-	-	(23.3)
Disposals	-	(5.2)	(4.3)	(0.3)	-	(9.8)
At 31 December 2007	0.5	378.0	66.9	2.8	24.5	472.7
Accumulated depreciation						
At 1 January 2006	-	136.6	37.5	1.4	6.9	182.4
Depreciation charge						
for the year	-	21.7	3.9	0.4	0.5	26.5
Exchange differences	-	(2.4)	-	-	-	(2.4)
Eliminated on disposals	-	(6.4)	-	(0.5)	-	(6.9)
At 1 January 2007	-	149.5	41.4	1.3	7.4	199.6
Depreciation charge						
for the year	-	25.0	3.5	0.4	0.3	29.2
Classified as held for						
sale	-	(13.8)	-	-	-	(13.8)
Exchange differences	-	(9.8)	(0.1)	-	-	(9.9)
Eliminated on disposals	-	(5.2)	(4.3)	(0.3)	-	(9.8)
At 31 December 2007	-	145.7	40.5	1.4	7.7	195.3
Carrying amount						
At 31 December 2007	0.5	232.3	26.4	1.4	16.8	277.4
At 31 December 2006	0.7	230.9	21.1	1.2	17.1	271.0

The carrying amount of the Group's plant and equipment and vehicles includes an amount of €14.2 million (2006: €14.1 million) in respect of assets held under finance leases.

Certain of the Group's borrowings are secured on ships which have a carrying amount of €93.5 million (2006: €108.0 million).

17. INTANGIBLE ASSETS

	2006 €m	2007 €m
Cost		
At beginning of year	6.0	6.6
Additions	0.6	0.4
At end of year	6.6	7.0
Amortisation		
At beginning of year	2.7	3.8
Charge for the year	1.1	1.0
At end of year	3.8	4.8
Carrying amount		
At end of year	2.8	2.2
At beginning of year	3.3	2.8

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

18. LONG TERM RECEIVABLE

The Long term receivable represents the amortised amount of the net benefit due to the Group arising from a leasing transaction in respect of two of the group's vessels.

The amounts due will be repaid on or before the lease expires in 2018.

19. INVENTORIES

	2006 €m	2007 €m
Fuel and lubricating oil	0.4	1.1
Catering and other stocks	0.2	0.2
	0.6	1.3

20. TRADE AND OTHER RECEIVABLES

	2006	2007
	€m	€m
Trade receivables	42.3	39.8
Allowance for doubtful debts	(1.7)	(1.5)
	40.6	38.3
Prepayments	5.4	4.8
Other receivables	7.5	3.5
	53.5	46.6

The directors consider that the carrying amount of trade and other receivables approximates their fair value. The Group reviews all receivables that are past their agreed credit terms and assess whether any amounts are irrecoverable, determined by reference to past default experience, together with any particular risk factor applicable to an individual customer.

The Group extends credit to certain trade customers after conducting a credit risk assessment. The average credit terms applied range from seven days to sixty days. Year end trade receivable represents 41 days sales at 31 December 2007 (2006: 49 days).

The Group's trade receivables are analysed as follows;

	2006	2007
	€m	€m
Within terms	35.9	35.6
Outside terms		
- within 3 months	5.1	3.1
- after 3 months	1.3	1.1
	42.3	39.8

Credit risk
The Group's principal financial assets are bank balances and cash, and trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Movement in the allowance for doubtful debts

	2006	2007
	€m	€m
Balance at beginning of the year	1.8	1.7
Amounts written off during the year	(0.2)	(0.1)
Increase/(decrease) in provision in		
the year	0.2	(0.1)
Amounts recovered during the year	(0.1)	-
Balance at end of year	1.7	1.5

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

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

21. CASH AND CASH EQUIVALENTS

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

22. ASSETS CLASSIFIED AS HELD FOR SALE

	2006 €m	2007 €m
Ship held for sale	-	9.0

On 30 November 2007 the Oscar Wilde commenced service on the Ireland France route, in place of the MV Normandy which became surplus to the Groups operational requirements and was offered for sale (note 41). No impairment loss arose on reclassification of the MV Normandy as held for sale or as at 31 December 2007.

23. SHARE CAPITAL

Authorised	**Number €m**	**2006 €m**	**2007**
Ordinary shares of par value €0.65 each	45,000,000	29.3	29.3
Redeemable shares of par value €0.0001 each	450,000,000	-	-
		29.3	29.3

	2006		**2007**	
Allotted, called up and fully paid:	**Number**	**€m**	**Number**	**€m**
Ordinary shares				
At beginning of year	24,250,958	15.8	24,406,208	15.9
Share issue	155,250	0.1	1,027,500	0.6
At end of year	24,406,208	15.9	25,433,708	16.5
Redeemable shares				
At beginning of year	121,254,790	-	73,218,624	-
Share issue	702,450	-	3,082,500	-
Redemption of redeemable shares – transfer				
to Capital Redemption Reserve	(48,738,616)	-	-	-
At end of year	73,218,624	-	76,301,124	-

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

Redeemable shares do not entitle holders to any dividend or any right to participate in the profit or assets of the Company other than to the repayment of a sum equal to the nominal value of 0.01 cent per share on a winding up of the Company. Redeemable shares do not entitle the holder to attend, speak or vote at the Annual General Meeting.

The Company has one class of share unit, comprising one ordinary share and ten redeemable shares, or such number of redeemable shares as remains after any redemption of such shares. At 31 December 2007 the number of such redeemable shares is three (2006: three). The share unit carries no right to fixed income.

Included in the share capital above are 899,500 (2006: 899,500) ICG share units which are held as treasury shares. In prior years, retained earnings have been reduced by €10.0 million in relation to these treasury shares.

24. RECONCILIATION OF SHAREHOLDERS FUNDS

2006	**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 2006	**15.8**	**39.6**	**2.2**	**0.1**	**(0.1)**	**3.6**	**79.2**	**140.4**
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**0.6**	**(0.9)**	**43.9**	**43.6**
Share issue	0.1	-	-	-	-	-	-	0.1
Exercise of share options -								
shares issued at premium	-	1.0	-	-	-	-	-	1.0
Employee share options								
expense	-	-	-	0.4	-	-	-	0.4
Redemption of redeemable								
share capital	-	-	-	-	-	-	(7.2)	(7.2)
	0.1	**1.0**	**-**	**0.4**	**0.6**	**(0.9)**	**36.7**	**37.9**
Balance at 31 December 2006	**15.9**	**40.6**	**2.2**	**0.5**	**0.5**	**2.7**	**115.9**	**178.3**
Analysed as follows:								
Share capital								15.9
Share premium								40.6
Other reserves								5.9
Retained earnings								115.9
								178.3

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 year	-	-	-	-	**0.1**	**(12.2)**	**37.5**	**25.4**
Share issue	0.6	-	-	-	-	-	-	0.6
Exercise of share options -								
shares issued at premium	-	7.5	-	-	-	-	-	7.5
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

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

Capital reserves
This consists of reserves arising on consolidation and the capital redemption reserve. Reserves arising on consolidation relate to the acquisition of a subsidiary. At 31 December 2007 the reserve balance stands at €0.1 million. The balance is unchanged from 1 January 2006 and 1 January 2007.

The Capital Redemption reserve represents the nominal value of share capital repurchased. At 31 December 2007 the reserve balance stands at €2.1 million. The balance is unchanged from 1 January 2006 and 1 January 2007.

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

Hedging reserve
The hedging reserve represents the fair value of derivative financial instruments.

Translation reserve
The translation reserve represents the value of retranslation of the reserves of subsidiary companies.

25. BORROWINGS

	2006 €m	**2007** €m
Bank overdrafts	0.1	0.1
Bank loans	117.1	91.7
Finance lease liabilities	7.6	5.1
	124.8	96.9

	2006 €m	**2007** €m
On demand or within one year	14.5	13.4
In the second year	14.0	10.7
In the third year	10.5	72.0
In the fourth year	85.0	0.4
Fifth year and after	0.8	0.4
	124.8	96.9
Less: Amount due for settlement		
within 12 months (shown under		
current liabilities)	(14.5)	(13.4)
Amount due for settlement after		
12 months	110.3	83.5

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

	Euro €m	**Sterling** €m	**US Dollar** €m	**Total** €m
2006				
Bank overdrafts	0.1	-	-	0.1
Bank loans	85.8	16.7	14.6	117.1
Finance leases	7.6	-	-	7.6
	93.5	16.7	14.6	124.8

2007	**Euro** €m	**Sterling** €m	**US Dollar** €m	**Total** €m
Bank overdrafts	0.1	-	-	0.1
Bank loans	72.8	7.7	11.2	91.7
Finance leases	5.1	-	-	5.1
	78.0	7.7	11.2	96.9

Finance leases

	Mimimum Lease Payments		Present Value of Minimum Lease Payments	
	2006	**2007**	**2006**	**2007**
	€m	**€m**	**€m**	**€m**
Amounts payable under finance leases:				
Within one year	2.8	2.4	2.6	2.2
In the second to fifth years inclusive	5.0	3.0	4.6	2.8
After five years	0.4	0.1	0.4	0.1
	8.2	5.5	7.6	5.1
Less: future finance charges	(0.6)	(0.4)	-	-
Present value of lease obligations	7.6	5.1	7.6	5.1
Less: Amount due for settlement within				
12 months (shown under current				
liabilities)	(2.6)	(2.2)	(2.6)	(2.2)
Amount due for settlement after				
12 months	5.0	2.9	5.0	2.9

It is the Group's policy to lease certain of its plant and equipment under finance leases. Lease terms vary from 3 to 12 years for the Group depending on the type of asset. For the year ended 31 December 2007, the average effective borrowing rate was 4.1% (2006: 4.3%) in the Group. Interest rates are fixed at the contract date, and thus expose the Group to fair value interest rate risk. All leases are on a fixed repayment basis.

The fair value of the Group lease obligations approximates their carrying amount.

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

Financing facilities

	2006	**2007**
	€m	**€m**
Unsecured bank overdraft and guarantee facility –		
reviewed annually and payable at call:		
amount used	1.2	0.6
amount unused	5.4	6.0
	6.6	6.6
Unsecured bank loan facilities with various		
maturity dates through to 2010: -		
amount used	100.3	84.0
amount unused	21.4	34.3
	121.7	118.3
Secured bank loan facilities with various		
maturity dates through to 2008: -		
amount used	16.7	7.7
amount unused	-	-
	16.7	7.7

The weighted average interest rates paid were as follows:

	2006	2007
Bank overdrafts	4.5%	5.6%
Bank loans	4.4%	5.1%

All borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Bank overdrafts are repayable on demand and are unsecured. The average effective interest rate on bank overdrafts is calculated by reference to the lenders prime rate and approximated 5.6% (2006: 4.5%) for the Group in the year.

The bank loans have been drawn under a Multicurrency and Revolving Facilities agreement dated 4th October 2005. At 31 December 2007 €7.7 million (2006: €16.7 million) of the amounts drawn were secured by statutory marine mortgages on two of the Group's vessels. The balance of the drawings in the Group were unsecured.

The Group is in compliance with the covenants contained in its banking agreements.

Interest on all debt is calculated by reference to inter bank interest rates (EURIBOR and LIBOR). At 31 December 2007 the Group had two principal drawings under the Group loan facility:

(a) Amortising Debt of €26.0 million repayable in three annual instalments and
(b) Revolving Debt of €65.7 million repayable by 4th October 2010.

At 31 December 2007, the Group had available €40.3 million (2006: €26.8 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met.

26. DERIVATIVE FINANCIAL INSTRUMENTS

	2006		2007	
	Assets €m	**Liabilities €m**	**Assets €m**	**Liabilities €m**
Interest rate swaps				
– current assets	0.5	-	0.6	-

Interest rate swaps
The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowing by swapping a proportion of those borrowings from floating rates to fixed rates. Contracts with nominal values of €40.5 million have fixed interest payments at an average rate of 3.5% for periods up until 2009 and have floating interest receipts calculated by reference to EURIBOR at each interest fixing date.

The fair value of swaps entered into at 31 December 2007 is estimated at €0.6 million (2006: €0.5 million) for the Group. These amounts are based on quoted market prices for equivalent instruments at the balance sheet date. All of these interest rate swaps are designated and effective as cashflow hedges and the fair value thereof has been deferred in equity. Cashflows under these contracts are expected to arise over the life of the contract which range from 4 to 9 months from the balance sheet date.

Receipts totalling €0.3 million (2006: receipts of €0.1 million) have been included in Group interest payments made in the period.

Currency derivatives
The Group utilises currency derivatives to hedge future cash flows in the management of its exchange rate exposures. At 31 December 2007 and 31 December 2006 the Group had no unsettled foreign currency forward contracts.

Interest rate risk profile of financial assets and liabilities
The interest rate and currency profile of the Group's borrowings as at 31 December was as follows:

2006	Euro €m	Sterling €m	US Dollar €m	Total €m
Fixed rate debt	(51.2)	-	-	(51.2)
Variable rate debt	(42.3)	(16.7)	(14.6)	(73.6)
Gross debt	(93.5)	(16.7)	(14.6)	(124.8)
Cash deposits	5.8	4.5	0.7	11.0
Net debt	(87.7)	(12.2)	(13.9)	(113.8)
Weighted average fixed rate	4.3%	-	8.1%	4.3%
Weighted average period of				
fixed interest (years)	3.5	-	9.1	3.5

2007	Euro €m	Sterling €m	US Dollar €m	Total €m
Fixed rate debt	(45.6)	-	-	(45.6)
Variable rate debt	(32.4)	(7.7)	(11.2)	(51.3)
Gross debt	(78.0)	(7.7)	(11.2)	(96.9)
Cash deposits	8.4	2.9	1.1	12.4
Net debt	(69.6)	(4.8)	(10.1)	(84.5)
Weighted average fixed rate	4.2%	-	-	4.2%
Weighted average period of				
fixed interest (years)	3.5	-	-	3.5

27. DEFERRED TAX LIABILITIES

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

In the Group taxable losses, in excess of expected future reversing taxable temporary differences, have been incurred that are available for offset against future taxable profits.

A deferred tax asset has not been recognised in respect of these losses where suitable taxable profits are not expected to arise within the next financial year.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

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

2006	Accelerated Tax Depreciation €m	Tax Losses €m	Retirement Benefit Obligation €m	Total €m
At beginning of year	6.6	(2.2)	0.5	4.9
(Credit) / charge to the income				
statement for the year	(0.6)	0.5	0.2	0.1
Charge to the Statement of				
Recognised Income and Expenses	-	-	0.5	0.5
Exchange differences	0.1	-	-	0.1
At end of year	6.1	(1.7)	1.2	5.6

2007	Accelerated Tax Depreciation €m	Tax Losses €m	Retirement Benefit Obligation €m	Total €m
At beginning of year	6.1	(1.7)	1.2	5.6
(Credit) / charge to the Income				
Statement for the year	(0.1)	0.3	0.1	0.3
Charge to the Statement of				
Recognised Income and Expenses	-	-	0.7	0.7
Exchange differences	(0.4)	0.1	(0.1)	(0.4)
At end of year	5.6	(1.3)	1.9	6.2

Unrecognised deferred tax assets
The estimated value of the deferred tax asset not recognised is €0.9 million (2006: €0.6 million) in the Group. These amounts are analysed as follows:

	2006 €m	2007 €m
Accelerated capital allowances	(0.1)	-
ACT not immediately recoverable	0.1	0.1
Tax losses carried forward	0.6	0.8
Deferred tax asset not recognised	0.6	0.9

28. TRADE AND OTHER PAYABLES

	2006 €m	2007 €m
Trade creditors and accruals	47.1	57.2
- payable within one year	47.1	57.2
- payable after one year	-	-
	47.1	57.2

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing.

The directors consider that the carrying amount of trade payables approximates their fair value.

The average credit period outstanding was 63 days at 31 December 2007 (2006: 61 days). Certain suppliers reserve the right to charge interest on balances past their due date.

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

Taxation amounts payable by the Group at 31 December are as follows:

	2006 **€m**	**2007** **€m**
Corporation tax	1.4	2.6
Payroll taxes	1.0	1.3
Pay related social insurance	0.5	0.4
Value added tax	1.4	1.0
	4.3	5.3

29. PROVISIONS

2006	**Claims Provision €m**	**Restructuring Provision €m**	**Total €m**
At beginning of year	1.2	33.0	34.2
Additional provision in the year	-	3.7	3.7
Utilisation of provision	(0.4)	(35.4)	(35.8)
At end of year	0.8	1.3	2.1
Analysed as:			
Current liabilities	0.4	1.3	1.7
Non-current liabilities	0.4	-	0.4
	0.8	1.3	2.1

2007	**Claims Provision €m**	**Restructuring Provision €m**	**Total €m**
At beginning of year	0.8	1.3	2.1
Additional provision in the year	-	-	-
Utilisation of provision	(0.1)	(1.3)	(1.4)
At end of year	0.7	-	0.7
Analysed as:			
Current liabilities	0.4	-	0.4
Non-current liabilities	0.3	-	0.3
	0.7	-	0.7

The claims provision comprises the insurance excess payable by the Group in a number of potential compensation claims, principally from passengers. It is estimated that 50% of these claims will be settled within one year.

30. DEFERRED GRANT

	2006 €m	2007 €m
At beginning of year	1.6	1.5
Utilisation of provision	(0.1)	(0.1)
At end of year	1.5	1.4
Analysed as:		
Current liabilities	0.1	0.1
Non-current liabilities	1.4	1.3
	1.5	1.4

31. COMMITMENTS

	2006 €m	2007 €m
Commitments under port operating agreements	3.4	3.1
Commitments for the acquisition of property, plant and equipment	7.1	2.3

The Group has given commitments under a number of port operating agreements which give rise to a minimum annual charge as noted above. These agreements are due to expire within one to three years.

32. OPERATING LEASE AGREEMENTS

	2006 €m	2007 €m
Minimum lease payments under operating leases recognised as an expense in the year	32.4	38.1

At the balance sheet date outstanding commitments under non-cancellable operating leases fall due as follows:

	2006 €m	2007 €m
Within one year	15.4	8.3
In the second to fifth years inclusive	3.0	10.4
After five years	45.7	44.6
	64.1	63.3

Group
Operating lease payments represent rentals payable by the Group for certain of its properties, for the charter of container ships and for the hire of containers and other equipment. The outstanding term of the operating leases of the Group at 31 December 2007 ranges from 2 months to 115 years. Property rentals are fixed for periods ranging from two to five years. All other rentals are fixed for the term of the contract.

33. OPERATING LEASE INCOME

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

	2006 **€m**	**2007** **€m**
Within one year	10.2	7.6
In the second to fifth years		
inclusive	22.4	12.7
After five years	-	-
	32.6	20.3

The group charters two ships under operating lease to a third party. The ships are chartered at fixed rates for terms expiring in 2010, with the charterer's option to extend.

34. SHARE-BASED PAYMENTS

The Group operates equity settled share option schemes. Certain employees of the Group have been issued with share options under the Group's share option plans adopted in 1988 and 1998.

Options granted prior to March 1998 are governed by the provisions of the 1988 share option scheme as amended, most recently in 2007 at an Extraordinary General Meeting of the Group held on 26 September 2007. The scheme provides for two forms of share options to be granted as follows:

1. Three year options: These may be exercised between the third and tenth anniversary of grant only if earnings per share growth exceeded the rate of inflation for the period.

2. Five year options: These may be exercised between the fifth and tenth anniversary of grant provided earnings per share growth would place the Group in the top quartile of companies in the ISEQ.

Options granted subsequent to March 1998 are governed by the provisions of the 1998 share option scheme. In the case of this plan the performance criteria are as follows:

1. Basic options may be exercised between the third and tenth anniversary of grant only if earnings per share growth is 2% per annum above inflation for the period.

2. Super options may be exercised between the fifth and tenth anniversary of grant only if earnings per share growth is such as to place the Group in the top quartile of ISEQ companies and the Group's earnings per share growth is at least 10% per annum above inflation for the period.

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

Options are forfeited when the grantee ceases employment with the Group.

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

	2006		2007	
	Number of share Options	Weighted Average Exercise Price €	Number of share Options	Weighted Average Exercise Price €
Outstanding at 1 January	2,164,000	8.41	1,992,000	8.44
Granted during the year	265,000	10.67	565,000	21.32
Forfeited during the year	(282,000)	11.24	(7,000)	7.89
Exercised during the year	(155,000)	6.73	(1,027,500)	8.15
Expired during the year	-	-	-	-
Outstanding at 31 December	1,992,000	8.44	1,522,500	13.41
Exercisable at 31 December	398,750	6.25	455,000	7.03
Weighted average share price at				
date of exercise of options		11.74		23.61
Weighted average remaining contractual life of options outstanding at year end		4.6 years		7.6 years

The options outstanding at 31 December 2007 can be exercised at prices ranging from €5.30 to €21.32.

Options issued after 7 November 2002

Since 7 November 2002 options have been granted on 13 April 2005, 18 September 2006 and on 19 December 2007. The estimated fair values of the options are €4.01, €4.43 and €9.22 respectively per share under option. No other options have been granted since 7 November 2002.

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

The inputs into the model were as follows:

	2006	2007
Weighted average share price	€10.67	€21.32
Weighted average exercise price	€10.67	€21.32
Expected volatility	35%	35%
Expected life	10 years	10 years
Risk free rate	3.765%	4.26%
Expected dividend yield	1.87%	1.64%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous 10 years. The fair value determined at the grant date of the equity settled share based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest, and adjusted for the effect of non market-based vesting conditions.

In 2007 the Group recognised total expenses of €0.5 million (2006: €0.4 million), relating to equity share-based payment transactions. The balance on the share option reserve in the Group Balance Sheet at 31 December 2007 is €1.0 million (2006: €0.5 million) as per note 24.

35. RETIREMENT BENEFIT PLANS

(i) Group sponsored schemes

The Group operates contributory defined benefit pension schemes, which provide retirement and death benefits for virtually all full-time employees. The assets of these schemes are held separately from those of the Group in funds under the control of trustees.

The pension contributions paid in the year ended 31 December 2007 amounted to €3.0 million (2006: €1.7 million) while the current service cost charged to the income statement, amounted to €2.8 million (2006: €3.2 million). At 31 December 2007 the number of pensioners in payment from the Group company sponsored funds was 746 (2006: 744).

The pensions charge and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries. The latest actuarial valuation reports for these schemes, which are not available for public inspection, are dated between 1 July 2004 and 31 December 2006. The valuations employed for disclosure purposes have been based on the most recent funding valuations for each scheme adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2007 and to take account of financial conditions at this date. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method and assets have been valued at market value.

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Group, certain employees are members of the Merchant Navy Officers Pension Fund, an industry wide multi-employer scheme. The latest actuarial valuation of the Scheme, which is available for public inspection, is dated 31 March 2006. The valuation employed for disclosure purposes has been based on that valuation adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2007 and to take account of financial conditions at this date.

The share of the overall deficit in the MNOPF apportioned to the Group is €6.6 million at 31 December 2007 (2006: €10.0 million). During the year the Group made payments of €1.9 million (2006: €0.6 million) to the trustees. As at 31 December 2007 the Group had been invoiced a further €7.8 million (2006: €9.5 million) in cash contributions relating to the past deficit which will be paid in annual instalments up to 2014.

(iii) Principal assumptions

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

	Euro Liabilities		**Sterling Liabilities**	
	2006	**2007**	**2006**	**2007**
Discount rate	4.75%	5.60%	5.10%	5.60%
Inflation rate	2.25%	2.50%	2.75%	3.00%
Rate of increase of pensions in payment	2.0% - 2.25%	2.10% - 2.50%	2.75%	2.90%
Rate of general salary increases	3.75%- 4.25%	4.00% - 4.50%	4.25%	4.50%

The long term expected rates of return at 31 December were as follows:

	Euro Assets		**Sterling Assets**	
	2006	**2007**	**2006**	**2007**
Equities	7.25%	7.50%	7.50%	7.40%
Bonds	4.10%	4.70%	4.50%	4.40%
Property	6.25%	6.50%	6.50%	6.40%
Other	3.00%	3.50%	3.50%	4.00%

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

	2006	2007
Current retirees	24.5 years	24.5 years
Future retirees	25.3 years	25.3 years

The directors have taken independent actuarial advice on the discount rate and the expected long term rates of return as these are key judgements used in the estimate of retirement benefit scheme assets and liabilities.

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals €258.1 million at 31 December 2007. At 31 December 2007 the Group also has plan assets totalling €284.0 million, giving a net pension asset of €25.9 million. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. The size of the plan asset is also sensitive to asset return levels and the level of contributions from the Group.

(iv) Retirement benefit assets and liabilities

The amount recognised in the balance sheet in respect of the Group's defined benefit retirement benefit plan, including an apportionment in respect of the MNOPF is as follows:

	Schemes with liabilities in Euro		Schemes with liabilities in Sterling	
	2006 €m	2007 €m	2006 €m	2007 €m
Equities	184.5	145.6	32.2	29.8
Bonds	28.6	51.2	23.3	24.6
Property	17.6	19.3	3.7	3.4
Other	6.2	8.1	1.0	2.0
Market value of scheme assets	236.9	224.2	60.2	59.8
Present value of scheme liabilities	(210.0)	(196.7)	(67.3)	(61.4)
Surplus / (deficit) in schemes	26.9	27.5	(7.1)	(1.6)

Four of the defined benefit schemes accounted for by the Group are in a net surplus position and are shown in non current assets on the consolidated balance sheet.

One of the defined benefit schemes accounted for by the Group is in a net deficit position and is shown in non current liabilities. The split between the amounts shown in each category is as follows:

	2006 €m	2007 €m
Non current assets – retirement benefit surplus	29.9	32.5
Non current liabilities – retirement benefit deficit	(10.1)	(6.6)
Net surplus in pension schemes	19.8	25.9

Investment of the plan assets in the Employer Company did not exceed 5% of the total market value of the Fund.

(v) Movements in retirement benefit assets

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

	2006 €m	2007 €m
At beginning of year	239.9	297.1
MNOPF reclassification from trade and other payables	34.4	-
Expected return on scheme assets	17.8	19.3
Actuarial gains / (losses)	9.3	(22.9)
Exchange difference	1.1	(5.6)
Contributions from sponsoring company	1.7	3.0
Contributions from scheme members	0.9	0.7
Benefits paid	(8.0)	(7.6)
At end of year	297.1	284.0

(vi) Movement in retirement benefit liabilities

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

	2006 Total €m	2007 Total €m
At beginning of year	232.5	277.3
MNOPF reclassification from trade and other payables	38.7	-
Service cost	3.2	2.8
Interest cost	11.7	13.4
Contributions from scheme members	0.9	0.7
Actuarial gains	(2.8)	(22.5)
Exchange difference	1.1	(5.9)
Benefits paid	(8.0)	(7.7)
At end of year	277.3	258.1

(vii) Amounts recognised in consolidated income statement

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

	2005 €m	2006 €m	2007 €m
Charged to Employee benefits expense			
Current service cost	4.2	3.2	2.8
Past service cost	1.0	-	-
	5.2	3.2	2.8
Other (credits) / charges to Income statement			
Expected return on scheme assets (note 10)	(13.1)	(17.8)	(19.3)
Interest on scheme liabilities (note 11)	9.9	11.7	13.4
	(3.2)	(6.1)	(5.9)

The Expected return on scheme assets has been recorded under Investment revenue (note 10) and the interest on scheme liabilities has been recorded in the income statement under Finance costs (note 11).

The estimated amounts of contributions expected to be paid to the schemes during 2008 is €1.1 million (2007: €1.7 million).

(viii) Amounts recognised in the consolidated statement of recognised income and expense

Amounts recognised in the Consolidated Statement of Recognised Income and Expense (SORIE) in respect of the defined benefit plan are as follows:

2007	**2005 €m**	**2006 €m**	**2007 €m**
Actual return less expected return on scheme assets	25.4	9.3	(22.9)
Experience loss on scheme liabilities	3.1	(12.3)	(3.5)
Gain due to change in assumptions used to value liabilities	(24.6)	15.1	26.0
Actuarial (loss) / gain recognised in Group SORIE	3.9	12.1	(0.4)

(ix) Experience adjustments

The four-year history of experience adjustments is as follows:

2007	**2004 €m**	**2005 €m**	**2006 €m**	**2007 €m**
Present value of defined benefit obligations	(207.8)	(232.5)	(277.3)	(258.1)
Fair value of scheme assets	205.8	239.9	297.1	284.0
Net surplus / (deficit) in pension scheme	(2.0)	7.4	19.8	25.9
Experience adjustments on scheme liabilities	22.0	21.5	(2.8)	(22.5)
Experience adjustments on scheme assets	7.7	25.5	9.3	(22.9)

As transmitted by the transitional provisions of the 'Amendment to International Accounting Standard (IAS) 19 Employee Benefits' issued in December 2004, the disclosures above are determined prospectively from the year ended 31 December 2004.

36. RELATED PARTY TRANSACTIONS

Group
During the year, Group entities provided administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries UK Pension Scheme, related parties that are not members of the Group. The value of these transactions was €0.1 million (2006: €0.1 million). Amounts owed by the pension schemes to the Group at 31 December 2007 totalled €0.1 million (2006: €0.1 million).

Compensation of key management personnel
The remuneration of key management, including directors, during the year was as follows:

	2005 €m	**2006 €m**	**2007 €m**
Short-term benefits	3.5	4.0	5.0
Post-employment benefits	1.0	0.5	0.5
Share based payments	0.1	0.4	0.4
	4.6	4.9	5.9

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

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals, market trends and the performance of the Group.

Expense Reimbursement and Implementation Agreement
On 8 March 2007, Aella plc, a Company controlled by three executive directors and secretary of the Group (Eamonn Rothwell, Gearoid O'Dea, Tony Kelly and Thomas Corcoran) and a senior executive John Reilly made an offer for the entire issued and to be issued share capital of Irish Continental Group plc via a Scheme of Arrangement under Section 201 of the Companies Act. The acquisition was recommended by the Independent Board which had been constituted on 8 February 2007 when the initial approach was made.

The Company entered into an Implementation Agreement and an Expense Reimbursement Agreement with Aella plc which provided that in certain circumstances the expenses incurred by Aella plc in connection with these offers would be reimbursed by the Company up to €4.7 million, subject to the terms of the agreement. These costs have been accrued as at 31 December 2007.

37. NET CASH FROM OPERATING ACTIVITIES

	2006 €m	2007 €m
Operating activities		
Profit for the year	32.3	38.3
Adjustments for:		
Finance costs (net)	(0.4)	(0.7)
Income tax expense	1.0	2.4
Retirement benefit obligations - service cost	3.2	2.8
Retirement benefit obligations - payments	(1.7)	(3.0)
Depreciation of property, plant and equipment	26.5	29.2
Amortisation of intangible assets	1.1	1.0
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment expense	0.4	0.5
Gain on disposal of property, plant and equipment	(0.2)	(0.1)
Restructuring programme payments	(35.4)	-
Increase / (decrease) in restructuring provision	3.7	(1.3)
Decrease in other provisions	(0.5)	(0.2)
Operating cash flows before movements in working capital	**29.9**	**68.8**
Increase in inventories	-	(0.7)
(Increase) / decrease in receivables	(15.9)	6.8
Increase in payables	2.4	10.1
Cash generated from operations	**16.4**	**85.0**
Income taxes paid	(1.7)	(1.0)
Interest paid	(6.0)	(6.5)
Net cash from operating activities	**8.7**	**77.5**

38. NON-CASH TRANSACTIONS

Additions to property, plant and equipment during the year amounting to €0.1 million (2006: €2.4 million) in the Group were financed by new finance leases.

39. CONTINGENT LIABILITIES

The Group has issued counter indemnities to Allied Irish Banks plc in relation to bonds required by regulatory authorities and suppliers, amounting to €0.5 million. The Group regards these financial guarantee contracts as insurance contracts and accordingly the accounting treatment applied is that applicable to insurance contracts. No claims have been notified to the Group in respect of these contracts, therefore no provision has been made in respect of amounts payable.

The Group has entered into leasing transactions in respect of two of the Group's vessels the early termination of which could, in certain circumstances, require the Group to compensate a counterparty for a benefit foregone to a current value of €15.5 million in present value terms (2006: €13.5 million). These leases are for a twenty year term and expire in 2018. The directors consider that no obligation had arisen at the balance sheet date nor is likely to arise as the likelihood of termination is remote. The Group has fair valued this financial guarantee contract at nil at 31 December 2007 (2006: nil) based on projected cashflows. Arising from the lease transaction, a net benefit accrues to the Group which is being recognised over the term of the lease. The amount included under other financial income in respect of this net benefit for 2007 was €0.6 million (2006: €0.2 million).

On 14 June 2007 Irish Continental Group plc agreed with the Moonduster Consortium (Moonduster) that, in particular circumstances specified in the agreement, certain expenses incurred by Moonduster associated with their proposed bid for the Company would be reimbursed by the Company. By letter dated 10 October 2007 Moonduster claimed reimbursement of expenses totalling €6.47 million. Having considered the matter with its legal advisors, the Company concluded that on a proper construction of the Reimbursement Agreement the obligation to reimburse Moonduster did not arise in the circumstances and therefore the Company rejected the claim.

The Group is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF) a multi-employer defined benefit pension plan. The MNOPF is in deficit. Under the rules of the fund all employers are liable for the deficit. The deficit included in these accounts for the Group represents an apportionment of the overall scheme deficit based on notification received from the trustees. Should other participating employers default on their obligations, the Group will be required to absorb a larger share of the scheme deficit.

Separately, if the Group ceases to be an employer employing persons in the description of employment to which the MNOPF relates, the Group may incur a statutory debt (otherwise know as "Section 75" debt by reference to Section 75 of the Pensions Act 1995 amended by the Pensions Act 2004). The calculation of such a statutory debt is prescribed in legalisation and would be a greater amount than the deficit included in these financial statements.

40. FINANCIAL INSTRUMENTS

The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury and accounting departments. A combination of derivative and conventional financial instruments are used to manage these underlying risks.

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

Interest rate risk
The Group has an exposure to interest rate risk, arising on changes in euro, sterling and US dollar interest rates. To manage interest rate risk, the Group manages its proportion of fixed to variable rate borrowing within predetermined limits.

Liquidity risk
The Group's policy with regard to expected maturity profile of Group financing companies borrowings is to limit the proportion of such borrowings maturing within 12 months to 50% (2006: 50%) of projected earnings before interest, tax, depreciation and amortisation over the same period.

Hedging instruments
For the year ended 31 December 2007, all cash flow hedges were effective and gains of €0.1 million (2006: €0.6 million gain) have been recognised in equity as the changes in fair value.

Credit risk
The Group monitors its credit exposure to its counterparties via their credit ratings (where applicable) and through its policy, thereby limiting its exposure to any one party to ensure that they are within approved limits and that there are no significant concentrations of credit risk. The counterparties to the financial instruments transacted by the Group are major financial institutions. Group policy is to enter into such transactions with counterparties with a long term credit rating of A or better. The notional amounts of financial instruments used in interest rate and foreign exchange management do not represent the credit risk arising through the use of these instruments. The immediate credit risk of these instruments is generally estimated by the fair value of contracts with a positive value. The maximum exposure to credit risk for receivables and other financial assets is represented by the carrying amount.

Capital management
The objective of managing capital is to maximise shareholder value. The capital structure of the Group consists of financial liabilities, cash and cash equivalents and equity attributable to equity holders of the parent Company, comprising issued capital, reserves and retained earnings as disclosed in note 25. This policy is managed through managing EBITDA. Details regarding the Group's debt is disclosed in note 25.

Market risk sensitivity analysis
The Group has used a sensitivity analysis technique that measures the estimated change to the Consolidated Income Statement and Equity of either an instantaneous increase or decrease of 1% (100 basis points) in market interest rates or a 10% strengthening or weakening in euro against all other currencies, from the rates applicable at 31 December 2007, for each class of financial instruments with all other variables remaining constant. The sensitivity analysis excludes the impact of market risks on net post employment benefit obligations and taxation. This analysis is for illustrative purposes only, as in practice market rates rarely change in isolation. The sensitivity analysis is based on the following assumptions:

Interest rate risks – The interest rate sensitivity analysis is based on the following assumptions:

- Changes in market interest rates affect the interest income or expense of variable interest financial instruments.

- Changes in market interest rates affect the fair value of derivative financial instruments designated as hedging instruments and all interest rate hedges are expected to be highly effective.

- Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the year end.

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

Under these assumptions, a 1% increase or decrease in market interest rates for all currencies in which the Group had borrowings and derivative financial instruments at 31 December 2007 would increase or decrease profit before tax and equity by approximately €0.5 million (2006: €0.7million).

Currency risks – The currency risk sensitivity analysis is based on the assumption that all cash flow hedges are highly effective. There are none held at the year end.

Under the assumptions, with a 10% strengthening or weakening of euro against all exchange rates, profit before tax would have increased by €0.8.million (2006: €0.6million) or decreased by €1.0 million (2006: €0.7 million), respectively, and equity (before tax effects) would have decreased by €7.4 million (2006: €2.7 million) or increased by €9.0.million (2006: €3.6 million), respectively.

Other price risks – As at 31 December 2007 and 31 December 2006, the Group had no exposure under financial instruments other than those discussed above.

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance sheet date are as follows:

	Assets		Liabilities	
	2006	**2007**	**2006**	**2007**
	€m	**€m**	**€m**	**€m**
Euro	47.6	38.1	31.2	29.2
Sterling	6.7	8.9	12.5	22.8
US Dollar	0.9	1.1	3.4	5.2
	55.2	48.1	47.1	57.2

41. EVENTS AFTER THE BALANCE SHEET DATE

On 22 January 2008 the Group entered into a memorandum of agreement for the sale of the MV Normandy to a third party, Equinox Offshore Accommodation Limited (note 22). A deposit of 15% of the agreed selling price was placed in an Escrow deposit account on 31 January.

Delivery of the vessel to the buyer is expected in March 2008.

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

PART B - Unaudited half yearly financial report of ICG for the six months ended 30 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 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 the 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 our 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 and 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.

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.

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

	Notes	Unaudited 30 Jun 2008 €m	Unaudited 30 Jun 2007 €m	Audited 31 Dec 2007 €m
Continuing operations				
Revenue		166.1	163.2	355.8
Depreciation and amortisation		(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

	Notes	Unaudited 30 Jun 2008 €m	Unaudited 30 Jun 2007 €m	Audited 31 Dec 2007 €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 €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 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 expense 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

	Notes	Unaudited 30 Jun 2008 €m	Unaudited 30 Jun 2007 €m	Audited 31 Dec 2007 €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

	Notes	Unaudited 30 Jun 2008 €m	Unaudited 30 Jun 2007 €m	Audited 31 Dec 2007 €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 6 months ended 30 Jun 2008 Revenue €m	Unaudited 6 months ended 30 Jun 2008 Profit €m	Unaudited 6 months ended 30 Jun 2007 Revenue €m	Unaudited 6 months ended 30 Jun 2007 Profit €m	Audited 12 months ended 31 Dec 2007 Revenue €m	Audited 12 months ended 31 Dec 2007 Profit €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 6 months ended 30 Jun 2008 €m	Unaudited 6 months ended 30 Jun 2007 €m	Audited 12 months ended 31 Dec 2007 €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 6 months ended 30 Jun 2008 €m	Unaudited 6 months ended 30 Jun 2007 €m	Audited 12 months ended 31 Dec 2007 €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 6 months ended 30 Jun 2008 Cent	Unaudited 6 months ended 30 Jun 2007 Cent	Audited 12 months ended 31 Dec 2007 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:

	Unaudited 6 months ended 30 Jun 2008 €m	Unaudited 6 months ended 30 Jun 2007 €m	Audited 12 months ended 31 Dec 2007 €m
Earnings			
Earnings for the purpose of basic and diluted earnings per share -			
Profit / (loss) for the period 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 period 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	7.2	6.7	13.4
Earnings for the purpose of adjusted earnings per share	**14.5**	**12.0**	**42.5**

Number of shares	**€m**	**€m**	**€m**
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	0.3	0.7	0.3
Weighted average number of ordinary shares for the purposeof diluted adjusted earnings per share	**24.9**	**24.3**	**24.1**

7. Property, plant and equipment

	Asset under construction €m	Ships €m	Plant & equipment €m	Vehicles €m	Land & buildings €m	Total €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 €m	Overdraft €m	Loans €m	Leases €m	Total €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 6 months ended 30 Jun 2008 €m	**Unaudited 6 months ended 30 Jun 2007 €m**	**Audited 12 months ended 31 Dec 2007 €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	0.2	-	0.4
Net Surplus	**8.5**	**22.0**	**25.9**
Schemes in surplus	17.2	31.2	32.5
Schemes in deficit	(8.7)	(9.2)	(6.6)
Net Surplus	**8.5**	**22.0**	**25.9**

12. **Net cash from operating activities**

	Notes	Unaudited 30 Jun 2008 €m	Unaudited 30 Jun 2007 €m	Audited 31 Dec 2007 €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.

PART IV – INFORMATION RELATING TO SOUTH MORSTON

1. DIRECTORS AND REGISTERED OFFICE

South Morston Investment Company Limited was incorporated on 27 October 2006. South Morston's principal activity is the development and selling of real estate.

Directors	*Registered Office*
Liam Carroll	Chapel House
John Pope	21-26 Parnell Street
David Torpey	Dublin 1

2. FINANCIAL INFORMATION

The following information has been extracted without adjustment from the audited financial statements of South Morston Investment Company Limited for the period ended 31 March 2007. These are the most recent Financial Statements filed with the Companies Registration Office for South Morston.

(a) Profit and Loss Account
South Morston Investment Company Limited is not required to disclose their profit and loss account in their financial statements under specified exemptions contained in Sections 10 and 12 of the Companies (Amendment) Act 1986 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

(b) Abridged Balance Sheet

	31 March 2007 (€)
Current Assets	
Debtors	1
	1
Net Current Assets/Liabilities	1
Total Assets Less Current Liabilities	1
Capital and Reserves	
Called up share capital	1
Equity Shareholders' Funds	1

PART V – INFORMATION RELATING TO THE REDEEMABLE SHARES

A. ALLOTMENT AND RIGHTS ATTACHING TO THE PROPOSED REDEEMABLE SHARES

1. ALLOTMENT OF REDEEMABLE SHARES

It is proposed to capitalise on one or more occasions sums up to a maximum standing to the credit of the Company's share premium account and to apply such sums on one or more occasions in paying up in full such number of Redeemable Shares such that each Shareholder holds ten Redeemable Shares for each one Ordinary Share in issue on the relevant record date. Redeemable Shares will be allotted to shareholders on the Company's register of members on the record date. No Redeemable Shares will be marketed or made available in whole or part to the public.

Redeemable Shares have no right to dividend, carry no voting rights (except on a resolution varying or abrogating any of the special rights attaching to the Redeemable Shares) and do not rank pari passu with existing Ordinary Shares.

Should the Company proceed with a bonus issue of Redeemable Shares an announcement will be made through a Regulatory Information Service of the relevant Stock Exchanges advising Shareholders of the bonus issue of Redeemable Shares. Any issue of Redeemable Shares will be made by reference to holdings of Ordinary Shares on the Company's register of members as at the relevant record date as determined by the Board, at their absolute discretion.

2. REDEMPTION

As described more fully in paragraph 3 below, the Redeemable Shares are redeemable, at the discretion of the Directors, at their nominal value of 0.01 cent each, together with such premium, if any, as the Directors think fit and as appears to the Directors to be justified by the reserves of the Company.

All Redeemable Shares that are redeemed will be cancelled and will not be re-issued.

Redemptions of Redeemable Shares may be made from time to time by announcement through a Regulatory Information Service advising Shareholders of any such redemptions.

3. RIGHTS AND RESTRICTIONS ATTACHING TO REDEEMABLE SHARES

The following is a summary of the rights and restrictions attaching to the Redeemable Shares, which are reflected in the Company's current Articles of Association:

(a) Income
The Redeemable Shares shall not entitle the holders thereof to any dividends.

(b) Capital
On a return of capital on a winding up or otherwise (other than on conversion, redemption or purchase of shares), the holders of Redeemable Shares shall be entitled, pari passu with the holder of the Ordinary Shares, to the repayment of a sum equal to the nominal value of 0.01 cent per share respectively. The Redeemable Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

(c) Voting and General Meetings
The holders of the Redeemable Shares shall not be entitled in respect of their holdings of such shares to receive notice of any general meeting of the Company or to attend, speak or vote at any such general meeting unless the business of the meeting includes a resolution varying or abrogating any of the special rights attaching to the Redeemable Shares. If such a resolution is proposed, on a show of hands, every holder of Redeemable Shares who is present in person or by proxy shall have one vote and on a poll every such holder who is present in person or by proxy shall have one vote for every Redeemable Share of which he is the holder.

(d) Redemption

At the discretion of the Directors, the Company may from time to time and at any time, after notice to the holders of the Redeemable Shares through a Regulatory Information Service, subject to availability of reserves which would otherwise be available for distribution according to law, on any date specified in such notice redeem all or any portion of the Redeemable Shares as may be specified in such notice.

There shall be paid on each Redeemable Share redeemed, the nominal amount thereof (i.e. 0.01 cent) together with such premium, if any, as the Directors think fit from time to time to pay thereon and as appears to the Directors to be justified by the reserves of the Company.

The Company in general meeting may from time to time resolve to redeem Redeemable Shares, but no redemption of Redeemable Shares shall be made except out of the reserves of the Company otherwise available for distribution. No Redeemable Shares shall be redeemed unless recommended by the Directors and no higher premium on redemption shall be paid than is recommended by the Directors.

(e) Purchase of Redeemable Shares

The Company will not require the sanction or the consent of the holders of the Redeemable Shares for the purchase or redemption of shares of any class in the Company (including Ordinary Shares and/or Redeemable Shares).

(f) Class Rights

The Company will be entitled from time to time to effect a reduction of its capital and to create, allot and issue further shares, whether ranking pari passu with, in priority to or deferred to the Redeemable Shares, and such reduction of capital or creation, allotment or issue of any such further shares (whether or not ranking in any respect in priority to the Redeemable Shares and whether or not the same confer on the holders voting rights more favourable than those conferred by the Redeemable Shares) shall be deemed not to involve a variation of the rights attaching to the Redeemable Shares for any purpose.

(g) Transfers

All transfers of Redeemable Shares shall be by transfer in usual or common form. No Redeemable Shares may be transferred unless they are transferred in connection with a simultaneous transfer of the other shares, with which they are linked as an ICG Unit.

B. TAXATION IMPLICATIONS OF THE PROPOSED BONUS ISSUE OF REDEEMABLE SHARES

1. TAXATION TREATMENT OF BONUS ISSUE

A bonus issue of Redeemable Shares credited as fully paid up should be treated as neither a distribution by the Company to its shareholders for Irish income tax or corporation tax purposes nor as an acquisition or disposal of shares for capital gains tax purposes. Paragraph 2 below addresses the tax implications if the bonus shares are subsequently redeemed in whole or in part.

2. TAXATION TREATMENT OF REDEMPTION OF SHARES BY THE COMPANY

(a) Consequence for the Company

In accordance with Section 175 TCA 1997, the redemption by the Company of Redeemable Shares should not be treated as a distribution for Irish income tax purposes and, therefore, the Dividend Withholding Tax regime should not apply to such redemptions.

(b) Consequences for Irish Individual and Corporate Shareholders

In accordance with Section 175 TCA 1997, the redemption should not be treated as a distribution for Irish income tax or corporation tax purposes. The redemption should be treated as a capital disposal by the shareholder of the redeemable share and capital gains tax, currently at 20%, will apply on the difference between the redemption price and the base cost of the share. Indexation relief (i.e. adjustment of the base cost for the impact of inflation) should be available in respect of holding periods prior to 31 December 2002.

Any Redeemable Shares allotted to a Shareholder will be added to the Shareholder's existing shares in the Company to form a single shareholding. The new holding of shares will, for the purposes of Irish taxation on capital gains, be treated as the same asset as the existing holding acquired at the same time as the existing holding. When a Redeemable Share is disposed of the relevant base cost may be required to be apportioned between the portion disposed of and the portion retained, by reference to the market value of each portion.

This treatment should apply for Irish resident individual and corporate shareholders. Individuals have an annual exemption of €1,270 from capital gains tax which may in some cases reduce or eliminate the tax liability arising on the redemption.

(c) Approved Pension Funds and Collective Investment Undertakings

No capital gains tax liability should arise on redemption at a premium for certain approved pension funds and collective investment undertakings as they are exempt from capital gains tax.

3. STAMP DUTY

As is the position currently, a purchaser of ICG shares will be liable to Irish stamp duty at a rate of 1% on the greater of the consideration given or the market value of shares.

The above comments are intended only as a general outline of the possible liabilities to taxation, which might arise on a bonus issue of shares by the Company or on redemption of shares, by the Company. Any shareholder who is in doubt as to his tax position should consult his professional adviser.

PART VI – ADDITIONAL INFORMATION

1. RESPONSIBILITY

1.1 The Directors of ICG (whose names are set out in paragraph 2 of this Part VI) accept responsibility for the information contained in this document, other than the information relating to South Morston and the South Morston Concert Party, for which responsibility is accepted as set out in paragraph 1.2 below. To the best of the knowledge and belief of the directors of ICG (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

1.2 The Directors of South Morston (whose names are set out in paragraph 1 of Part IV accept responsibility for the information contained in this document relating to South Morston and the South Morston Concert Party. To the best of the knowledge and belief of the directors of South Morston (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. DIRECTORS AND REGISTERED OFFICE

The names of the directors of ICG and their respective functions are as follows:

John B. McGuckian	Chairman
Eamonn Rothwell	Chief Executive Officer
Peter Crowley	Non-Executive Director
Anthony Kelly	Marketing Director
Garry O'Dea	Finance Director
Bernard Somers	Non-Executive Director

The registered office of ICG is Ferryport, Alexandra Road, Dublin 1.

3. MARKET QUOTATIONS

The following table shows the Closing Price of an ICG Unit as derived from the Official Lists in each case on the first dealing day in each of the six months prior to the date of this document and at the close of business on the Latest Practicable Date:

	Closing Price of ICG Unit	
Date	**Irish Stock Exchange (€)**	**London Stock Exchange (€)**
1 April 2008	22.32	22.48
1 May 2008	20.49	20.57
3 June 2008	20.70	*20.53
1 July 2008	18.05	18.06
1 August 2008	14.50	14.80
1 September 2008	19.00	18.94
26 September 2008	17.80	17.77

*Note *: Price quoted is the closing price on 2 June 2008 which was a public holiday in Ireland.*

4. INTERESTS IN RELEVANT SECURITIES OF ICG

4.1 At the close of business on the Latest Practicable Date, South Morston and persons connected to South Morston (within the meaning of Section 26 of the Companies Act, 1990 ('connected')) held the following interests (for the purposes of Part IV of the Companies Act, 1990) in relevant securities of ICG at the close of business on the Latest Practicable Date:

Name	Number of ICG Units
South Morston Investment Company Limited	7,201,572

4.2 Other than the interests disclosed in paragraph 4.1, at the close of business on the Latest Practicable Date, the directors of South Morston did not hold any interests (for the purposes of Part IV of the Companies Act, 1990) in relevant securities of ICG.

4.3 At the close of business on the Latest Practicable Date, no partner or member of the professional staff of A&L Goodbody (legal advisers to ICG) professionally engaged in relation to the Whitewash or who are customarily engaged in the affairs of ICG or engaged in the affairs of ICG in the last two years owned or controlled any relevant securities of ICG.

4.4 Save as disclosed in paragraph 4.1, at the close of business on the Latest Practicable Date, persons deemed or presumed to be acting in concert with South Morston did not own or control any relevant securities of ICG.

4.5 As at the Latest Practicable Date, no person with whom South Morston or any associate (as defined in paragraph 11.2 of this Part VI) of South Morston has any Arrangement owned or controlled any relevant securities of ICG.

4.6 Excluding ICG Options outstanding at the close of business on the Latest Practicable Date, the directors of ICG held the following interests (for the purposes of Part IV of the Companies Act 1990) in relevant securities of ICG at the close of business on the Latest Practicable Date:

Name	Number of ICG Units
Eamonn Rothwell	3,938,771
Garry O'Dea	179,377
Anthony Kelly	39,588
John B. McGuckian	32,354
Bernard Somers	NIL
Peter Crowley	NIL

4.7 At the close of business on the Latest Practicable Date, the directors of ICG held the following interests (for the purposes of Part IV of the Companies Act, 1990) in ICG Options:

Name	Date of Grant	Price (€)	From	To	Number of ICG Units
Eamonn Rothwell	January 2000	10.75	January 2003	March 2010	25,000
	January 2000	10.75	January 2005	March 2010	25,000
	January 2002	7.35	January 2005	March 2012	100,000
	January 2002	7.35	January 2007	March 2012	100,000
	September 2002	5.30	September 2005	September 2012	50,000
	September 2002	5.30	September 2007	September 2012	50,000
	April 2005	10.00	April 2008	April 2015	25,000
	April 2005	10.00	April 2010	April 2015	25,000
	September 2006	10.67	September 2009	September 2016	50,000
	September 2006	10.67	September 2011	September 2016	50,000
	December 2007	21.32	December 2010	December 2017	75,000
	December 2007	21.32	December 2012	December 2017	75,000

Name	Date of Grant	Price (€)	From	To	Number of ICG Units
Garry O'Dea	January 2002	7.35	January 2007	March 2012	25,000
	September 2002	5.30	September 2005	September 2012	15,000
	September 2002	5.30	September 2007	September 2012	15,000
	April 2005	10.00	April 2008	April 2015	12,500
	April 2005	10.00	April 2010	April 2015	12,500
	September 2006	10.67	September 2009	September 2016	25,000
	September 2006	10.67	September 2011	September 2016	25,000
	December 2007	21.32	December 2010	December 2017	37,500
	December 2007	21.32	December 2012	December 2017	37,500
Anthony Kelly	April 2005	10.00	April 2010	April 2015	12,500
	September 2006	10.67	September 2009	September 2016	25,000
	September 2006	10.67	September 2011	September 2016	25,000
	December 2007	21.32	December 2010	December 2017	37,500
	December 2007	21.32	December 2012	December 2017	37,500

4.8 As at the Latest Practicable Date, no relevant securities of ICG were owned or controlled by:

(a) a subsidiary of ICG;

(b) the trustees of a pension scheme (other than an industry-wide pension scheme) in which ICG or a subsidiary of ICG participates; or

(c) any associate (as defined in paragraph 11.2 of this Part VI) of ICG.

4.9 As at the close of business on the Latest Practicable Date no fund manager (other than exempt fund managers) connected with ICG or any associate managed any relevant securities of ICG.

4.10 As at the close of business on the Latest Practicable Date, no persons controlling, controlled by or under the same control as NCB Corporate Finance owned or controlled any relevant securities of ICG.

4.11 As at the Latest Practicable Date, other than as set out in this paragraph 4, there were no relevant securities of ICG owned or controlled by persons whose interests are required to be disclosed under the Takeover Rules.

4.12 ICG has not redeemed or purchased any of its own shares during the Disclosure Period.

5. DEALINGS IN RELEVANT SECURITIES OF ICG

5.1 There were no dealings for value by the Directors of South Morston in relevant securities of ICG during the Disclosure Period.

5.2 Dealings for value in relevant securities of ICG by South Morston during the Disclosure Period was as follows:

Name	Date of Dealing	Transaction	Number of ICG Units	Price paid (€)
South Morston	1 October 2007	Purchase of Units	76,200	25.75
	2 October 2007	Purchase of Units	52,531	25.71
	3 October 2007	Purchase of Units	2,600	25.74
	4 October 2007	Purchase of Units	44,650	25.74
	5 October 2007	Purchase of Units	10,000	25.75
	8 October 2007	Purchase of Units	5,702	25.69
	9 October 2007	Purchase of Units	750	25.75
	11 October 2007	Purchase of Units	4,543	25.75
	12 October 2007	Purchase of Units	5,234	25.75
	15 October 2007	Purchase of Units	13,011	25.75
	16 October 2007	Purchase of Units	2,948	25.75
	17 October 2007	Purchase of Units	5,638	25.75
	18 October 2007	Purchase of Units	3,225	25.75
	19 October 2007	Purchase of Units	770	25.75
	22 October 2007	Purchase of Units	1,111	25.75
	23 October 2007	Purchase of Units	5,442	25.75
	25 October 2007	Purchase of Units	3,959	25.75
	30 October 2007	Purchase of Units	5,258	25.75
	31 October 2007	Purchase of Units	75	25.75
	1 November 2007	Purchase of Units	13,603	25.75
	2 November 2007	Purchase of Units	34,186	25.75
	5 November 2007	Purchase of Units	7,820	25.75
	6 November 2007	Purchase of Units	772,414	25.75
	8 November 2007	Purchase of Units	26,745	24.97

5.3 There were no dealings for value in relevant securities of ICG by any partner or member of the professional staff of A&L Goodbody (legal advisers to ICG), professionally engaged in relation to the Whitewash or who are customarily engaged in the affairs of ICG or who are engaged in the affairs of ICG in the last two years, during the Disclosure Period.

5.4 There were no dealings for value in relevant securities of ICG by any persons deemed or presumed to be acting in concert with South Morston during the Disclosure Period.

5.5 Other than as set out below, there were no dealings for value in relevant securities of ICG by the directors of ICG during the Disclosure Period:

Name	Date of Dealing	Transaction	Number of Securities	Price paid (€)
Eamonn Rothwell	25 June 2007	Purchase of CFD	736,000	22.00
Eamonn Rothwell	19 December 2007	Grant of Options	150,000	21.32
Eamonn Rothwell	19 December 2007	Exercise of Options	150,000	5.30
Eamonn Rothwell	1 April 2008	* Purchase of Units	736,000	22.00
Garry O'Dea	6 November 2007	Exercise of Options	37,500	5.30
Garry O'Dea	6 November 2007	Exercise of Options	25,000	10.75
Garry O'Dea	6 November 2007	Exercise of Options	25,000	7.35
Garry O'Dea	6 November 2007	Sale of Units	87,500	25.75
Garry O'Dea	19 December 2007	Grant of Options	75,000	21.32
Anthony Kelly	6 November 2007	Exercise of Options	25,000	5.30
Anthony Kelly	6 November 2007	Exercise of Options	25,000	10.75
Anthony Kelly	6 November 2007	Exercise of Options	25,000	7.35
Anthony Kelly	6 November 2007	Sale of Units	75,000	25.75
Anthony Kelly	19 December 2007	Grant of Options	75,000	21.32

Name	Date of Dealing	Transaction	Number of Securities	Price paid (€)
Anthony Kelly	16 May 2008	Exercise of Options	13,043	7.35
Anthony Kelly	16 May 2008	Sale of Units	13,043	20.36
Anthony Kelly	28 May 2008	Exercise of Options	11,957	7.35
Anthony Kelly	28 May 2008	Exercise of Options	25,000	5.30
Anthony Kelly	28 May 2008	Exercise of Options	12,500	10.00
Anthony Kelly	28 May 2008	Sale of Units	49,457	20.44
Peter Crowley	8 November 2007	Sale of Units	15,000	25.75

** Note: Pursuant to the closing of a contract for difference (CFD) between Mr. Rothwell and Cantor Fitzgerald Europe. The opening of the CFD was on 25 June 2007.*

5.6 There were no dealings for value in relevant securities of ICG during the Disclosure Period by any person with whom South Morston or any associate (as defined in paragraph 11.2 of the Part VI) of South Morston has any Arrangement.

6. RELEVANT SECURITIES OF SOUTH MORSTON

6.1 As at the Latest Practicable Date, no relevant securities of South Morston were owned or controlled by:

(a) ICG;

(b) a subsidiary of ICG;

(c) the trustees of a pension scheme (other than an industry-wide pension scheme) in which ICG or a subsidiary of ICG participates;

(d) any associate (as defined in paragraph 11.2 of this Part VI) of ICG; or

(e) the directors of ICG.

6.2 There were no dealings for value in relevant securities of South Morston during the Disclosure Period by:

(a) ICG;

(b) a subsidiary of ICG;

(c) the trustees of a pension scheme (other than an industry-wide pension scheme) in which ICG or a subsidiary of ICG participates;

(d) any associate (as defined in paragraph 11.2 of this Part VI) of ICG; or

(e) the directors of ICG.

7. MATERIAL CONTRACTS

Save as disclosed in this paragraph, none of the companies in the ICG Group has entered into any contracts (other than contracts entered into in the ordinary course of business) that are, or may be, material within the two years immediately preceding the date of this document.

(a) *Acquisition Agreement in respect of Kronprins Harald*

Irish Continental Line Limited (a subsidiary of ICG) entered into an agreement for the purchase of the passenger "roll-on roll-off" cruise ferry Kronprins Harald from its then owners and operators, M/V Color Harald A/S (a subsidiary of the Norwegian company Color Line A/S) dated 30 January 2007. The total consideration payable was €43.6 million. Under the terms of the purchase agreement, title passed to ICG on 8 February 2007 and the purchase consideration was paid in cash on completion. The vessel was chartered back to Color Line for service on the Oslo to Kiel route until the autumn of 2007.

(b) *Sale Agreement in respect of MV Normandy*

On 22 January 2008 ICG entered into an agreement for the sale of the MV Normandy to a third party, Equinox Offshore Accommodation Limited. The total consideration receivable was €14.4 million. Under the terms of the agreement title passed on 7 March 2008 and the purchase consideration was received on completion.

8. DIRECTORS AND SERVICE CONTRACTS

8.1 None of the directors of ICG has a service contract with ICG or its subsidiaries or associated companies with more than twelve months to run.

9. MATERIAL CHANGES

9.1 Save as disclosed in the 2008 half yearly financial report of the Company for the period ending on 30 June 2008, which were published on 29 August 2008 and are included in Part III (B) of this document, the directors of ICG are not aware of any material change in the financial or trading position of ICG since 31 December 2007 (the date to which the last published audited accounts of ICG were prepared).

10. CONSENTS

10.1 NCB Corporate Finance has given and not withdrawn its written consent to the inclusion in this document of the references to its name in the form and context in which they appear.

11. OTHER INFORMATION

11.1 No agreement, arrangement or understanding (including any compensation arrangement) having any connection with or dependence upon the Waiver exists between South Morston or any person acting in concert with South Morston or any of its associates and any of the directors or recent directors, shareholders or recent shareholders of ICG. In this 11.1, "**recent**" means within the Disclosure Period.

11.2 The South Morston Concert Party is not proposing any changes to the board of directors and has confirmed that it is not its intention, following any increase in its percentage shareholding as a result of any share repurchase by the company, to seek any changes to the business of the company or its subsidiaries or in the manner in which the existing business is caried on or to seek any redeployment of the assets of the company or any of its subsidiaries.

The South Morston Concert Party has also confirmed that following any percentage increase in its shareholding arising from any repurchase by the company of its shares, it is its intention that the existing employment rights, conditions of employment and pension rights of all employees of the company and its subsidiaries will be fully safeguarded.

11.3 References in this Part VI to an ''associate'' are to:

(1) subsidiaries and associated companies of ICG or, as the case may be South Morston and companies of which any such subsidiaries or associated companies are associated companies;

(2) banks, financial and other professional advisers (including stockbrokers) to ICG or, as the case may be, South Morston or a company covered in (1) above, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;

(3) the directors of ICG, the directors of South Morston and the directors of any company covered in (1) above (together in each case with their close relatives and related trusts);

(4) the pension funds of ICG or a company covered in (1) above; and

(5) an investment company, unit trust or other person whose investments an associate (as otherwise defined in this paragraph 11.3) manages on a discretionary basis, in respect of the relevant investments accounts;

a ''bank'' does not apply to a bank whose sole relationship with South Morston or ICG or a company covered in paragraph 11.3 (1) above is the provision of normal commercial banking services or such activities in connection with the Acquisition as handling acceptances and other registration work.

11.4 References in this Part VI to "relevant securities", whether in relation to ICG or South Morston, shall have the meaning assigned by Rule 8.9 of the Takeover Rules, meaning:

(1) securities which confer voting rights;

(2) equity share capital;

(3) securities conferring on their holders rights to convert into or subscribe for any of the foregoing securities; and

(4) options in respect of any of the foregoing securities and derivatives referenced to any of the foregoing securities.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during usual business hours on any Business Day from the date of this document up to and including 23 October 2008 at the offices of A & L Goodbody Solicitors, International Financial Services Centre, North Wall Quay, Dublin 1:

12.1 the Annual Report of ICG for the three years ended on 31 December 2005, 2006 and 2007;

12.2 the Annual Report of South Morston for the period ended on 31 March 2007;

12.3 the memorandum and articles of association of ICG and South Morston;

12.4 the letter from the Panel to NCB Corporate Finance dated 25 September 2008 granting South Morston Concert Party, subject to certain specified conditions, a waiver of its potential obligations under Rule 37 (a) of the Takeover Rules to make a general offer for the balance of ICG units;

12.5 the letter of consent referred to in paragraph 10 of Part VI of this document; and

12.6 the Material Contracts referred to in paragraph 7 of Part VI of this document.

PART VII – DEFINITIONS

The following definitions apply throughout this document, with the exception of Part IV, unless the context requires otherwise:

"1983 Act"	the Companies (Amendment) Act 1983;
"1990 Act"	the Companies Act 1990 of Ireland, as amended;
the "Act"	the Companies Act 1963 of Ireland, as amended;
"Arrangement"	any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature between two or more persons, relating to relevant securities of South Morston or ICG which is or may be an inducement to one or more such persons to deal or refrain fromdealing in such securities;
"Board"	the board of directors of ICG;
"Business Day"	any day, other than a Saturday or Sunday, on which clearing banks are normally open for business in Dublin;
"Circular"	this document dated the 29 September 2008;
"Closing Price"	the closing quotation price as published in the List or (for a day on which there was no dealing in such shares on the Stock Exchange) the mid-point between the high and low market guide prices as published in the List or (if there is only one such market guide price published) the market guide price so published whether it is the high or the low market guide price;
"Companies Acts"	the Companies Acts 1963 to 2006 and Parts 2 and 3 of the Investment Funds, Companies and Miscellaneous Provisions Act 2006;
"CREST"	the relevant system (as defined in the CREST Regulations) in respect of which CRESTCo is the Operator (as defined in the CREST Regulations);
"CREST Regulations"	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI No 68 of 1996) and the Companies Act 1990 (Uncertificated Securities) (Amendment) Regulations 2005 (SI No 63 of 2005), as from time to time amended;
"Current Price"	means the closing quotation price as published in the list or (for a day on which there was no dealing in such shares on the stock exchange) the mid-point between the high and low market guide prices as published in the list or (if there is only such market guide price published) the market guide price as published regardless of whether it is the high or the low market guide price;
"Disclosure Period"	the period commencing on 29 September 2007 and ending on the Latest Practicable Date;
"Directors of ICG" or "ICG Directors" or "Directors"	the board of directors of ICG;
"Directors of South Morston" or "South Morston Directors"	the board of directors of South Morston;
"euro" or "€" or "EUR" or "cent" or "c"	the currency unit of participating member states of the European Union as defined in Recital (2) of Council Regulation 974/98/EC on the introduction of the euro;

"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at the Clarion Hotel, IFSC, North Wall Quay, Dublin 1 at 11.00 am on 23 October 2008, notice of which is set out at the end of this document, or any adjournment thereof;
"Financial Regulator"	the Irish Financial Services Regulatory Authority;
"Form of Proxy"	the form of proxy for use in respect of the EGM;
"IAIM"	the Irish Association of Investment Managers;
"ICG" or the "Company"	Irish Continental Group plc;
"ICG Options"	options to subscribe for ICG Units pursuant to the ICG Share Option Scheme;
"ICG Share" or "Shares"	the existing and allotted or issued and fully paid ICG Units in the capital of ICG and any further such shares which may be issued or allotted prior to the Effective Date;
"ICG Shareholders" or "Shareholders"	holders of ICG Units;
"ICG Share Option Scheme"	the Irish Continental Group plc 1998 Share Option Scheme;
"ICG Unit"	a unit in the share capital of ICG (each such unit comprising one ordinary share of €0.65 and two redeemable shares of €0.0001);
"Independent Shareholders"	the Shareholders other than the South Morston Concert Party;
"Irish Stock Exchange"	the Irish Stock Exchange Limited;
"Latest Practicable Date"	26 September 2008;
"List"	the daily official lists of the Irish Stock Exchange and the London Stock Exchange, as appropriate;
"London Stock Exchange"	the London Stock Exchange plc;
"Market Price"	the higher of; the average middle market price (if there is one) derived from the List; and the average Current Price on the immediately preceding five business days;
"Market Purchase(s)"	purchase(s) by the Company of ICG Units pursuant to the authority provided under theMarket Purchases Resolution;
"Market Purchases Resolution"	Resolution 2 in the Notice, a special resolution authorising the Company to make market purchases of up to 2,461,670 ICG Units, representing approximately 10% of the existing issued share capital, to be proposed at the EGM;
"NCB Corporate Finance"	NCB Corporate Finance Limited;
"Notice"	the notice of EGM set out at the end of this document;
"Official Lists"	the Official List of the Irish Stock Exchange and the UK Listing Authority;
"Ordinary Shares"	the ordinary shares of nominal value €0.65 each in the capital of the Company;
"Panel"	the Irish Takeover Panel;
"Redeemable Shares"	the Redeemable Shares of nominal value 0.01 cent each in the capital of the Company;
"Registrars"	Computershare Investor Services (Ireland) Limited;
"Regulatory Information Service"	any of the services set out in schedule 12 of appendix 2 of the Listing Rules of the Irish Stock Exchange and or the company Announcements Office of the Irish Stock Exchange;
"Resolutions"	the Resolutions 1, 2 & 3 as defined in the attached Notice of Extraordinary General Meeting;

"Rule 37"	Rule 37 of the Takeover Rules which imposes an obligation on any person or persons acting in concert who acquire or consolidate control of a relevant company, wholly or partly by reason of the redemption or purchase by that company of any of its own securities, to extend offers to the holders of each class of equity share capital and to the holders of each other class of transferable voting security of the relevant company;
"South Morston"	South Morston Investment Company Limited, a private limited company incorporated in Ireland with registered number 428957;
"South Morston Concert Party"	for the purposes of the Waiver, South Morston Investment Company Limited, Liam Carroll and Roisin Carroll;
"Stock Exchange"	the Irish Stock Exchange or the London Stock Exchange, as the context requires;
"Takeover Rules"	the Irish Takeover Panel Act, 1997, Takeover Rules 2007 (as amended);
"UK Listing Authority"	the Financial Services Authority of the United Kingdom in its capacity as the competent authority under the UK Financial Services and Markets Act 2000;
"Waiver" or "Whitewash(es)"	the waiver of Rule 37 granted by the Panel, further details in relation to which are set out in Part I of this document entitled "Waiver of Obligation to make a General Offer under Rule 37 of the Takeover Rules";
"Waiver Resolution"	Resolution 1 in the Notice, an ordinary resolution which, in compliance with the conditions of the Waivers imposed by the Panel, approves the increase, arsing pursuant to Market Purchases, in the percentage of the issued share capital of the Company held by the South Morston Investment Company Limited Concert Party without any members thereof being obliged under the Takeover Rules to extend a general offer to all Shareholders in accordance with Rule 37;
"Whitewash Guidance Note"	the whitewash guidance note as set out in the notes to Rule 9 of the Takeover Rules.

Any reference to any provision of any legislation shall include any provision in any legislation that amends, modifies, consolidates, re-enacts, extends or replaces the same.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neutral gender.

All times referred to are Dublin times unless otherwise stated.

NOTICE OF EXTRAORDINARY GENERAL MEETING

OF

IRISH CONTINENTAL GROUP PLC

NOTICE is hereby given that an Extraordinary General Meeting of Irish Continental Group plc ("the Company") will be held at the Clarion Hotel, IFSC, North Wall Quay, Dublin 1 at 11.00 am on 23 October 2008 for the following purposes:-

Note: All Shareholders are entitled to vote in respect of Resolutions 2 and 3. All Shareholders other than the South Morston Concert Party (as such term is defined in the Circular sent to shareholders of the Company on 29 September 2008) are entitled to vote in respect of Resolution 1.

SPECIAL BUSINESS

TO CONSIDER and, if thought fit, to pass the following resolutions:

1. As an ordinary resolution:

"That having regard to the Irish Takeover Panel Act 1997, Takeover Rules, 2007 as amended (the "Takeover Rules") and to the conditions attached by the Irish Takeover Panel to the grant of a waiver under Rule 37 of the Takeover Rules as set out in its letter dated 25 September 2008 to NCB Corporate Finance (the terms and conditions of which are described on pages 4 and 5 of the Company's circular to shareholders dated 29 September 2008 (the "Circular")) an increase in the percentage of the issued shared capital of the Company held by South Morston Investment Company Limited ("SMICL") and Liam Carroll and Roisin Carroll, up to 32.51% in the circumstances described in the Circular without SMICL and/or Liam Carroll and Roisin Carroll, being obliged to make an offer to the Company's shareholders pursuant to Rule 37, be and is hereby approved."

2. As a special resolution:

"That subject to and for the purposes of the Companies Act, 1990, the Company and/or any of its subsidiaries be and are hereby generally authorised to make market purchases of shares of any class of the Company on such terms and conditions and in such manner as the Directors may from time to time determine, but so that:

(1) the maximum number of shares authorised to be purchased under this resolution shall be such number of shares whose aggregate nominal value shall not exceed 10 per cent of the aggregate nominal value of the issued share capital of the Company as at the commencement of business on the day of the passing of this resolution;

(2) the minimum price which may be paid for any share is an amount equal to its nominal value;

(3) the maximum price which may be paid for any share is an amount equal to 105 per cent of the Market Price (as hereafter defined) on the day of purchase; and

(4) all shares purchased will be cancelled and will not be available for reissue.

For the purpose of this resolution:

(a) the Market Price of any shares on a particular day means the higher of:
the average middle market price (if there is one) derived from the List (as hereafter defined); and the average Current Price (as hereafter defined) on the immediately preceding five business days;

(b) the Current Price on a particular day means the closing quotation price as published in the List or (for a day on which there was no dealing in such shares on the Stock Exchange) the mid-point between the high and low market guide prices as published in the List or (if there is only one such market guide price published) the market guide price so published whether it is the high or the low market guide price;

(c) the List means the Irish Stock Exchange Daily Official List; and

(d) the Stock Exchange means The Irish Stock Exchange Limited.

The authority hereby conferred shall expire 18 months from the passing of this resolution unless previously varied, revoked or renewed. The Company or any subsidiary may before such expiry make a contract for the purchase of shares which would or might be wholly or partly executed after such expiry and may make a purchase of shares pursuant to any such contract as if the authority hereby conferred had not expired."

3. As an ordinary resolution:

"That the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot such number of Redeemable Shares (as such term is defined in the Company's Articles of Association) as are presently authorised but unissued; provided that this authority shall expire on the fifth anniversary of the passing of this resolution unless previously varied, revoked or renewed, save that the Company may before such expiry make an offer or agreement which would or might require Redeemable Shares to be allocated after such expiry and the Directors may allot Redeemable Shares pursuant to such offer or agreement as if the authority conferred hereby had not expired."

And to transact any other business which may properly be brought before the meeting.

By Order of the Board
Thomas Corcoran
Secretary
Registered Office: Ferryport, Alexandra Road, Dublin 1.

Date: 29 September 2008

Notes:

1. A member entitled to attend and vote at the Annual General Meeting may appoint a proxy to attend, speak and vote on his/her behalf. A proxy need not be a member of the Company. The deposit of an instrument of proxy will not preclude a member from attending and voting in person at the meeting.

2. A form of proxy is enclosed with this notice. To be effective, the form of proxy, duly completed and signed, together with any authority under which it is executed or a copy of such authority certified notarially or by a solicitor practicing in Ireland, must be deposited with the Company's registrars, Computershare Investor Services (Ireland) Limited, P.O. 954, Dublin 18, Ireland, not later than 11.00 am on 21 October 2008.

3. In the case of a corporation, the form of proxy must be either executed under seal or signed on its behalf by an officer or attorney, duly authorised.

4. There are no service contracts which are required to be available for inspection at the meeting.

5. The Company, pursuant to Regulation 14 of the Companies Act, 1990 (Uncertificated Securities) Regulations, 1996 specifies that only those members registered in the register of members of the Company as at close of business on 21 October 2008 (or in the case of an adjournment as at close of business on the day which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their names at the time. Changes to entries in the register after that time will be disregarded in determining the right of any person to attend and/or vote at the meeting.