IRISH CONTINENTAL GROUP

Statement of Results for the year ended 31 December 2012

FINANCIAL HIGHLIGHTS	**2012**	**2011**	**Change %**
Revenue[1]	€256.1m	€251.7m	+1.7%
EBITDA[2]	€45.8m	€47.3m	-3.2%
Operating profit[2](before non-trading items)	€26.5m	€27.1m	-2.2%
Gain on disposal of Feederlink	€21.0m	-	
EPS			
EPS Basic	183.2c	111.1c	+64.9%
EPS Adjusted	108.5c	109.9c	-1.3%
EPS – continuing operations[1]			
EPS Basic	88.6c	102.7c	-13.7%
EPS Adjusted	104.6c	101.5c	+3.1%
Net Debt	€116.0m	€7.8m	

Carryings

	2012	**2011**	
	'000	**'000**	**Change %**
Passengers	1,543.7	1,527.1	+1.1%
Cars	353.8	352.7	+0.3%
RORO Freight	183.7	194.5	-5.6%
Container Freight[1] (teu*)	252.9	268.1	-5.7%
Port Lifts	182.3	186.8	-2.4%

*teu = twenty foot equivalent units

Commenting on the results Chairman John B McGuckian said,

''These are resilient results in the face of a challenging economic background. There is now some emerging evidence of an improvement in the Irish economic environment, but we remain cautious, particularly in relation to freight capacity.''

Irish Continental Group (ICG) is a leading Irish based maritime transport group. ICG carries passengers and cars, Roll On Roll Off (RORO) freight and container Lift On Lift Off (LOLO) freight, on routes between Ireland, the United Kingdom and Continental Europe.

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1 Excludes discontinued operations
2 Excludes discontinued operations and non-trading items

Irish Continental Group (ICG) produced another resilient performance in the face of continued economic weakness, which affects both consumer travel and import / export trade flows, the two areas of economic interest for the Group. During the year the Group announced, and completed, the sale of its subsidiary Feederlink. Consequently the results for the Group's continuing operations (i.e. excluding Feederlink for both 2012 and 2011) are set out below.

Revenue for the year from continuing operations was up 1.7% at €256.1 million while continuing EBITDA[1] was down 3.2%, to €45.8 million, due mainly to lower freight volumes in both RORO and LOLO and higher fuel costs (up €6.3 million to €53.2 million) largely offset by higher yields in the passenger business. The net interest charge was €1.8 million (2011: €1.0 million) before a net interest expense from defined benefit pension schemes of €1.6 million (2011: credit of €0.3 million). The taxation charge was €0.5 million compared with €0.8 million in 2011. The profit on sale of Feederlink was €21.0 million. Basic EPS including the profit on sale of Feederlink was 183.2 cent while adjusted EPS from continuing operations was 104.6 cent, up 3.1%.

OPERATING REVIEW

FERRIES DIVISION

The Ferries division employs five owned multipurpose ferries, four of which are operating on routes to and from the Republic of Ireland and one on charter and operating in New Zealand. 4,316 sailings were operated by Irish Ferries in 2012, carrying passengers, passenger vehicles and RORO freight.

Revenue in the division was 2.9% higher than the previous year at €160.0 million while operating profit (before non-trading items) was €22.4 million compared with €22.0 million in 2011. The increase in profit was due principally to increased passenger and car revenue partially offset by lower freight revenue and higher bunker (fuel) costs. Fuel cost in the division was up €4.5 million (12.9%) to €39.3 million. Revenue in the first half of the year was up 1.9% at €69.5 million while in the second half the increase was 3.7%, to €90.5 million.

Passenger

There was some adjustment downwards in capacity in the sector with the cessation of the passenger oriented Swansea to Cork service and the reduction in services from Fishguard to Rosslare. As a result Irish Ferries car carrying's during the year were 353,800 (2011: 352,700), up marginally on the previous year despite the market being down.

Irish Ferries' passenger numbers carried were up 1.1% at 1.544 million (2011:1.527 million). In the first half of the year, our passenger volumes were up 0.9% and car volumes down 1.9%. In the second half of the year the growth in passenger numbers was 1.2% while cars carried were up 2.0% compared with the same period last year. The strength in sterling during the year combined with positive movement in average fares resulted in increased yields.

Clearly, the sustained increase in our fuel costs once again provided real challenges in determining ticket prices. Our objective is to provide maximum value to our markets whilst maintaining some equilibrium in the returns we make from this key area of revenue.

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[1] Excludes discontinued operations and non-trading items

In 2012 Irish Sea car and passenger markets continued to prove difficult. Britain, as our key source market for Irish Sea business, proved to be particularly challenging for us. On the other hand there was a modest gain on Ireland / France, despite additional capacity introduced by one competitor.

Freight

The Republic of Ireland's RORO market remained challenging with overall volumes marginally lower than 2011. There also continues to be overcapacity in the freight market particularly on the longer sea routes, which is unsustainable at current market demand. There was some recognition of this in the termination by one operator of a pure RORO service from Heysham to Northern Ireland.

Irish Ferries carryings, at 183,700 freight units were down approximately 5.6% in the year reflecting this difficult economic and capacity backdrop.

The extremely challenging economic circumstances in the Republic of Ireland and UK contributed to the lack of growth in the market and the pressure on operating costs for our freight customers remained intense. Irish Ferries remained focused on delivering high quality service combined with real value for regular users of our services. The backdrop of increased fuel costs also made trading difficult for our customers who are consumers of road diesel in addition to purchasing deck space on our ferries.

Charter

The *Kaitaki* remained on bareboat charter to P&O during the period and operated between the North and South Islands of New Zealand on a sub-charter. The current charter runs until 30 June 2013.

CONTAINER AND TERMINAL DIVISION

Following the disposal of Feederlink, the division now comprises Eucon's intermodal freight services, which offers both door-to-door and feeder services, and our strategically located container terminals in Dublin and in Belfast. Eucon is the market leader in the sector operating a fleet of chartered container vessels ranging in size from 400 – 1,000 teu capacity (teu = twenty foot equivalent unit, the standard measure in the container industry), connecting the Irish ports of Dublin, Cork and Belfast with the Continental ports of Rotterdam, Antwerp and Le Havre (Radicatel). Eucon deploys 2,900 owned and leased containers (equivalent to 5,500 teu) of varying types thereby allowing the Line to offer the full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters.

The commentary below is on a continuing basis with Feederlink trading excluded as it was disposed of during the year. Revenue in the division was flat at €97.4 million (2011: €97.5 million). The revenue is derived from a mix of domestic door-to-door, quay-to-quay and feeder service with 68% of revenue generated from imports to Ireland. With a flexible chartered fleet and slot charter arrangements Eucon was able to adjust capacity to the volume of trade and thereby continue to meet the requirements of customers in a cost effective and efficient manner. Operating profit in the division was down 19.6% at €4.1 million (2011: €5.1 million) due mainly to higher fuel costs up 14.9% to €13.9 million (2011: €12.1 million). Overall container volumes shipped were down compared with the previous year at 252,900 teu (2011: 268,100 teu).

Containers handled at the Group's terminals in Dublin (DFT) and Belfast (BCT) were down 2.4% at 182,300 lifts (2011: 186,800 lifts). The business consists of a mix of volume from Eucon and third party customers. The strategic location of our container terminals and the capital invested places the terminals in a good position to benefit from any upturn in volumes.

SALE OF FEEDERLINK

In August the Group announced the sale, subject to regulatory approval, of its container shipping subsidiary Feederlink Shipping & Transport b.v. to Danish Group Unifeeder A/S. Feederlink, which had been set up on a greenfield basis by the Group in 1993, provided container shipping services on a quay to quay basis between Rotterdam and the east coast of the UK. Following receipt of regulatory clearance the sale was completed in December 2012. The selling price was €29.0 million of which €20.0 million was received on completion with the balance of up to €9.0 million receivable in three tranches, deferred up to 12 months after completion based on certain conditions being met during the 12 months. The earnings before tax up to completion were €0.7 million (2011 €1.8 million) with net assets deployed of €0.9 million.

RETURN OF CAPITAL

During the early part of the year the Board considered various strategic and financial options to enhance shareholder value. The Board reviewed a number of factors including the Group's current and expected capital expenditure requirements, potential acquisition opportunities or route expansions and asset disposals. Following this review the Board determined that a return of surplus capital by way of a tender offer was in the best interests of the Group and shareholders as a whole as it provided shareholders with both choice and certainty of value.

In October, the Group completed the tender offer for 24.73% (the maximum permitted by the shareholder resolution on 2 October 2012) of the outstanding share capital at a price of €18.50 a share. The tender offer was oversubscribed with 30% of the shares being tendered. Following the tender offer the number of shares in issue amounted to 18.3 million, down from 24.4 million. The total value of shares tendered was €111.5 million.

NET DEBT

EBITDA[1] for the year was €45.8 million (2011: €47.3 million). There was a net outflow of working capital of €2.6 million, due principally to a decrease in payables of €3.7 million, partially offset by a decrease in receivables of €1.2 million. The Group made on going payments of €5.4 million to the Group's pension funds, in excess of service costs. In addition €9.0 million in scheduled deficit payments to the MNOPF, due to be paid between 2013 and 2020 with interest at 7.75%, were accelerated in 2012 resulting in significant interest savings going forward. See further details under pensions below. With other movements of €0.4 million, this resulted in cash generated from operations amounting to €29.2 million (2011: €38.5 million).

Net interest paid was €1.8 million (2011: €1.0 million) while taxation paid was €0.4 million (2011: €1.0 million).

Capital expenditure was €8.5 million (2011: €6.3 million) which primarily included the annual refits of the vessels together with some enhancement of engine monitoring equipment and new containers.

Arising from the cash flows set out above and, dividend payments of €24.7 million, net proceeds of €18.3 million received in relation to the Feederlink disposal, share issues of €1.6 million, share buybacks (inclusive of related expenses) of €123.1 million and other movements of €1.2 million, net debt at year end was €116.0 million (2011: €7.8 million).

During the year the Group negotiated new bank facilities of €165.0 million comprising a 5 year €110.0 million amortising facility, a €40.0 million revolving credit facility and a €15.0 million overdraft and trade guarantee facility. The term loan is secured on certain of the Group's vessels while the revolving credit and overdraft facilities are cross guaranteed within the Group. The proceeds were utilised to repay existing borrowing, to restructure inter-group borrowings to enable the successful completion of the tender buyback of 24.73% of the issued share capital and general working capital purposes. The interest rate on the amortising facility was fixed for the full term following drawdown.

[1] Excludes discontinued operations and non- trading items

DIVIDEND
During the year the Group paid the final dividend for 2011 of 67 cent and the interim dividend for 2012 of 33 cent (paid prior to the tender offer), a total of 100 cent per ICG Unit, in line with the previous year. The Board is proposing a final dividend of 67 cent, making a total dividend for the year of 100 cent per ICG Unit. Subject to shareholder approval at the Annual General Meeting, the dividend will be paid on 21 June 2013 to shareholders on the register at close of business on 7 June 2013. Irish dividend withholding tax will be deducted where appropriate.

BOARD
In March 2012 the Group appointed Catherine Duffy, a senior partner in a leading law firm to the Board and subsequently to the Audit Committee. In January 2013 the Group announced the appointment to the Board of Brian O'Kelly, an executive director in a leading stockbroking and corporate finance house. Both Catherine and Brian bring a wealth of relevant commercial experience and expertise to the Board and the Board is pleased to welcome their expected contribution.

OUTLOOK
In the year to date Irish Ferries has carried 27,900 cars down 7% on 2012 although this reflects a competitor's drydocking programme rather than market weakness. Total passengers carried, 136,500, are up 2% on 2012. RORO freight volumes are up 4% at 30,300 units while container volumes are up 9% at 48,000 teu although terminal lifts are down 2% at 29,100 lifts.

2013 is likely to continue to provide a challenging economic backdrop. In the EU generally, continued high unemployment, deleveraging by firms and households, and widespread fiscal consolidation in many of the Union's economies is leading to weaker economic output, at least in the short term. Fuel has stabilised but remains at relatively high historical levels.

There is now some evidence of the Irish economy improving with unemployment and house prices stabilising and Irish medium term bond yields rallying from over 8% in early 2012 to under 4% currently. Commentators have recently upgraded growth forecasts for the Irish economy, with GDP growth of 1.3% now expected.

In these circumstances ICG continues to adopt a cautious approach to its business, keeping capacity at levels suited to the market demand and managing its costs in a manner consistent with the trading environment in which it operates.

John B. McGuckian
Chairman

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The Directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements are prepared in accordance with IFRS as adopted by the European Union and comply with Irish statute comprising the Companies Acts, 1963 to 2012 and as regards the Group financial statements Article 4 of the IAS Regulations, and the Listing Rules of the Irish Stock Exchange. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included in the Company website.

The Directors of ICG plc acknowledge these responsibilities and accordingly have prepared this consolidated Annual Report for the year ended 31 December 2012 in compliance with the provisions of Regulation (EC) No. 1606/2002, regulations 4 and 5 of Statutory Instrument 277 of 2007 of Ireland, the Transparency Rules of the Irish Financial Services Regulatory Authority and the applicable International Financial Reporting Standards as adopted by the European Union.

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

- the Group consolidated financial statements for the year ended 31 December 2012 have been prepared in accordance with the applicable International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole as at that date;
- the Business Review includes a fair review of the development and performance of the business for the year ended 31 December 2012 and the position of the Group and the undertakings included in the consolidation taken as a whole at the year-end; and
- the Report of the Directors provides a description of the principal risks and uncertainties which may impact on future performance of the Group and the undertakings included in the consolidation taken as a whole.

Consolidated Income Statement
for the year ended 31 December 2012

	Notes	2012	2011*
		€m	€m
Revenue		256.1	251.7
Depreciation and amortisation		(19.3)	(20.2)
Employee benefits expense		(17.4)	(18.9)
Other operating expenses		(192.9)	(185.5)
		26.5	27.1
Non-trading items	4	(2.1)	-
Operating profit		**24.4**	**27.1**
Investment revenue		10.1	12.0
Finance costs		(13.5)	(12.7)
Profit before tax		**21.0**	**26.4**
Income tax expense	3	(0.5)	(0.8)
Profit from continuing operations		**20.5**	**25.6**
Trading profit from discontinued operations		0.9	2.1
Non-trading items	4	21.0	-
Profit from discontinued operations		21.9	2.1
Profit for the year: all attributable to equity holders of the parent		**42.4**	**27.7**
Earnings per share – expressed in € cent per share			
Basic	5	183.2c	111.1c
Diluted	5	182.8c	110.4c
From continuing operations:			
Basic	5	88.6c	102.7c
Diluted	5	88.4c	102.0c

**As re-presented to reflect the effect of discontinued operations*

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2012

	2012	**2011**
	€m	**€m**
Profit for the year	42.4	27.7
Cash flow hedges:		
Fair value movements arising during the year	(0.6)	-
Transfer to Consolidated Income Statement – net settlement of cash flow hedge	-	(0.1)
Exchange differences on translation of foreign operations	3.1	2.3
Actuarial loss on retirement benefit obligations	(34.7)	(19.7)
Deferred tax movements	0.3	(0.1)
Exchange difference on defined benefit schemes	(0.2)	(0.3)
Other comprehensive expense for the year	(32.1)	(17.9)
Total comprehensive income for the year:		
all attributable to equity holders of the parent	**10.3**	**9.8**

Consolidated Statement of Financial Position
as at 31 December 2012

	Notes	2012	2011
		€m	€m
Assets			
Non-current assets			
Property, plant and equipment		174.2	182.1
Intangible assets		0.8	0.8
Finance lease receivable		17.5	20.7
Retirement benefit surplus	8	3.7	4.4
		196.2	**208.0**
Current assets			
Inventories		2.7	2.7
Trade and other receivables		37.5	34.1
Cash and bank balances	6	22.3	9.8
		62.5	**46.6**
Total assets		**258.7**	**254.6**
Equity and liabilities			
Equity			
Share capital		11.9	16.7
Share premium		7.5	52.7
Other reserves		(9.6)	(18.9)
Retained earnings		8.2	101.1
Equity attributable to equity			
holders of the parent		**18.0**	**151.6**
Non-current liabilities			
Borrowings	6	123.2	16.7
Trade and other payables		0.7	0.9
Deferred tax liabilities		4.0	4.4
Provisions		0.4	0.3
Deferred grant		0.7	0.8
Retirement benefit obligation	8	58.3	36.9
		187.3	**60.0**
Current liabilities			
Borrowings	6	15.1	0.9
Trade and other payables		33.9	38.9
Derivative financial instruments		0.6	-
Current tax liabilities		3.3	2.8
Provisions		0.4	0.3
Deferred grant		0.1	0.1
		53.4	**43.0**
Total liabilities		**240.7**	**103.0**
Total equity and liabilities		**258.7**	**254.6**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2012

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2012	**16.7**	**52.7**	**(18.9)**	**101.1**	**151.6**
Profit for the year	-	-	-	42.4	42.4
Other comprehensive expense	-	-	2.5	(34.6)	(32.1)
Total comprehensive income for the year	**-**	**-**	**2.5**	**7.8**	**10.3**
Employee share options expense	-	-	2.3	-	2.3
Share Issue	0.1	1.5	-	-	1.6
Share buyback	(4.3)	-	4.3	(121.6)	(121.6)
Share buyback expenses	-	-	-	(1.5)	(1.5)
Cancel treasury shares	(0.6)	-	0.6	-	-
Capital reduction	-	(46.7)	-	46.7	-
Dividends	-	-	-	(24.7)	(24.7)
Transferred to retained earnings on exercise of share options	-	-	(0.4)	0.4	-
	(4.8)	**(45.2)**	**9.3**	**(92.9)**	**(133.6)**
Balance at 31 December 2012	**11.9**	**7.5**	**(9.6)**	**8.2**	**18.0**
Analysed as follows:					
Share capital					11.9
Share premium					7.5
Other reserves					(9.6)
Retained earnings					8.2
					18.0

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2012	**2.4**	**1.5**	**-**	**(22.8)**	**(18.9)**
Total comprehensive (expense) / income	**-**	**-**	**(0.6)**	**3.1**	**2.5**
Employee share options expense	-	2.3	-	-	2.3
Share buyback	4.3	-	-	-	4.3
Cancel treasury shares	0.6	-	-	-	0.6
Transferred to retained earnings on exercise of share options	-	(0.4)	-	-	(0.4)
	4.9	**1.9**	**(0.6)**	**3.1**	**9.3**
Balance at 31 December 2012	**7.3**	**3.4**	**(0.6)**	**(19.7)**	**(9.6)**

Consolidated Statement of Changes in Equity
for the year ended 31 December 2011

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2011	**16.8**	**51.8**	**(21.3)**	**130.7**	**178.0**
Profit for the year	-	-	-	27.7	27.7
Other comprehensive income / (expense)	-	-	2.2	(20.1)	(17.9)
Total comprehensive income for the year	**-**	**-**	**2.2**	**7.6**	**9.8**
Employee share options expense	-	-	0.1	-	0.1
Share Issue	0.1	0.9	-	-	1.0
Share buyback	(0.2)	-	0.2	(4.0)	(4.0)
Dividends	-	-	-	(33.3)	(33.3)
Transferred to retained earnings on exercise of share options	-	-	(0.1)	0.1	-
	(0.1)	**0.9**	**2.4**	**(29.6)**	**(26.4)**
Balance at 31 December 2011	**16.7**	**52.7**	**(18.9)**	**101.1**	**151.6**
Analysed as follows:					
Share capital					16.7
Share premium					52.7
Other reserves					(18.9)
Retained earnings					101.1
					151.6

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2011	**2.2**	**1.5**	**0.1**	**(25.1)**	**(21.3)**
Total comprehensive income	**-**	**-**	**(0.1)**	**2.3**	**2.2**
Employee share options expense	-	0.1	-	-	0.1
Share buyback	0.2	-	-	-	0.2
Transferred to retained earnings on exercise of share options	-	(0.1)	-	-	(0.1)
	0.2	**-**	**(0.1)**	**2.3**	**2.4**
Balance at 31 December 2011	**2.4**	**1.5**	**-**	**(22.8)**	**(18.9)**

Consolidated Statement of Cash Flows
for the year ended 31 December 2012

	Notes	2012 €m	2011 €m
Net cash from operating activities	7	**26.9**	**36.5**
Cash flow from investing activities			
Interest received		0.1	-
Proceeds on disposal of property, plant and equipment		0.8	0.4
Net proceeds received on disposal of Feederlink		18.3	-
Payment received on finance lease receivable		2.7	4.1
Purchases of property, plant and equipment		(8.1)	(5.9)
Purchases of intangible assets		(0.4)	(0.4)
Net cash utilised by investing activities		**13.4**	**(1.8)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(24.7)	(33.3)
Repayments of borrowings		(12.8)	(27.8)
Repayments of obligations under finance leases		(0.7)	(0.7)
Proceeds on issue of ordinary share capital		1.6	1.0
Share buyback		(123.1)	(4.0)
Non-trading item: Financing and related fees		(2.1)	-
New bank loans raised		133.0	22.5
Inception of new finance lease		1.4	-
Net cash used in financing activities		**(27.4)**	**(42.3)**
Net increase / (decrease) in cash and cash equivalents		**12.9**	**(7.6)**
Cash and cash equivalents at the beginning of the year		9.5	17.2
Effect of foreign exchange rate changes		(0.1)	(0.1)
Cash and cash equivalents at the end of the year	**6**	**22.3**	**9.5**

Notes to the Preliminary Statement for the year ended 31 December 2012

1. Accounting policies

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements.

2. Segmental information

The Board is deemed the chief operating decision maker within the Group. For management purposes, the Group is currently organised into two operating segments – Ferries and Container & Terminal.

	Revenue		Profit Before Tax		Net Assets (equity attributable to equity holders)	
Analysis by class of business	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Ferries	160.0	155.5	22.4	22.0	107.3	127.9
Container and Terminal	97.4	97.5	4.1	5.1	26.7	31.5
Intersegment Revenue	(1.3)	(1.3)	-	-	-	-
Continuing operations	256.1	251.7	26.5	27.1	134.0	159.4
Discontinued operations	19.6	21.6	0.7	1.8		
Total	275.7	273.3	27.2	28.9		
Non-trading items	-	-	18.9	-	-	-
Net interest / debt	-	-	(3.4)	(0.7)	(116.0)	(7.8)
Other liabilities	-	-	-	-	-	-
	275.7	**273.3**	**42.7**	**28.2**	**18.0**	**151.6**
Analysis by origin	**2012**	**2011**				
	€m	**€m**				
Ireland	124.4	125.0				
United Kingdom	51.6	49.2				
Netherlands	41.3	44.4				
Belgium	22.2	17.2				
France	7.0	7.4				
Other	9.6	8.5				
Continuing operations	256.1	251.7				
Discontinued operations	19.6	21.6				
Total	**275.7**	**273.3**				

3. Income tax expense

	2012	2011
	€m	€m
Current tax	0.4	0.4
Deferred tax	(0.1)	0.1
Income tax expense for the year	**0.3**	**0.5**
Relating to continuing operations	0.5	0.8
Relating to discontinued operations	(0.2)	(0.3)
	0.3	0.5

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax method. The Group's Dutch subsidiary Feederlink, which was disposed of during the year (note 4) also elected to be taxed under the Dutch tonnage tax system in the current and prior years. 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.

In accordance with the IFRIC guidance on IAS 12, Income Taxes, the tonnage tax charge is not considered an income tax expense and has been included in other operating expenses in the Consolidated Income Statement.

Domestic income tax is calculated at 12.5% of the estimated assessable profit for the year for all activities which do not fall to be taxed under the tonnage tax system. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions and range between 24% and 26% (2011: 25.5% and 26%).

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

	2012	2011
	€m	€m
Profit before tax from:		
continuing operations	21.0	26.4
discontinued operations	0.7	1.8
Gain on disposal of discontinued operations	21.0	-
	42.7	28.2
Tax at the domestic income tax rate of 12.5% (2011: 12.5%)	5.3	3.5
Tax exempted earnings	(2.6)	-
Net utilisation of tax losses	(0.4)	(0.4)
Difference in effective tax rates	0.1	0.2
Effect of tonnage relief	(2.1)	(2.8)
Income tax expense recognised in the		
Consolidated Income Statement	**0.3**	**0.5**

4. Non-trading items

	2012	2011
	€m	€m
Continuing operations		
Financing and related fees	(2.1)	-
Discontinued operations		
Gain on the disposal of discontinued operations	21.0	-
Total non-trading items	18.9	-

In October 2012 the Group successfully completed a bank refinancing. The costs associated with this transaction, totalling €2.1 million are included within non-trading items.

In December 2012 the Group completed the sale of its container shipping subsidiary Feederlink Shipping & Trading b.v. ("Feederlink") to Danish logistic company Unifeeder A/S realising a gain on disposal of €21.0 million.

5. Earnings per share

	2012	2011
Number of shares	'000	'000
Weighted average number of ordinary shares for the purposes of basic earnings per share	23,139	24,932
Effect of dilutive potential ordinary shares: Share options	59	156
Weighted average number of ordinary shares for the purposes of diluted adjusted earnings per share	23,198	25,088

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

The earnings used in both the adjusted basic and diluted earnings per share have been adjusted to take into account the non-trading items together with the net figure for the expected return on defined benefit pension scheme assets and the interest on defined pension scheme liabilities.

5. Earnings per share - continued

Profit attributable to ordinary shareholders

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2012	2011
Earnings	**€m**	**€m**
Earnings for the purposes of basic earnings per share -		
Profit for the year attributable to equity holders of the parent	42.4	27.7
Earnings for the purposes of diluted earnings per share	42.4	27.7
Earnings for the purposes of basic earnings per share -		
Profit for the year attributable to equity holders of the parent	42.4	27.7
Effect of non-trading items	(18.9)	-
Effect of expected return on defined benefit pension scheme assets	(10.0)	(12.0)
Effect of interest on defined benefit pension scheme liabilities	11.6	11.7
Earnings for the purposes of adjusted earnings per share	25.1	27.4

	2012	2011
	cent	**cent**
Basic earnings per share	183.2	111.1
Diluted earnings per share	182.8	110.4
Adjusted basic earnings per share	108.5	109.9
Adjusted diluted earnings per share	108.2	109.2

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

5. Earnings per share - continued

Continuing operations

	2012	2011
Earnings	**€m**	**€m**
Earnings for the purposes of basic earnings per share -		
Profit from continuing operations	20.5	25.6
Earnings for the purposes of diluted earnings per share	20.5	25.6
Earnings for the purposes of basic earnings per share -		
Profit from continuing operations	20.5	25.6
Effect of non-trading items	2.1	-
Effect of expected return on defined benefit pension scheme assets	(10.0)	(12.0)
Effect of interest on defined benefit pension scheme liabilities	11.6	11.7
Earnings for the purposes of adjusted earnings per share	24.2	25.3

	2012	2011
	cent	**cent**
Basic earnings per share	88.6	102.7
Diluted earnings per share	88.4	102.0
Adjusted basic earnings per share	104.6	101.5
Adjusted diluted earnings per share	104.3	100.8

Discontinued operations

	2012	2011
Earnings	**€m**	**€m**
Earnings for the purposes of basic earnings per share -		
Profit from discontinued operations	21.9	2.1
Earnings for the purposes of diluted earnings per share	21.9	2.1
Earnings for the purposes of basic earnings per share -		
Profit from discontinued operations	21.9	2.1
Effect of non-trading items	(21.0)	-
Earnings for the purposes of adjusted earnings per share	**0.9**	**2.1**

	2012	2011
	cent	**cent**
Basic earnings per share	94.6	8.4
Diluted earnings per share	94.4	8.4
Adjusted basic earnings per share	3.9	8.4
Adjusted diluted earnings per share	3.9	8.4

6. Net debt

	Cash	Bank Overdraft	Loans	Leases	Total
	€m	€m	€m	€m	€m
At 1 January 2012					
Current assets	9.8	-	-	-	9.8
Creditors due within one year	-	(0.3)	-	(0.6)	(0.9)
Creditors due after one year	-	-	(15.0)	(1.7)	(16.7)
	9.8	**(0.3)**	**(15.0)**	**(2.3)**	**(7.8)**
Cash flow	12.5	0.3	-	-	12.8
Foreign exchange rate changes	-	-	-	(0.1)	(0.1)
Drawdown	-	-	(133.0)	(1.4)	(134.4)
Repayment	-	-	12.8	0.7	13.5
	12.5	**0.3**	**(120.2)**	**(0.8)**	**(108.2)**
At 31 December 2012					
Current assets	22.3	-	-	-	22.3
Creditors due within one year	-	-	(14.5)	(0.6)	(15.1)
Creditors due after one year	-	-	(120.7)	(2.5)	(123.2)
	22.3	**-**	**(135.2)**	**(3.1)**	**(116.0)**

During the year the Group negotiated new bank facilities of €165.0 million which were utilised to repay existing borrowings, to restructure inter-group borrowings to enable the successful completion of the tender buyback of 24.73% of the issued share capital and general working capital purposes.

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled as follows:

	2012	2011
	€m	€m
Cash and bank balances	22.3	9.8
Bank overdraft	-	(0.3)
Cash and cash equivalents	**22.3**	**9.5**

7. Net cash from operating activities

	2012 €m	2011 €m
Operating activities		
Profit for the year	42.4	27.7
Adjustments for:		
Finance costs (net)	3.4	0.7
Income tax expense	0.3	0.5
Retirement benefit obligations – current service cost	1.3	1.2
Retirement benefit obligations – payments	(14.7)	(5.9)
Retirement benefit obligations – past service credit	(1.0)	-
Depreciation of property, plant and equipment	19.0	19.9
Amortisation of intangible assets	0.4	0.5
Amortisation of deferred income	(0.1)	(0.2)
Share-based payment expense	0.1	0.1
Non-trading item: Gain on disposal of Feederlink	(21.0)	-
Non-trading item: Financing and related fees	2.1	-
Gain on disposal of property, plant and equipment	(0.6)	(0.3)
Increase in other provisions	0.2	-
Operating cash flows before movements in working capital	**31.8**	**44.2**
Increase in inventories	(0.1)	(0.8)
Decrease / (increase) in receivables	1.2	(1.9)
Decrease in payables	(3.7)	(3.0)
Cash generated from operations	**29.2**	**38.5**
Income taxes paid	(0.4)	(1.0)
Interest paid	(1.9)	(1.0)
Net cash generated from operating activities	**26.9**	**36.5**

8. Retirement benefit schemes

The principal assumptions used at 31 December 2012 for the purpose of the actuarial valuations were as follows:

	STERLING LIABILITIES		EURO LIABILITIES	
	2012	**2011**	**2012**	**2011**
Discount rate	**4.40%**	4.90%	**3.80%**	5.30%
Inflation rate	**2.90%**	2.90%	**2.00%**	2.00%
Rate of increase of pensions in payment	**2.65%**	2.65%	**1.80%- 2.00%**	1.80% - 2.00%
Rate of general salary increases	**3.90%**	3.90%	**3.00%**	3.00%

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

	STERLING ASSETS		EURO ASSETS	
	2012	**2011**	**2012**	**2011**
Equities	**7.00%**	7.00%	**6.30%**	7.30%
Bonds	**3.00%**	3.00%	**3.30%**	4.30%
Property	**5.50%**	5.50%	**5.30%**	6.30%
Other	**2.60%**	2.60%	**2.50%**	2.50%

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

	2012		2011	
	Male	**Female**	**Male**	**Female**
Current retirees	24.1 years	27.1 years	23.8 years	26.6 years
Future retirees	27.6 years	30.3 years	27.2 years	30.3 years

8. Retirement benefit schemes – continued

The amount recognised in the balance sheet in respect of the Group's defined benefit schemes, is as follows:

	SCHEMES WITH LIABILITIES IN STERLING		SCHEMES WITH LIABILITIES IN EURO	
	2012	**2011**	**2012**	**2011**
	€m	**€m**	**€m**	**€m**
Equities	7.1	6.4	103.5	93.0
Bonds	15.0	13.8	70.4	61.8
Property	0.3	0.3	10.5	10.4
Other	0.4	0.5	6.3	7.3
Market value of scheme assets	22.8	21.0	190.7	172.5
Present value of scheme Liabilities	(19.6)	(28.0)	(248.5)	(198.0)
Deficit in schemes	3.2	(7.0)	(57.8)	(25.5)

	2012	**2011**
	€m	**€m**
Opening deficit	(32.5)	(17.5)
Current service cost	(1.3)	(1.2)
Employer contributions paid	14.7	5.9
Past service credit	1.0	-
Other finance (expense) / income	(1.6)	0.3
Actuarial loss	(34.7)	(19.7)
Other	(0.2)	(0.3)
Net deficit	**(54.6)**	**(32.5)**
Schemes in surplus	3.7	4.4
Schemes in deficit	(58.3)	(36.9)
Net deficit	**(54.6)**	**(32.5)**

9. Related party transactions

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

During the year ended 31 December 2012 the material transactions between Irish Continental Group plc and its key management personnel, were; the remuneration of employees and Directors, the participation in Group dividends and share buybacks on the same terms available to shareholders generally, and the provision of professional services at arm's length basis.

10. General information

The financial information in this preliminary announcement does not constitute full statutory financial statements, a copy of which is required to be annexed to the annual return to the Companies Registration Office. A copy of the financial statements in respect of the financial year ended 31 December 2012 will be annexed to the annual return for 2013. The auditors have made a report, without any qualification on their audit, of the consolidated financial statements in respect of the financial year ended 31 December 2012 and the Directors approved the consolidated financial statements in respect of the financial year ended 31 December 2012 on 6 March 2013. A copy of the consolidated financial statements in respect of the year ended 31 December 2011 has been annexed to the annual return for 2012 filed at the Companies Registration Office.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have also been prepared in accordance with IFRS as adopted by the European Union and therefore the Group's financial statements comply with Article 4 of the IAS Regulations. The consolidated financial statements have also been prepared in accordance with the Companies Acts, 1963 to 2012, and the Listing Rules of the Irish Stock Exchange and the UK Listing Authority.

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

11. Subsequent events

The Board is proposing a final dividend of 67 cent per ICG unit in respect of the results for the year ended 31 December 2012.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2012.

12. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc on 6 March 2013.

13. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Wednesday 29 May 2013, will be notified to shareholders in April 2013.