6 March 2017

Preliminary Statement of Results for the year ended 31 December 2016
Irish Continental Group (ICG) the leading Irish-based maritime transport group, reports a solid financial performance for the year ended 31 December 2016.

Highlights

- Revenue up 1.5% to €325.4 million (2015: €320.6 million)
- EBITDA up 10.6% to €83.5 million (2015: €75.5 million)
- Basic EPS up 8.7% to 31.4c (2015: 28.9c)
- RoRo freight volumes up 5.0% to 286,100 units (2015: 272,500 units)
- Cars carried up 3.3% in the year to 414,100 units (2015: 400,900 units)
- Container volumes shipped in the year up 6.0% to 303,600 teu* (2015: 286,500 teu)
- Port lifts handled in the year up 15.9% to 288,100 lifts (2015: 248,500 lifts)
- MV Kaitaki to remain on charter to June 2020
- Net Debt down 14.4% to €37.9 million from €44.3 million at 31 December 2015
- IAS 19 accounting deficit on retirement benefit schemes has increased from €5.1 million at 31 December 2015 to €13.5 million at 31 December 2016
- Final dividend 7.760 cent, up 5.0% (2015: 7.387 cent)

*teu = twenty foot equivalent units

Commenting on the results Chairman John B McGuckian said,

“2016 was another successful year for the group with growth in revenue of 1.5% to €325.4 million and earnings before interest, tax, depreciation and amortisation (EBITDA) of €83.5 million, up 10.6%. The strong performance for the financial year is underpinned by increased car and freight volumes and increased charter revenues”.

3 March 2017

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RESULTS

Financial Highlights	2016	2015	Change %
Revenue	€325.4m	€320.6m	+1.5%
EBITDA	€83.5m	€75.5m	+10.6%
EBIT	€62.6m	€57.2m	+9.4%

2016 has been a successful year for the Group, with a positive operational and financial performance in both divisions building upon the continued Irish economic recovery.

The Group has again strengthened its strategic position as the leading maritime transport provider in the Republic of Ireland. Revenue for the year grew 1.5% to €325.4 million (2015: €320.6 million). EBITDA for the year increased by 10.6% to a record high of €83.5 million (2015: €75.5 million). Basic EPS, which excludes the net interest cost on defined benefit obligations, was 8.7% higher at 31.4 cent.

The Group has benefited from the continuing improvement in 2016 of the economies in our sphere of operations. The Irish economy has continued to grow and this has been positive for the Group with increased carryings across all business areas. We have also benefited from lower fuel prices year on year. These positive benefits have been partially offset through reduced fuel surcharges to customers and increased exchange rate volatility. The Group is a net receiver of Sterling which means a weaker Sterling exchange rate has had a negative effect on year on year comparisons. This has been a significant headwind for the group in 2016, as Sterling weakened materially during our peak summer season. The weakening of Sterling reduced our average tourism yields, however this was partially offset by the reduction in Sterling denominated costs.

OPERATIONAL REVIEW

Irish Continental Group operates through two divisions; the Ferries Division operating under the Irish Ferries brand offering passenger and RoRo freight services. The division is also engaged in ship chartering activities with vessels chartered within the Group and to third parties. The Container and Terminal Division includes the intermodal shipping line Eucon as well as the division’s strategically located container terminals in Dublin and in Belfast.

FERRIES DIVISION

Financial Highlights	2016	2015	Change %
Revenue*	€209.8m	€203.9m	+2.9%
EBITDA	€70.7m	€63.7m	+11.0%
EBIT	€52.3m	€48.1m	+8.7%

**Includes intersegment revenue of €7.1 million (2015: €0.3 million)*

Operational Highlights	2016	2015	Change %
Volumes	‘000	‘000	
Cars	414.1	400.9	+3.3%
Passengers	1,622.9	1,675.8	-3.2%
RoRo freight	286.1	272.5	+5.0%

The Ferries Division had a strong year due to increased volumes, reduced fuel costs and increased chartering activity. Revenue was 2.9% higher at €209.8 million (2015: €203.9 million). EBITDA in the division increased by 11.0% to €70.7 million (2015: €63.7 million) while EBIT rose by 8.7% at €52.3 million (2015: €48.1 million) principally due to higher freight and car volumes, lower fuel costs and increased chartering activity.

FERRIES DIVISION – continued

Car and Passenger markets

It is estimated that the overall car market, to and from the Republic of Ireland, grew by approximately 0.6% in 2016 to 794,100 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have grown by 2.0%. Irish Ferries' car carryings performed strongly during the year, at 414,100 cars, (2015: 400,900 cars), up 3.3% on the previous year. In the first half of the year Irish Ferries grew its car volumes by 5.5% while in the second half of the year, which includes the busy summer holiday season, volumes grew by 1.8%.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland declined by 3.1% in 2016, to a total of 3.1 million passengers, while the all-island market decreased by 1.2%. Irish Ferries' passenger numbers carried were down 3.2% at 1.623 million (2015: 1.676 million). In the first half of the year, Irish Ferries passenger volumes were down 1.9% and in the second half of the year, which is seasonally more significant, the decrease in passenger numbers was 4.1%.

RoRo Freight

The RoRo freight market between the Republic of Ireland, and the U.K. and France, continued to grow in 2016 on the back of the Irish economic recovery, with the total number of trucks and trailers up 7.0%, to approximately 952,000 units. On an all-island basis, the market increased by around 5.8% to approximately 1.75 million units.

Irish Ferries' carryings, at 286,100 freight units (2015: 272,500 freight units), were up 5.0% in the year with volumes up 5.6% in the first half and 4.4% in the second half. The freight market enjoyed strong growth in 2016 helped by favourable economic conditions in the Republic of Ireland. The growth in the freight market reflects the continued strong performance by the Irish Economy and our ongoing focus on our customer needs.

Chartering

The MV Kaitaki remained on charter to KiwiRail during the period, trading in New Zealand. KiwiRail, the charterer of the MV Kaitaki, has exercised its option to extend the charter commencing on the expiry of the current term for a further term of three years ending June 2020. The container vessel MV Ranger remains on time charter to a third party and is currently trading in North West Europe while the MV Elbtrader, MV Elbcarrier and MV Elbfeeder remain on time charter to the Group's container shipping subsidiary Eucon. The HSC Westpac Express which was delivered to the Group on 1 June 2016 was immediately chartered to a third party and is operating in Asia.

CONTAINER AND TERMINAL DIVISION

Financial Highlights	**2016**	**2015**	**Change %**
Revenue*	€123.9m	€118.2m	+4.8%
EBITDA	€12.8m	€11.8m	+8.5%
EBIT	€10.3m	€9.1m	+13.2%

**Includes intersegment revenue of €1.2 million (2015: €1.2 million)*

Operational Highlights	**2016**	**2015**	**Change %**
Volumes	'000	'000	
Container freight (teu*)	303.6	286.5	+6.0%
Port lifts	288.1	248.5	+15.9%

**teu: twenty foot equivalent units*

CONTAINER AND TERMINAL DIVISION - continued
Revenue in the division increased to €123.9 million (2015: €118.2 million). Revenue is derived from container handling and related ancillary revenues at our terminals and in Eucon from a mix of domestic door-to-door, quay-to-quay and feeder services with 70% (2015: 71%) of shipping revenue generated from imports into Ireland. With a flexible chartered fleet and slot charter arrangements Eucon was able to adjust capacity and thereby continue to meet the requirements of customers in a cost effective and efficient manner. EBITDA in the division increased to €12.8 million (2015: €11.8 million) while EBIT rose 13.2% to €10.3 million (2015: €9.1 million) which included a full year contribution from the consolidated container terminal in Belfast.

In Eucon overall container volumes shipped were up 6.0% compared with the previous year at 303,600 teu (2015: 286,500 teu). The resulting revenue increase was offset by a 34.0% increase in vessel charter costs as the market for container vessels tightened.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 15.9% at 288,100 lifts (2015: 248,500 lifts). DFT's volumes were up 1.9%, while BCT's lifts were up 42.3%. The increase in Belfast arises from the full year operation of the consolidated container terminal at Victoria Terminal 3 (VT3). The process of combining the two existing container terminals in Belfast was completed in September 2015.

GROUP FINANCE REVIEW

A summary cash flow is presented below:

Cash Flow	**2016 €m**	**2015 €m**
Operating profit (EBIT*)	62.6	57.2
Depreciation	20.9	18.3
EBITDA*	83.5	75.5
Working capital movements	4.7	(1.6)
Pension payments in excess of service costs	(1.8)	(2.7)
Other	0.1	0.6
Cash generated from operations	86.5	71.8
Interest paid	(2.3)	(2.8)
Tax paid	(2.1)	(0.8)
Capex	(57.0)	(35.0)
Free cash flow*	25.1	33.2
Proceeds from asset sales	1.3	0.1
Dividends	(21.0)	(19.9)
Share issue	2.7	3.5
Interest received	0.1	0.1
Net flows	8.2	17.0
Opening net debt	(44.3)	(61.3)
Translation/other	(1.8)	-
Closing net debt*	**(37.9)**	**(44.3)**

**Additional information in relation to these Alternative Performance Measures ("APMs") is disclosed on page 20.*

EBITDA for the year was €83.5 million (2015: €75.5 million). There was a net inflow of working capital of €4.7 million, due to a decrease in receivables of €1.4 million partially offset by an increase in inventories of €0.4 million and an increase in payables of €3.7 million. The Group made payments, in excess of service costs to the Group's pension funds of €1.8 million. Cash generated from operations amounted to €86.5 million (2015: €71.8 million).

Interest paid was €2.3 million (2015: €2.8 million) while taxation paid was €2.1 million (2015: €0.8 million). Interest received amounted to €0.1 million (2015: €0.1 million).

Capital expenditure was €57.0 million (2015: €35.0 million) which increased primarily due to the company entering into an agreement for the construction of a new ferry and also includes the purchase of the fastcraft “Westpac Express”. On 31 May 2016, ICG announced that it had entered into an agreement with the German company Flensburger Schiffbau-Gesselschaft & Co.KG (“FSG”) whereby FSG has agreed to build a cruise ferry for ICG at a contract price of €144 million. This is scheduled for delivery during 2018 and will be financed through a combination of cash resources and loan facilities. This new vessel investment will support the longer term objectives of our business. The cruise ferry will be designed to best meet the seasonality of our business. As per the agreement, ICG has paid 20% of the contract price of the vessel to FSG during 2016. The remaining 80% is payable upon delivery of the vessel. The purchase of the Westpac Express was agreed in April 2016 for $13.25 million. The vessel was delivered to the company in June 2016 and immediately chartered out to a third party. It has remained on charter since delivery.

The charter-in of the MV Epsilon has been extended for a further period of two years. The charter will now expire in November 2018.

Also included in capital expenditure is the annual refits of the vessels and new containers to enhance the Eucon fleet of equipment.

Net debt at year end was €37.9 million (2015: €44.3 million) which represents 0.5 times EBITDA (2015: 0.6 times EBITDA).

A summary balance sheet is presented below:

Balance Sheet	**2016 €m**	**2015 €m**
Property, plant & equipment and intangible assets	205.1	170.9
Retirement benefit surplus	2.4	5.6
Other current assets	41.9	42.9
Cash and bank balances	42.2	25.0
Total assets	291.6	244.4
Non-current borrowings	1.7	55.3
Retirement benefit obligation	15.9	10.7
Other non-current liabilities	3.6	4.7
Current borrowings	78.4	14.0
Other current liabilities	47.6	44.2
Total liabilities	147.2	128.9
Total equity	144.4	115.5
Total equity and liabilities	291.6	244.4

The total net deficit of all defined benefit pension schemes at 31 December 2016 was €13.5 million in comparison to €5.1 million at 31 December 2015. The deficit increase reflects an actuarial loss of €9.6 million primarily related to a decrease in high quality corporate bond yields, which drives the discount rate used to value scheme liabilities.

Shareholders’ equity increased to €144.4 million from €115.5 million at 31 December 2015. The main reasons for the movement were due to a profit for the financial period of €58.8 million offset by dividends paid of €21.0 million and an actuarial loss arising on retirement benefit schemes of €9.6 million.

GROUP FINANCE REVIEW - continued

FUEL

	2016	2015	Change %
Fuel costs	€32.2m	€39.0m	-17.4%

Group fuel costs in 2016 amounted to €32.2 million (2015: €39.0 million). The reduction in fuel cost was due to the fall in global US Dollar oil prices, offset by a stronger US Dollar versus Euro.

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

DIVIDEND

During the year the Group paid the final dividend for 2015 of 7.387 cent per ICG Unit. The Group also paid an interim dividend for 2016 of 3.820 cent per ICG Unit, and the Board is proposing a final dividend of 7.760 cent per ICG Unit, payable in June 2017, making a total dividend for 2016 of 11.580 cent per ICG Unit, an increase of 5.0% on the prior year.

Subject to shareholder approval at the Annual General Meeting, the final dividend will be paid on 9 June 2017 to shareholders on the register at close of business on 26 May 2017. Irish dividend withholding tax will be deducted where appropriate.

THE BOARD

On 3 March 2016, the Group appointed David Ledwidge as a Director of the Company. He has been with ICG for over 9 years and has played a very significant part in the development of the Group which now looks forward to his contribution at Board level. He has been Chief Financial Officer of the Group since May 2015.

CURRENT TRADING & OUTLOOK

Since our last update to the market, in the Interim Management Statement of November 2016, trading conditions have remained favourable. Despite the current uncertainty surrounding the impact of the UK decision to leave the EU and the weakness of Sterling, the Irish Sea markets continue to perform well. For the full year 2016 the Ferries Division recorded strong volume growth of 3.3% for cars and 5.0% for RoRo freight. In the Container and Terminal Division overall container volumes shipped were up 6.0%, while port lifts were up 15.9%.

Volumes for the year to date up to 22 February are soft reflecting the reversal of a number of one off benefits in the same period in early 2016 and are not significant given the relatively low volumes at this time of the season.

RoRo volumes are up 1.9% (2016: up 8.5%) and car volumes are down 1.8% (after a 70.0% drop in the number of fast craft sailings due to an extended dry dock). Container volumes are down 0.7% (2016: up 13.1%). Terminal lifts are down 3.5% (2016: up 56.6%).

World fuel prices have increased over the last number of months, but they remain at manageable levels and our fuel surcharge mechanisms remain in place. The weakening of Sterling versus the Euro since June 2016 will continue to affect the Euro value of UK originating revenues.

Due to the ongoing improvement in the economic outlook in our sphere of operations, we look forward, to another year of volume growth in our markets, but with higher fuel prices and weaker Sterling. Nonetheless, we expect 2017 to be a year of strong cash generation and to see the continued strengthening of our balance sheet. We look forward to the arrival in 2018 of our new ship which will bring cost savings and significant additional earnings potential to the Group.

John B. McGuckian
Chairman

Consolidated Income Statement for the year ended 31 December 2016

	Notes	2016	2015
		€m	**€m**
Revenue		325.4	320.6
Depreciation and amortisation		(20.9)	(18.3)
Employee benefits expense		(22.0)	(21.4)
Other operating expenses		(219.9)	(223.7)
Operating profit		**62.6**	**57.2**
Finance income		0.1	0.1
Finance costs		(2.3)	(3.2)
Profit before tax		**60.4**	**54.1**
Income tax expense	3	(1.6)	(0.4)
Profit for the year: all attributable to equity holders of the parent		**58.8**	**53.7**
Earnings per share – expressed in € cent per share			
Basic	4	31.4c	28.9c
Diluted	4	31.1c	28.5c

Consolidated Statement of Comprehensive Income for the year ended 31 December 2016

	2016	2015
	€m	€m
Profit for the year	58.8	53.7
Items that may be reclassified subsequently to profit or loss:		
Cash flow hedges:		
- Fair value movements arising during the year	(0.1)	(0.2)
-Transfer to Consolidated Income Statement – net settlement of cash flow hedge	0.4	0.4
Exchange differences on translation of foreign operations	(2.8)	0.5
Items that will not be reclassified subsequently to profit or loss:		
Actuarial (loss) / gain on defined benefit obligations	(9.6)	16.5
Deferred tax on defined benefit obligations	0.7	(0.3)
Other comprehensive (expense) / income for the year	(11.4)	16.9
Total comprehensive income for the year:		
all attributable to equity holders of the parent	**47.4**	**70.6**

Consolidated Statement of Financial Position as at 31 December 2016

	Notes	2016	2015
		€m	€m
Assets			
Non-current assets			
Property, plant and equipment		204.3	170.0
Intangible assets		0.8	0.9
Retirement benefit surplus	7	2.4	5.6
		207.5	**176.5**
Current assets			
Inventories		2.3	1.9
Trade and other receivables		39.6	41.0
Cash and cash equivalents	5	42.2	25.0
		84.1	**67.9**
Total assets		**291.6**	**244.4**
Equity and liabilities			
Equity			
Share capital		12.2	12.1
Share premium		15.7	13.1
Other reserves		(11.8)	(9.0)
Retained earnings		128.3	99.3
Equity attributable to equity			
holders of the parent		**144.4**	**115.5**
Non-current liabilities			
Borrowings	5	1.7	55.3
Deferred tax liabilities		2.7	3.8
Provisions		0.6	0.5
Deferred grant		0.3	0.4
Retirement benefit obligation	7	15.9	10.7
		21.2	**70.7**
Current liabilities			
Borrowings	5	78.4	14.0
Trade and other payables		46.7	43.0
Derivative financial instruments		0.2	0.5
Current income tax liabilities		-	0.1
Provisions		0.6	0.5
Deferred grant		0.1	0.1
		126.0	**58.2**
Total liabilities		**147.2**	**128.9**
Total equity and liabilities		**291.6**	**244.4**

Consolidated Statement of Changes in Equity for the year ended 31 December 2016

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2016	**12.1**	**13.1**	**(9.0)**	**99.3**	**115.5**
Profit for the year	-	-	-	58.8	58.8
Other comprehensive income / (expense)	-	-	(1.9)	(9.5)	(11.4)
Total comprehensive (expense) / income for the year	**-**	**-**	**(1.9)**	**49.3**	**47.4**
Employee share-based payment expense	-	-	0.2	-	0.2
Share issue	0.1	2.6	-	-	2.7
Dividends	-	-	-	(21.0)	(21.0)
Settlement of equity plans through market purchase of shares				(0.4)	(0.4)
Transferred to retained earnings on exercise of share options	-	-	(1.1)	1.1	-
	0.1	**2.6**	**(2.8)**	**29.0**	**28.9**
Balance at 31 December 2016	**12.2**	**15.7**	**(11.8)**	**128.3**	**144.4**
Analysed as follows:					
Share capital					12.2
Share premium					15.7
Other reserves					(11.8)
Retained earnings					128.3
					144.4

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2016	**7.3**	**3.3**	**(0.5)**	**(19.1)**	**(9.0)**
Total comprehensive income / (expense)	**-**	**-**	**0.3**	**(2.2)**	**(1.9)**
Employee share-based payment expense	-	0.2	-	-	0.2
Transferred to retained earnings on exercise of share options	-	(1.1)	-	-	(1.1)
	-	**(0.9)**	**0.3**	**(2.2)**	**(2.8)**
Balance at 31 December 2016	**7.3**	**2.4**	**(0.2)**	**(21.3)**	**(11.8)**

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

	Share Capital €m	Share Premium €m	Other Reserves €m	Retained Earnings €m	Total €m
Balance at 1 January 2015	**12.0**	**9.7**	**(8.0)**	**47.6**	**61.3**
Profit for the year	-	-	-	53.7	53.7
Other comprehensive income	-	-	0.5	16.4	16.9
Total comprehensive income for the year	**-**	**-**	**0.5**	**70.1**	**70.6**
Employee share-based payment expense	-	-	0.1	-	0.1
Share issue	0.1	3.4	-	-	3.5
Dividends	-	-	-	(19.9)	(19.9)
Settlement of equity plans through market purchase of shares				(0.1)	(0.1)
Transferred to retained earnings on exercise of share options	-	-	(1.6)	1.6	-
	0.1	**3.4**	**(1.0)**	**51.7**	**54.2**
Balance at 31 December 2015	**12.1**	**13.1**	**(9.0)**	**99.3**	**115.5**
Analysed as follows:					
Share capital					12.1
Share premium					13.1
Other reserves					(9.0)
Retained earnings					99.3
					115.5

Other Reserves comprise the following:

	Capital Reserve €m	Share Options Reserve €m	Hedging Reserve €m	Translation Reserve €m	Total €m
Balance at 1 January 2015	**7.3**	**4.8**	**(0.7)**	**(19.4)**	**(8.0)**
Total comprehensive income	**-**	**-**	**0.2**	**0.3**	**0.5**
Employee share-based payment expense	-	0.1	-	-	0.1
Transferred to retained earnings on exercise of share options	-	(1.6)	-	-	(1.6)
	-	**(1.5)**	**0.2**	**0.3**	**(1.0)**
Balance at 31 December 2015	**7.3**	**3.3**	**(0.5)**	**(19.1)**	**(9.0)**

Consolidated Statement of Cash Flows for the year ended 31 December 2016

	Notes	2016 €m	2015 €m
Net cash inflow from operating activities	**6**	**82.1**	**68.2**
Cash flow from investing activities			
Interest received		0.1	0.1
Proceeds on disposal of property, plant and equipment		1.3	0.1
Purchases of property, plant and equipment		(56.7)	(34.4)
Purchases of intangible assets		(0.3)	(0.6)
Net cash outflow from investing activities		**(55.6)**	**(34.8)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(21.0)	(19.9)
Repayments of borrowings		(13.0)	(28.0)
Repayments of obligations under finance leases		(1.1)	(1.0)
Proceeds on issue of ordinary share capital		2.7	3.5
New bank loans raised		25.0	17.5
Settlement of equity plans through market purchase of shares		(0.4)	(0.1)
Net cash outflow from financing activities		**(7.8)**	**(28.0)**
Net increase in cash and cash equivalents		**18.7**	**5.4**
Cash and cash equivalents at the beginning of year		25.0	19.4
Effect of foreign exchange rate changes		(1.5)	0.2
Cash and cash equivalents at the end of year	**5**	**42.2**	**25.0**

Notes to the Preliminary Statement for the year ended 31 December 2016

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 of results	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	€m	**€m**	**€m**	**€m**	**€m**	**€m**
Ferries	209.8	203.9	52.3	48.1	158.0	134.2
Container and Terminal	123.9	118.2	10.3	9.1	24.3	25.6
Intersegment Revenue	(8.3)	(1.5)	-	-	-	-
	325.4	320.6	62.6	57.2	182.3	159.8
Net interest / debt	-	-	(2.2)	(3.1)	(37.9)	(44.3)
Total	**325.4**	**320.6**	**60.4**	**54.1**	**144.4**	**115.5**
Analysis by origin of booking	**2016**	**2015**				
	€m	**€m**				
Ireland	163.2	153.6				
United Kingdom	66.7	69.5				
Netherlands	53.4	52.0				
Belgium	26.5	26.9				
France	7.6	7.1				
Other	8.0	11.5				
Total	**325.4**	**320.6**				

3. Income tax expense

	2016	2015
	€m	**€m**
Current tax	2.0	0.7
Deferred tax	(0.4)	(0.3)
Income tax expense for the year	**1.6**	**0.4**

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.

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.

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

	2016	2015
	€m	**€m**
Profit before tax	60.4	54.1
Tax at the domestic income tax rate of 12.5% (2015: 12.5%)	7.6	6.8
Effect of tonnage relief	(5.8)	(5.5)
Net utilisation of tax losses	(0.1)	(0.3)
Difference in effective tax rates	0.2	-
Other items	(0.3)	(0.6)
Income tax expense recognised in the		
Consolidated Income Statement	**1.6**	**0.4**

4. Earnings per share

Number of shares	2016 '000	2015 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	187,536	185,776
Effect of dilutive potential ordinary shares: Share options	1,692	2,806
Weighted average number of ordinary shares for the purposes of diluted earnings per share	189,228	188,582

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 adjusted diluted earnings per share have been adjusted to take into account the net interest on defined benefit pension obligations.

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

Earnings	2016 €m	2015 €m
Earnings for the purposes of basic and diluted earnings per share -		
Profit for the year attributable to equity holders of the parent	58.8	53.7
Net interest cost on defined benefit obligations	-	0.4
Earnings for the purposes of adjusted basic and diluted earnings per share	58.8	54.1

	2016 Cent	2015 Cent
Basic earnings per share	31.4	28.9
Diluted earnings per share	31.1	28.5
Adjusted basic earnings per share	31.4	29.1
Adjusted diluted earnings per share	31.1	28.7

Diluted earnings per ordinary share

Diluted earnings per Ordinary Share is calculated by adjusting the weighted average number of Ordinary Shares outstanding to assume the exercise of all vested share option awards at 31 December. Share option awards which have not yet satisfied the required performance conditions for vesting are excluded from the calculation. The dilutive effect of vested share options is calculated as the difference in the average market value during the period and the option price expressed as a percentage of the average market value. Of the 2,866,500 (2015: 4,815,000) vested options at 31 December 2016, the dilutive effect is 1,692,000 ordinary shares (2015: 2,806,000 ordinary shares).

5. Net debt

	Cash	Loans	Leases	Total
	€m	€m	€m	€m
At 1 January 2016				
Current assets	25.0	-	-	25.0
Creditors due within one year	-	(13.0)	(1.0)	(14.0)
Creditors due after one year	-	(52.7)	(2.6)	(55.3)
	25.0	**(65.7)**	**(3.6)**	**(44.3)**
Cash flow	17.2	-	-	17.2
Drawdown	-	(25.0)	-	(25.0)
Repayment	-	13.0	1.1	14.1
Foreign exchange rate changes	-	-	0.1	0.1
	17.2	**(12.0)**	**1.2**	**6.4**
At 31 December 2016				
Current assets	42.2	-	-	42.2
Creditors due within one year	-	(77.7)	(0.7)	(78.4)
Creditors due after one year	-	-	(1.7)	(1.7)
	42.2	**(77.7)**	**(2.4)**	**(37.9)**

The loan drawdown and repayments have been made under the Group's loan facilities.

6. Net cash from operating activities

	2016	2015
	€m	**€m**
Operating activities		
Profit for the year	58.8	53.7
Adjustments for:		
Finance costs (net)	2.2	3.1
Income tax expense	1.6	0.4
Retirement benefit obligations – current service cost	1.9	1.9
Retirement benefit obligations – payments	(3.7)	(4.3)
Retirement benefit obligations – past service credit	-	(0.3)
Depreciation of property, plant and equipment	20.6	18.0
Amortisation of intangible assets	0.4	0.4
Amortisation of deferred income	(0.1)	(0.1)
Share-based payment expense	0.2	0.1
Gain on disposal of property, plant and equipment	(0.3)	(0.1)
Impairment	-	0.6
Increase in provisions	0.2	-
Operating cash flows before movements in working capital	**81.8**	**73.4**
(Increase) / decrease in inventories	(0.4)	0.1
Decrease / (increase) in receivables	1.4	(6.3)
Increase in payables	3.7	4.6
Cash generated from operations	**86.5**	**71.8**
Income taxes paid	(2.1)	(0.8)
Interest paid	(2.3)	(2.8)
Net cash inflow from operating activities	**82.1**	**68.2**

7. Retirement benefit schemes

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

	STERLING LIABILITIES		**EURO LIABILITIES**	
	2016	**2015**	**2016**	**2015**
Discount rate	2.50%	3.75%	1.70%	2.20%
Inflation rate	3.45%	3.10%	1.60%	1.50%
Rate of increase of pensions in payment	3.15%	2.90%	0.70% - 0.80%	0.60% - 0.70%
Rate of general salary increases	1.00%	1.44%	0.00% - 1.00%	0.00% - 1.00%

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

	2016		**2015**	
	Male	**Female**	**Male**	**Female**
Current retirees	26.1 years	28.9 years	26.0 years	28.9 years
Future retirees	28.5 years	30.8 years	27.6 years	30.2 years

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

	SCHEMES WITH LIABILITIES IN STERLING		**SCHEMES WITH LIABILITIES IN EURO**	
	2016	**2015**	**2016**	**2015**
	€m	**€m**	**€m**	**€m**
Equities	9.4	9.9	124.7	119.4
Bonds	14.9	16.2	93.7	88.4
Property	0.3	0.4	18.0	16.5
Other	1.0	0.6	12.8	12.3
Market value of scheme assets	25.6	27.1	249.2	236.6
Present value of scheme liabilities	(23.9)	(22.8)	(264.4)	(246.0)
Surplus / (deficit) in schemes	1.7	4.3	(15.2)	(9.4)

7. Retirement benefit schemes – continued

The movement during the year is reconciled as follows:

	2016	2015
	€m	€m
Opening net deficit	(5.1)	(24.1)
Current service cost	(1.9)	(1.9)
Employer contributions paid	3.7	4.3
Past service credit	-	0.3
Net interest cost	-	(0.4)
Actuarial (loss) / gain	(9.6)	16.5
Other	(0.6)	0.2
Closing net deficit	**(13.5)**	**(5.1)**
Schemes in surplus	2.4	5.6
Schemes in deficit	(15.9)	(10.7)
Net deficit	**(13.5)**	**(5.1)**

8. 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 2016 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 on the same terms available to shareholders generally, and the provision of professional services at arm's length basis.

9. 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 2016 will be annexed to the annual return for 2017. 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 2016 and the Directors approved the consolidated financial statements in respect of the financial year ended 31 December 2016 on 3 March 2017. A copy of the consolidated financial statements in respect of the year ended 31 December 2015 has been annexed to the annual return for 2016 filed at the Companies Registration Office.

The consolidated financial statements have 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 2014, 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.

9. General information – continued

Certain financial measures set out in our Preliminary Statement of Results for the year ended 31 December 2016 are not defined under International Financial Reporting Standards (IFRS). Presentation of these Alternative Performance Measures ("APMs") provides useful supplementary information which, when viewed in conjunction with the Company's IFRS financial information, allows for a more meaningful understanding of the underlying financial and operating performance of the Group. These non-IFRS measures should not be considered as an alternative to financial measures as defined under IFRS. Descriptions of the APMs included in this report are disclosed below.

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation and amortisation.	Eliminates the effects of financing and accounting decisions to allow assessment of the profitability and performance of the Group.
EBIT	EBIT represents earnings before interest and tax.	Measures the Group's earnings from ongoing operations.
Free cash flow	Free cash flow comprises operating cash flow less capital expenditure.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.

10. Subsequent events

The Board is proposing a final dividend of 7.760 cent per ICG unit in respect of the results for the year ended 31 December 2016.

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2016.

11. Board Approval

This preliminary announcement was approved by the Board of Directors of Irish Continental Group plc. on 3 March 2017.

12. Annual Report and Annual General Meeting

The Group's Annual Report and notice of Annual General Meeting, which will be held on Wednesday 17 May 2017, will be notified to shareholders in April 2017.