Irish Continental Group

2019 ANNUAL REPORT & FINANCIAL STATEMENTS

1.5 million passengers

carried during 2019 on up to 17 daily sailings.

401,300 passenger cars

voted 'Best Cruise or Ferry Experience' by readers of the Irish Independent Newspapers.

313,200 RoRo units

Strategic short sea RoRo routes operated by Irish Ferries connecting Ireland to the UK and Continental motorway network.

343,400 container shipments (teu)

In Eucon overall container volumes shipped were up 4.8%.

320,800 port lifts

Dublin Ferryport Terminals and Belfast Container Terminal were up 3.5%.

Contents

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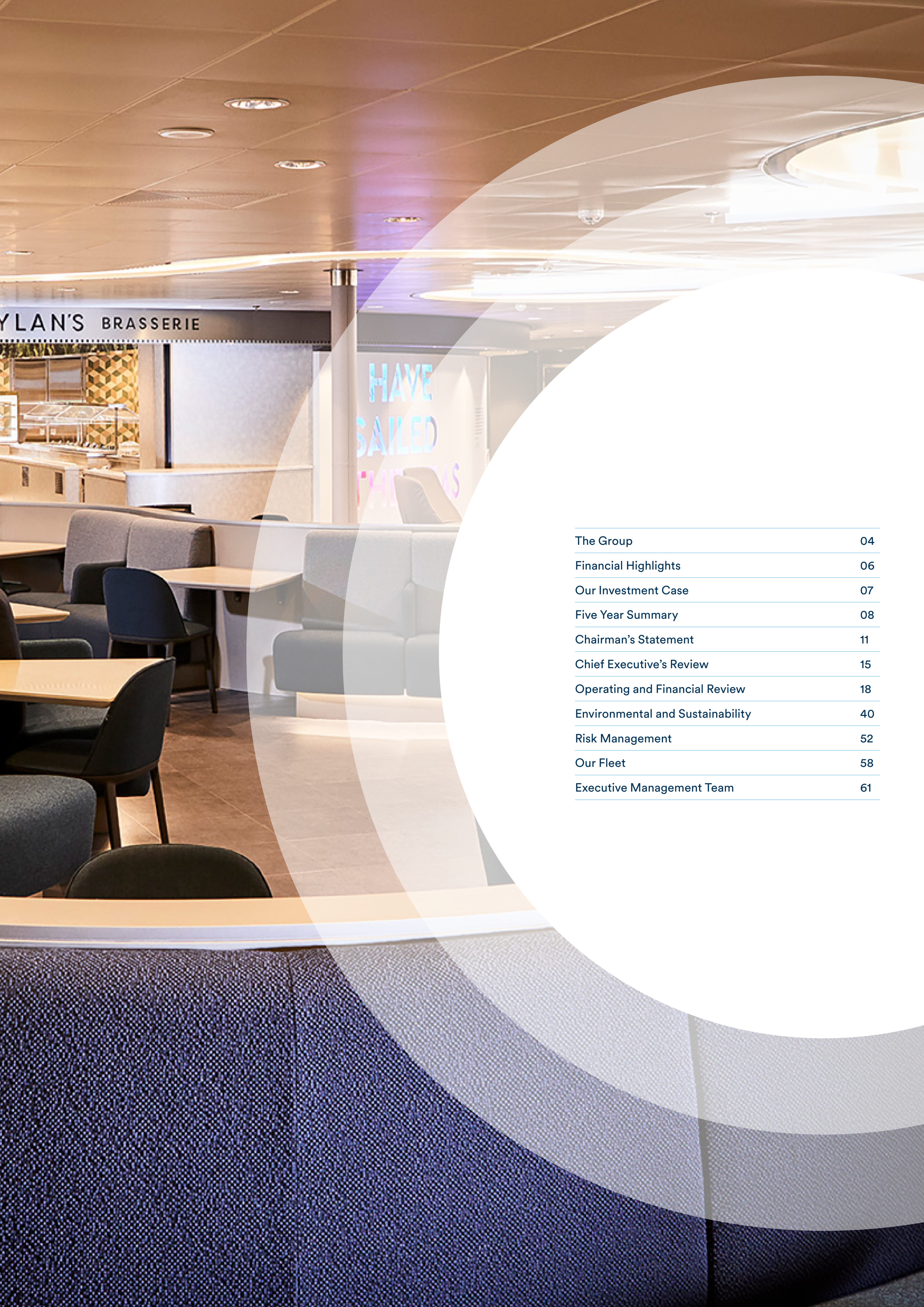
Business Review

High standard on-board experience enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Passengers are never out of touch with free satellite wi-fi services.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HAVE
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The Group

Irish Continental Group (ICG) is the leading Irish-based maritime transport Group. We carry 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. We also operate container terminals in the ports of Dublin and Belfast. The Group also carries out ship chartering activities.

Ferries division

Modern fleet of multi-purpose ferries and LoLo container vessels operating between Ireland and the United Kingdom and Continental Europe, and on charter.

Over 1.5 million passengers carried during 2019 on up to 17 daily sailings.

Key freight positions on short sea routes between the Republic of Ireland and Britain.

Inclusive package holidays to the Republic of Ireland and Britain.

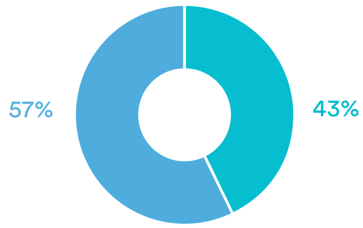
For more information see page 26.

Container and Terminal division

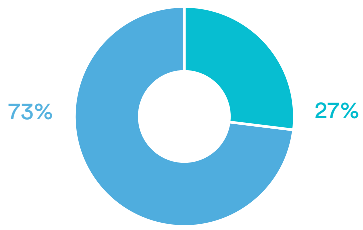
Container shipping services between Ireland and Continental Europe, operating modern fleet and equipment, as well as stevedoring and related services for container traffic at Dublin and Belfast Ports.

For more information see page 32.

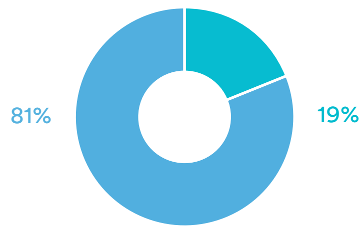
Revenue
€357.4m



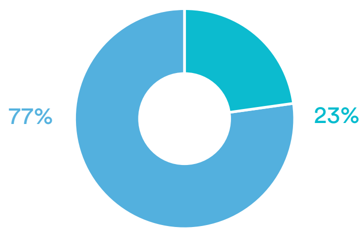
Operating Profit
€50.0m



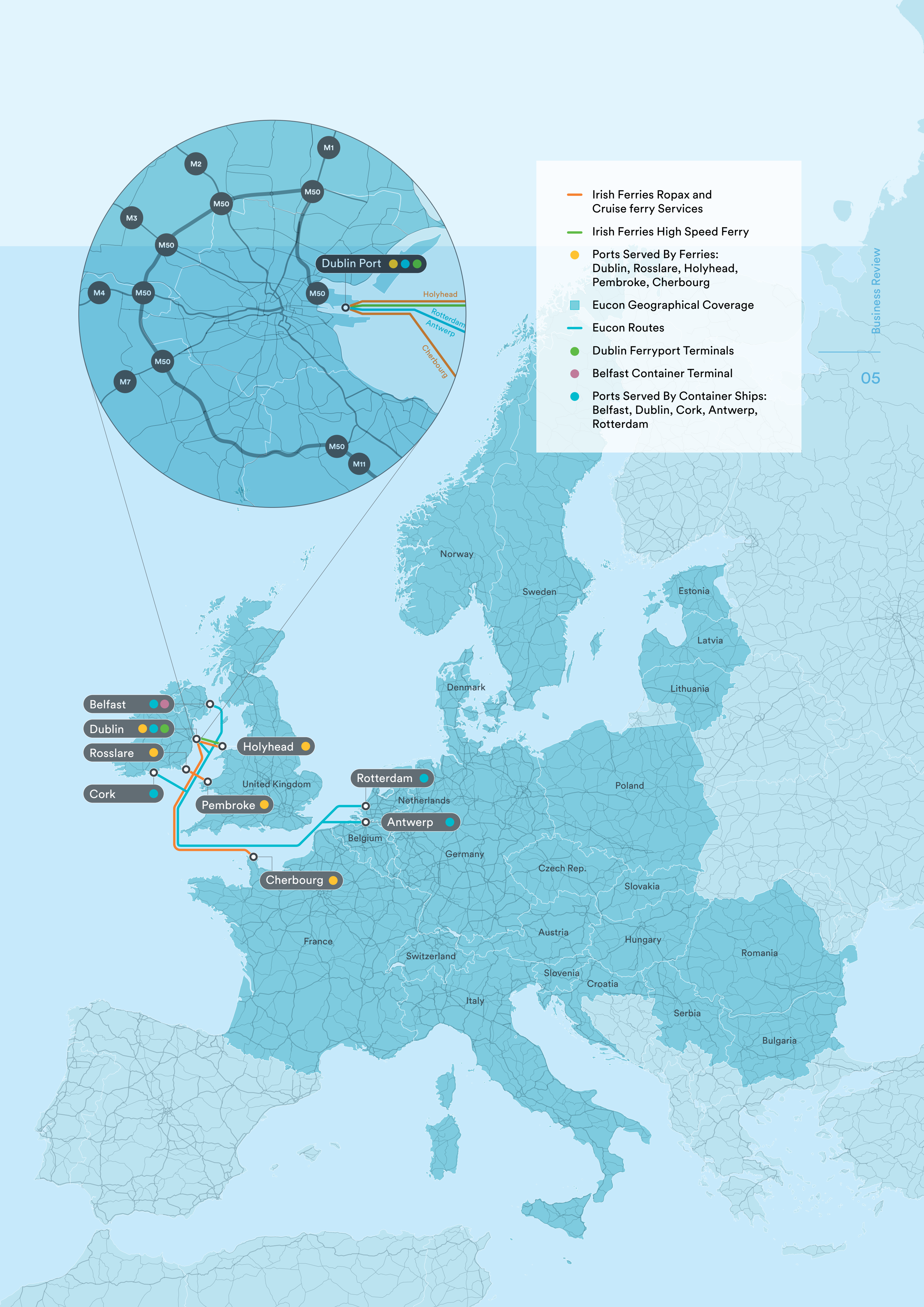
Capital Employed
€364.2m



EBITDA
€86.8m



Ferries · Container & Terminal


Irish Ferries Ropax and Cruise ferry Services
Irish Ferries High Speed Ferry
Ports Served By Ferries: Dublin, Rosslare, Holyhead, Pembroke, Cherbourg
Eucon Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Belfast Container Terminal
Ports Served By Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
Dublin Port
Holyhead
Rotterdam
Antwerp
Cherbourg
M1
M2
M3
M4
M7
M11
M50
Belfast
Dublin
Rosslare
Cork
Holyhead
Pembroke
Rotterdam
Antwerp
Cherbourg
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
United Kingdom
Netherlands
Belgium
Germany
Poland
Czech Rep.
Slovakia
France
Switzerland
Austria
Hungary
Romania
Slovenia
Croatia
Italy
Serbia
Bulgaria

Financial Highlights

Revenue

€357.4m ▲ 8.2%

Pre IFRS 16* €357.4m ▲ 8.2%

2019	€357.4m
2018	€330.2m

Adjusted earnings per share*

23.8 cent ▲ 3.0%

Pre IFRS 16* 23.9 cent ▲ 3.4%

2019	23.8c
2018	23.1c

EBITDA (pre non-trading items)*

€86.8m ▲ +26.9%

Pre IFRS 16* €77.4m ▲ 13.1%

2019	€86.8m
2018	€68.4m

Net debt*

€129.0m

Pre IFRS 16* €93.5m

2019	€129.0m
2018	€80.3m

EBIT (including non-trading items)*

€64.9m ▲ 8.2%

Pre IFRS 16* €64.1m ▲ 6.8%

2019	€64.9m
2018	€60.0m

Return on average capital employed*

19.6%

Pre IFRS 16* 20.6%

2019	19.6%
2018	32.5%

Basic earnings per share

31.7 cent ▲ 4.2%

Pre IFRS 16* 31.8 cent ▲ 4.6%

2019	31.7c
2018	30.4c

*The Group uses alternative performance measures ("APMs" which are non-IFRS measures to monitor Group performance. Definitions and reconciliation to IFRS measures are set out on pages 22 to 23.

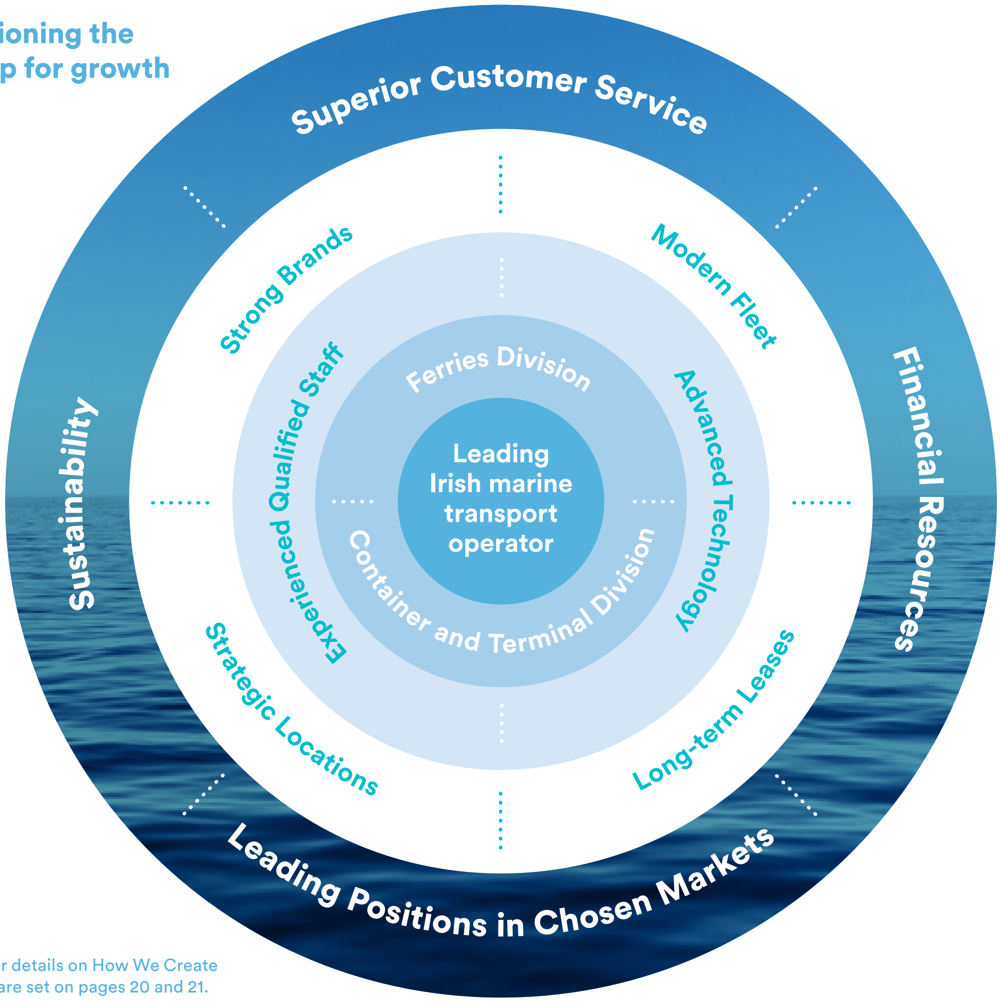
Our Investment Case

Our Purpose
To deliver continued success in our chosen markets through the provision of a safe, reliable, timely, good value and high-quality experience for all our customers in a way that minimises our impact on the environment.

We will achieve this by anticipating our customers' needs and matching their requirements with superior services through constant innovation and the rapid application of technology.

We measure our success through the quality of our service, as seen by our customers, and delivering sustained and profitable growth for the benefit of all our stakeholders.

Positioning the Group for growth



Further details on How We Create Value are set on pages 20 and 21.

Five Year Summary

Summary extract of Income Statement	2019[3] €m	2018 €m	2017 €m	2016 €m	2015 €m
Revenue	357.4	330.2	335.1	325.4	320.6
Operating expenses and employee benefits expense	(270.6)	(261.8)	(254.1)	(241.9)	(245.1)
Depreciation and amortisation	(36.8)	(22.1)	(20.7)	(20.9)	(18.3)
	50.0	46.3	60.3	62.6	57.2
Non-trading items [1]	14.9	13.7	28.7	-	-
Interest (net)	(3.4)	(0.8)	(1.3)	(2.2)	(3.1)
Profit before taxation	61.5	59.2	87.7	60.4	54.1
Taxation	(1.3)	(1.4)	(4.4)	(1.6)	(0.4)
Profit for the year	60.2	57.8	83.3	58.8	53.7
EBITDA (pre non-trading items)	86.8	68.4	81.0	83.5	75.5
Per share information:	€cent	€cent	€cent	€cent	€cent
Earnings per share					
-Basic	31.7	30.4	44.1	31.4	28.9
-Adjusted [2]	23.8	23.1	31.0	31.4	29.1
Dividend per share	13.410	12.770	12.160	11.580	11.025
Shares in issue at year end:	m	m	m	m	m
-At year end	187.4	190.3	189.9	188.3	186.4
-Average during the year	189.8	190.0	188.8	187.5	185.8

1. Non-trading items are material non-recurring items that derive from events or transactions that fall outside the ordinary activities of the Group and which individually, or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence.

2. Adjusted earnings exclude pension interest and non-trading items.

3. The 2019 reported results include the effects of first time adoption of IFRS 16 Leases. Prior year figures have not been restated for the effects of IFRS 16 which was adopted with effect 1 January 2019. The effect on the Consolidated Income Statement for financial year 2019 was to decrease operating expenses by €9.4 million, increase depreciation charges by €8.6 million, increase interest expenses by €1.0 million, a net reduction in profit after tax of €0.2 million. The effect on the Consolidated Statement of Financial Position was to increase assets by €35.3 million and liabilities by €35.5 million and reduce retained earnings by €0.2 million.

Summary extract of Statement of Financial Position	2019[3] €m	2018 €m	2017 €m	2016 €m	2015 €m
Property, plant and equipment, intangible and right of use assets	353.5	308.1	250.0	205.1	170.9
Retirement benefit surplus	12.5	2.5	8.1	2.4	5.6
Other assets	225.8	203.7	135.2	84.1	67.9
Total assets	591.8	514.3	393.3	291.6	244.4
Equity capital and reserves	287.9	252.9	223.8	144.4	115.5
Retirement benefit obligation	3.7	4.2	3.4	15.9	10.7
Other non-current liabilities	229.3	205.7	51.5	5.3	60.0
Current liabilities	70.9	51.5	114.6	126.0	58.2
Total equity and liabilities	591.8	514.3	393.3	291.6	244.4
Summary extract of Consolidated Statement of Cashflows					
Net cash inflow from operating activities	84.8	61.5	71.8	82.1	68.2
Net cash (outflow)/ inflow from investing activities	(52.3)	(158.8)	27.7	(55.6)	(34.8)
Net cash (outflow)/ inflow from financing activities	(46.5)	131.4	(51.3)	(7.8)	(28.0)
Cash and cash equivalents at the beginning of the year	124.7	90.3	42.2	25.0	19.4
Effect of foreign exchange rate changes	0.2	0.3	(0.1)	(1.5)	0.2
Closing cash and cash equivalents	110.9	124.7	90.3	42.2	25.0
	€m	€m	€m	€m	€m
Net (debt)/ cash	(129.0)	(80.3)	39.6	(37.9)	(44.3)
	Times	Times	Times	Times	Times
Net debt/ EBITDA	1.5x	1.2x	N/A	0.5x	0.6x
Gearing (Net debt as a percentage of shareholders' funds)	45%	32%	N/A	26%	38%

Chairman's Statement

2019 proved to be a successful year for the Group, with growth in all of our divisions and a return to high levels of schedule integrity across the ferry fleet following our investment during 2019. Of particular importance to the long-term development of the Group, was the introduction of the new cruise ferry W.B. Yeats into service in January 2019, and the continued expansion of our owned container ship fleet.

Financial Outcome

The application of IFRS 16 effective since 1 January 2019 affects some of the financial comparatives as the 2018 reported amounts have not been restated in the financial statements. To assist assessment of underlying performance pro-forma pre IFRS 16 amounts are disclosed.

The overall financial outcome for the Group was a Profit before tax and before non-trading items of €46.6 million (€46.8 million pre-IFRS 16) (2018: €45.5 million). EBITDA generated was €86.8 million (€77.4 million pre-IFRS 16) (2018: €68.4 million) from total revenues of €357.4 million (2018: €330.2 million).

The Group performance reflected the outcome in our Ferries division where EBIT before non-trading items was €36.4 million (€36.2 million pre-IFRS 16) (2018: €34.2 million). The growth in EBIT was driven by an improved operational performance in the fleet alongside the successful introduction of the W.B. Yeats, partially offset by the increased depreciation charge in its first year of operation.

During the year, the Group purchased two additional container ships for external charter. The Thetis D was purchased in April for €12.4 million, and the CT Rotterdam was purchased in November for €8.2 million. Of our six owned LoLo container vessels, three are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the continent whilst two are chartered to third parties. The remaining vessel, the recently acquired CT Rotterdam is providing short term drydock cover with Eucon and will afterwards be offered for external charter. Overall external charter revenues were €4.7 million in 2019 (2018: €2.1 million).

In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the Oscar Wilde to MSC Mediterranean Shipping Company SA. Gross proceeds of €28.9 million are receivable over 6 years and a profit of €14.9 million is reported as a non-trading item.

Following the technical difficulties on the flagship Ulysses in 2018, significant works were carried out on the vessel in January 2019. I am pleased to report, the schedule integrity of the conventional ferry fleet has returned to the previous high levels achieved prior to the 2018 disruptions, improving from 90% in 2018 to 97% in 2019. As expected, this has contributed to the Group's improved financial performance in the year.

The W.B. Yeats was introduced into service in January 2019. The vessel was deployed on the Dublin – Holyhead route in the winter months and transferred to the Dublin – Cherbourg route in the summer. The first year of operation has been a success and the vessel's performance so far has exceeded our expectations.

Performance in our Container and Terminal division was improved with an EBIT of €13.6 million (€13.0 million pre IFRS 16) (2018: €12.1 million) with throughput in our terminals at Dublin and Belfast showing strong growth.

During the year the Group agreed an extension to the port operating concession agreement at Belfast. This agreement now extends to 2026 during which the port owner BHC will undertake significant investment in new port assets.

Chairman's Statement
Continued

Strategic Development
2019 has been a successful year for the strategic development of the Group. The W.B. Yeats entered service in January and we expanded our owned container vessel fleet. The Group in 2018 entered into an agreement for the construction of a second cruise ferry with a contracted delivery of late 2020. It is intended that this vessel will service the Dublin – Holyhead route alongside the existing Ulysses with the Epsilon being returned to its owners.

The Dublin Swift underwent additional works to increase car deck capacity and re-entered service in March on Dublin – Holyhead offering faster crossing times compared to conventional ferries.

The Ulysses has undergone an extensive drydock with sailing performance on the Dublin – Holyhead route returning to the previous levels of reliability. The Isle of Inishmore which operates our Rosslare – Pembroke service has also undergone additional drydock works based on learning from the Ulysses issues. The works have improved our schedule integrity in 2019. We have retained the charter of the roro vessel Epsilon which we operate on both Dublin – Holyhead and Dublin – Cherbourg pending delivery of our second new vessel scheduled for late 2020. With the full operational fleet now in position we look forward to a period of growth and additional revenue generating opportunities.

With increasing awareness of the effects of economic activity on the environment the Group is furthering its existing efforts to minimise its environmental footprint. The Group's strategy is one of minimising costs and achieving of economies of scale which very much aligns with reducing environmental impacts. The Group has and is currently undertaking significant investments all of which bring significant environmental improvements to our operations. Among the various initiatives discussed later in the Annual Report at pages 40 to 51, is an estimated €25 million investment in exhaust gas cleaning systems to significantly improve the quality of the unavoidable emissions from our vessels.

With a year end net debt of €129.0 million, 1.5 times EBITDA, available liquidity resources €201.3 million and strong cash generation the Group is actively seeking out new investment opportunities that meet the Group's stringent investment hurdles.

Exit of United Kingdom from the European Union
The UK exited the EU on 31 January and entered a transition period until latest the end of 2020 during which negotiations of new rules on trade, travel and business between the UK and the EU will take place. There is continuing uncertainty over the nature of the relationship post 2020. The Group's ferry division is highly dependent on trade flows between Ireland and the UK. Therefore any slowdown in either economy as a result of the exit of United Kingdom from the European Union will likely have an effect on Irish Ferries carryings.

The Group is happy to note that that the long standing Common Travel Area arrangements will remain allowing free movement of passengers between both jurisdictions. It is also noted that the UK have confirmed their adherence to the Convention on the Contract for the International Carriage of Goods by Road which will facilitate retention of the landbridge route through the United Kingdom.

Irish Ferries has engaged with its port operators and regulatory authorities to minimise the effect of any port disruptions on its services following the UK exit. Should port delays occur in the short-term on Irish sea services while new cross border procedures settle in, Irish Ferries deployment of the W.B. Yeats on Dublin – Cherbourg has already added significant capacity to the direct continental services. In addition due to the revised fleet configuration Irish Ferries has the ability to offer additional frequency on its direct continental services should demand justify it.

The exit of United Kingdom from the European Union is expected to have a lesser effect on our container shipping operations between Ireland and the continent. There is a risk of delays or congestion at European ports with some potential for increased flows, dependent on Irish economic growth.

Corporate Governance

The Board acknowledges the importance of good corporate governance practices. We have developed a corporate governance framework based on the application of the principles and provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex. A revised UK Corporate Governance Code was issued in July 2018 was effective for all of 2019 and the Board has reviewed its corporate governance framework in light of the revised Code. I report on this framework in the Corporate Governance Report on pages 70 to 82.

During the year, I led the annual evaluation of Board performance of which further details are set out in the Corporate Governance Report on page 77. As Chairman, I am satisfied that the Board operates effectively to ensure the long-term success of the Group and that each Director is contributing effectively and demonstrating commitment to their role.

Dividend and share buyback

During the financial year a final dividend of 8.56 cent per ICG Unit was paid for the financial year ended 31 December 2018 and also an interim dividend of 4.42 cent per ICG Unit was paid for the financial year ended 31 December 2019. The Board is proposing a final dividend of 8.99 cent per ICG Unit in respect of the financial year ended 31 December 2019.

During the year the Group also bought back 2.9 million shares which were cancelled. The total consideration paid for these shares was €12.9 million. The total amount returned to shareholders in the period between dividends and buybacks was €37.6 million.

Outlook

Since our last update to the market, in the Interim Management Statement of November 2019, trading to the end of the year was strong. For the full year 2019 the Ferries division recorded strong volume growth of 2.6% for passengers, 2.2% for cars and 10.4% for RoRo freight. In the Container & Terminal division overall container volumes shipped for the year were up 4.8%, while port lifts were up 3.5%.

In the period from 1 January 2020 to 29 February 2020, trading has been impacted by prolonged bad weather and the planned reduction in tourism capacity to facilitate the installation of exhaust gas cleaning systems on the Ulysses. In the Ferries division, the Ulysses has been replaced during the period by a freight only conventional ferry. Irish Ferries carried 27,900 cars in the period, down 8.5% on the prior year, while the number of passengers carried decreased by 0.8% to 112,400. RoRo freight carryings were not materially impacted by capacity changes and increased by 11.2% in the period to 50,700 units.

The Container and Terminal division was heavily impacted by the prolonged bad weather in the period. In the period from 1 January 2020 to 29 February 2020, overall container volumes shipped were down 9.8% and terminal volumes were down 11.6% reflecting the impact of exceptional adverse weather conditions over the last three weeks of February and stronger volumes in the prior year due to the impending exit of the UK from the EU at the time which resulted in some increased demand. Over the same period due to storms and reduced capacity, overall capacity was down 12.5% over the prior year.

Despite the uncertainty created by the exit of the UK from the EU, with our modern and flexible fleet we are well placed to target volume growth in all our markets. We look forward to building on the strategic success in 2019 with another year of volume growth across all our divisions.

We note the current and evolving COVID-19 outbreak. We continue to monitor the situation in our areas of operation and work closely with all relevant authorities.

John B. McGuckian,
Chairman

4 March 2020

Chief Executive's Review

2019 Performance

2019 was a positive year for the Group where the long-term operational and financial position continued to strengthen. This was underpinned by the introduction in January of the W.B. Yeats.

Key Financial highlights	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
EBITDA (pre non-trading items)	€86.8m	€68.4m	+26.9%	€77.4m	+13.1%
EBIT (pre non-trading items)	€50.0m	€46.3m	+8.0%	€49.2m	+6.2%
Return on average capital employed	19.6%	32.5%	-12.9pts	20.6%	-11.9pts
Adjusted earnings per share	23.8c	23.1c	+3.0%	23.9c	+3.4%
Free cash flow before strategic capex	€73.2m	€45.9m	+€27.3m	€64.8m	+€18.8m

* These APMs which are non-IFRS measures to monitor Group performance are defined and reconciled to IFRS measures on pages 22 to 23. Pre IFRS 16 adjusts reported amounts for the effects of IFRS 16

The Chairman in his review noted the progress we have made in the strategic development of the Group over the past twelve months. These include the introduction of the W.B. Yeats, material improvements to our schedule integrity, the expansion of our owned container fleet and the extension of the Belfast Container Terminal concession.

The performance in the Ferries division, generator of 79% of Group EBITDA, saw an underlying increase of 14.3% in EBITDA after adjusting for the effects of IFRS 16. This was primarily due to improved operational performance, the introduction of new services and expansion of the container vessel chartering activities. EBIT increased by 5.8% to €36.2 million (2018: €34.2 million), again due to the introduction of new services, improved operational performance but partially offset by increased vessel depreciation charges on the new W.B. Yeats over the 34 year old Oscar Wilde and on the increased container vessel fleet.

Performance in the Container and Terminal division continued to grow at a steady rate. EBITDA in this division increased to €16.1 million pre IFRS 16 (2018: €14.8 million) with EBIT rising 7.4% to €13.0 million pre IFRS 16 (2018: €12.1 million). This reflected increased activity in both container shipping operations in Eucon and container handling activities at our terminals in Dublin and Belfast.

Financial Position

The Group ended the year in a strong position financially with equity attributable to shareholders increasing by €35.0 million to €287.9 million. This was achieved after returning €24.7 million (2018: €23.5 million) to shareholders by way of dividend with the underlying dividend per share increasing by 5.0%. The Group also bought back 2.9 million of its own shares, equivalent to 1.5% of the issued equity at the beginning of the year, at a total consideration of €12.9 million.

Net debt at year end was €129.0 million compared to net debt of €80.3 million in the prior year. This represents a Net Debt/ EBITDA leverage of 1.5 times. The increase in the net debt during the year is mainly due to the accounting treatment under IFRS16 of right of use assets. The recognition of right of use asset lease obligations increased year end net debt by €36.0 million at the end of the year. These obligations are excluded for banking covenant purposes. Year end net debt of €129.0 million comprised gross borrowings of €203.9 million, lease obligations of €36.0 million less gross cash balances of €110.9 million.

Chief Executives Review
Continued

Strategic Performance
As Chief Executive my key responsibility is to drive future profitable and sustainable growth of the Group. I'm happy to report that on a strategic level significant progress was made during 2019 in preparing the Group for future long-term growth opportunities.

In December 2018, the Group took delivery of the W.B. Yeats which entered into service in January 2019. This was a significant step for the Group's ability to accommodate and take advantage of the long-term growth opportunities in our markets. The W.B. Yeats commenced services on the Dublin – Holyhead route in January 2019 and then transferred to the Dublin – Cherbourg route in March. This vessel offers increased levels of comfort and capacity over the 34 year old Oscar Wilde which was sold. Investment in the W.B. Yeats is key to the Group's decision to offer increased year round direct freight sailings to the continent. I am pleased to report, that the W.B. Yeats exceeded our expectations in her first year of service and successfully operated on both the Dublin – Holyhead and Dublin – Cherbourg routes.

The Group in 2018 entered into an agreement for the construction of a second cruise ferry with a contracted delivery of late 2020. It is intended that this vessel will service the Dublin – Holyhead route alongside the existing Ulysses with the Epsilon being returned to its owners. The cruise ferry will accommodate 1,800 passengers and crew, with capacity for 5,610 freight lane metres, which provides the capability to carry up to 330 freight units per sailing. Overall, it will effectively be a 50.0% increase in Irish Ferries peak freight capacity compared to the Ulysses.

The Dublin Swift replaced the Jonathan Swift on the Dublin – Holyhead fastcraft service during April 2018. The Dublin Swift operated a summer only service for the first time in 2019. The performance of the vessel was slightly below expectations, mostly due to congestion in Dublin Port which resulted in a less than optimal sailing schedule. We have amended the schedule for 2020 and will closely monitor performance.

Also in April the Group entered into a bareboat hire purchase agreement for the sale of the cruise ferry Oscar Wilde to MSC Mediterranean Shipping Company SA. The total gross consideration for the sale is €28.9 million, payable in instalments over 6 years, up to 2025. This has resulted in profit on disposal in the year of €14.9 million.

The Group's management continually seeks investment opportunities which meet the Group's stringent return hurdles both in terms of return and risk appetite a policy which is promoted at all levels within the organisation. These investments are funded through a combination of debt and cash generation from existing activities.

Strategy and the Environment
While conscious that shipping is the most environmental friendly mode of transport in terms of emissions per kilometric cargo tonne it still does have an impact on the environment. Aligned with its corporate responsibility towards the environment and to ensure compliance with new environmental regulations effective from 1 January 2020, the Board has approved an investment in exhaust gas cleaning systems on its two existing cruise ferries and four owned container vessels. This technology is already employed on the newly constructed W.B. Yeats and specified on the second new cruise ferry. The first of these systems is being installed on the Ulysses and the second is planned to be installed on Isle of Inishmore later in 2020. While offering positive environmental effects this investment is expected to lead to lower operational costs on an ongoing basis.

In our terminal operations in Dublin we have commissioned two remotely operated rubber tyred gantries (RTG) on one of our container stacks. They are successfully operating in the Dublin terminal. The Group have ordered two additional remotely operated gantries for delivery in mid 2020. Whilst improving the working conditions of the operators it also yields operational efficiencies together with improving safety aspects of terminal operations. It is expected that such equipment will become the model for future expansion of terminal operations. Also in our terminal operations we plan to

introduce a new collection management system for our contracted hauliers reducing waiting times and leading to more efficient traffic planning.

Exit of United Kingdom from the European Union

While the United Kingdom exited the EU in January 2020, we are still lacking clarity on what the future trading relationship will be post the current transition period which continues up to 31 December 2020. No matter what the immediate short term consequences may be of proposed exit of United Kingdom from the European Union, if it proceeds, it is the Group's position that Ireland as an island will continue to trade outside of its borders. Given the strong linkages between Ireland and the United Kingdom both culturally and commercially, it is the Group's view that trade between these two economies will remain robust over the longer term. However the Group's investment in vessels is designed to provide route planning flexibility to enable the Group to adapt its schedules to customer demand both over the short and long term. Should demand for the Group's existing services fall over the longer term, the vessels are capable of being deployed to most geographic areas given their design specification.

Stakeholders

The Group's performance is dependent on the support of our customers, suppliers and employees. I would like to thank all our customers for their support during the past year. We will continue to work with our customers to meet their expectations into the future.

Our suppliers are key to our ability to deliver quality services to our customers. We continually work with our suppliers whether they be port operators, contracted service providers or product suppliers to improve efficiencies and quality. We appreciate the co-operation and flexibility achieved in delivering our 24/ 7 services.

Finally, I express my gratitude to our employees. It is their knowledge and dedication to customer service that drives the future success of the Group.

Outlook

I look forward to in 2020 a continuation of the trends in 2019 that saw both operational and financial progress across all the divisions in the Group. As in prior years, we will continue to seek out improvement and investment opportunities for our longer-term success.

Eamonn Rothwell,
Chief Executive Officer

4 March 2020

Operating and Financial Review

This Operating and Financial Review provides information to shareholders and the Review should not be relied upon by any other party or for any other purpose.

The Review 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. These 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 Operating and Financial Review 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.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KALMAR
41T 09
Hapag-Lloyd
SAMSKIP
samskip
Hapag-Lloyd

Operating and Financial Review

How We Create Value

Irish Continental Group plc is a focused provider of maritime passenger and freight services with its principal operations in North West Europe. The Group operates through two divisions:

Ferries division

Principal activities include passenger and RoRo freight shipping services under the Irish Ferries brand together with ship chartering activities.

Container and Terminal division

Principal activities include LoLo shipping activities under the Eucon brand and the operation of two container terminals, Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT), within the two main ports on the island of Ireland.

Further details on these operations are set out in the Operating Review on page 26 to 35.

Our Strategy

There are two principal elements to the Group's strategy for delivering value to shareholders:

Investment in quality assets in order to achieve economies of scale consistent with a superior customer service.

Benchmarking costs to industry best practice to enable the Group to compete vigorously in its chosen markets.

This strategy is supported by our five strategic pillars:

- **Quality assets**
- **People and culture**
- **Financial management**
- **Safety**
- **Environment**

Further details on our strategic pillars can be found on page 72 under Group Strategy and Corporate Culture.
For more, please see Strategy in Action on pages 42 and 48.

Our Key Resources as outlined opposite are central to delivering our principal business activities and achieving our strategic objectives.

Reliability underpinned by major investment in tonnage and maintenance of quality assets ensuring the high levels of schedule integrity demanded by our customers.

Always on, always in touch our shipping and terminal services operate 24/7, assisted by investment in modern booking and tracking systems to ensure our customers can keep in touch over a variety of platforms.

Strategically located container terminals which handled 320,800 container units during 2019 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

Connected container transport services provided by Eucon, transporting 343,400 teu (twenty foot equivalent) in 2019 between Ireland and over 20 countries throughout Europe by sea, road, rail and barge.

Fastest crossing on the Irish sea on board the Irish Ferries Dublin Swift fastcraft service with a sailing time of two hours between Dublin and Holyhead at speeds of up to 65 kph.

Strategic short sea RoRo routes operated by Irish Ferries providing a seamless connection from Ireland to the UK and Continental motorway network for the 313,200 RoRo units carried in 2019.

At the end of 2019 the Group had 307 direct employees, located in Ireland, the UK and The Netherlands.

Voted best Ferry Company by travel trade professionals for the 13th year in a row at the 'Irish Travel Trade News Awards'.

Key contributor to regional tourism in Ireland, Irish Ferries carried 1.5 million passengers and 401,300 cars during 2019 with research indicating that car tourists stay longer and travel outside the main urban centres.

High standard on-board experience enjoyed by our Irish Ferries customers encompasses quality food, beverage, entertainment and accommodation services. Passengers are never out of touch with free satellite wi-fi services.

The Group maintained liquidity reserves of €201.3 million at 31 December 2019 comprising cash and undrawn committed loan facilities.

Share listing on Euronext Dublin and the London Stock Exchange.

Operating and Financial Review

Key Performance Indicators and Summary of 2019 Results

The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations and of the Group as a whole which are set out and defined below.

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

APM	Description	Benefit of APM
EBITDA	EBITDA represents earnings before interest, tax, depreciation, amortisation and non-trading items	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, tax and non-trading items.	Measures the Group's earnings from ongoing operations.
Free cash flow before strategic capex	Free cash flow comprises operating cash flow less capital expenditure before strategic capex which comprises expenditure on vessels excluding annual overhaul and repairs, and other assets with an expected economic life of over 10 years which increases capacity or efficiency of operations.	Assesses the availability to the Group of funds for reinvestment or for return to shareholders.
Net debt	Net debt comprises total borrowings plus lease liabilities less cash and cash equivalents.	Measures the Group's ability to repay its debts if they were to fall due immediately.
Adjusted Earnings Per Share (EPS)	EPS is adjusted to exclude the non-trading items and net interest cost on defined benefit obligations.	Directors consider Adjusted EPS to be a key indicator of long-term financial performance and value creation of a public listed company.
ROACE	ROACE represents return on average capital employed. Operating profit (before non-trading items) expressed as a percentage of average capital employed (consolidated net assets, excluding net (debt) / cash, retirement benefit surplus / (obligation) and asset under construction net of related liabilities.	Measures the Group's profitability and the efficiency with which its capital is employed.
Pre-IFRS 16	Use of the term Pre-IFRS 16 denotes that the APM or IFRS measure presented for 2019 has been adjusted to remove the effects of the application of IFRS 16: Leases.	Assists the year on year comparison of underlying performance.

Non-Financial KPIs	Description	Benefit of non-financial KPI
Schedule integrity	Schedule integrity (the number of sailings completed versus scheduled sailings).	Schedule integrity is an important measure for Irish Ferries vessels as it reflects the reliability and punctuality of our service. This measure is meaningful to both our passenger and freight customers alike in facilitating them and their cargo to arrive on time at their final destination.

The following table sets forth the reconciliation from the Group's operating profit for the financial year to EBIT, EBITDA, Free Cash Flow and Net (debt)/ cash. See note 12 to the Financial Statements for the calculation of Basic and Adjusted EPS. The Group implemented IFRS 16: leases on a modified retrospective basis and has not restated the prior year results for the change in accounting policy.

Cash Flow	2019 €m	2018 €m
Operating profit (EBIT)	64.9	60.0
Non-trading items (note 10)	(14.9)	(13.7)
Net depreciation and amortisation (note 9)	36.8	22.1
EBITDA	**86.8**	**68.4**
Working capital movements (note 35)	2.0	(3.8)
Pension payments in excess of service costs (note 35)	(1.3)	(1.6)
Share based payments expense (note 32)	1.9	2.4
Other	0.1	(0.7)
Cash generated from operations	**89.5**	**64.7**
Interest paid (note 35)	(3.5)	(1.0)
Tax paid (note 35)	(1.2)	(2.2)
Maintenance capex	(11.6)	(15.6)
Free cash flow before strategic capex	**73.2**	**45.9**
Strategic capex	(42.5)	(160.5)
Free cash flow after strategic capex	**30.7**	**(114.6)**
Proceeds on disposal of property, plant and equipment	1.8	17.4
Dividends paid to equity holders of the Company	(24.7)	(23.5)
Buyback of equity	(12.9)	-
Proceeds on issue of ordinary share capital	0.1	0.6
Net cash flows	**(5.0)**	**(120.1)**
Opening net (debt)/ cash	(80.3)	39.6
Recognition of right of use asset lease obligations	(43.5)	-
Translation/ other	(0.2)	0.2
Closing net debt	**(129.0)**	**(80.3)**

Operating and Financial Review

Key Performance Indicators and Summary of 2019 Results

The following table sets forth the reconciliation from the Group's ROACE calculation;

ROACE	2019 €m	2018 €m
Equity	287.9	252.9
Net debt	129.0	80.3
Asset under construction (including prepayment deposits)	(43.9)	(189.9)
Retirement benefit obligations	3.7	4.2
	376.7	147.5
Retirement benefit surplus	(12.5)	(2.5)
Capital employed	**364.2**	**145.0**
Average capital employed	254.6	142.5
Operating profit (before non-trading items)	50.0	46.3
ROACE	**19.6%**	**32.5%**

The following table sets forth the reconciliation from the Group's net debt calculation;

Net debt	2019 €m	2018 €m
Cash and cash equivalents (note 19)	110.9	124.7
Non-current borrowings (note 22)	(200.3)	(204.0)
Current borrowings (note 22)	(3.6)	-
Non-current lease obligations	(27.6)	(0.7)
Current lease obligations	(8.4)	(0.3)
Net debt	(129.0)	(80.3)

The calculation and performance of KPIs and a summary of the key financial results for the year is set out in the table below. A detailed review of the divisional operations is set out in the Operating Review and Financial Review on pages 26 to 39.

		Ferries		Container & Terminal		Inter- Segment		Group	
		2019	2018	2019	2018	2019	2018	2019	2018
	Comment	€m	€m	€m	€m	€m	€m	€m	€m
Revenue		212.4	196.2	154.4	143.3	(9.4)	(9.3)	357.4	330.2
EBITDA	1	67.2	53.6	19.6	14.8	-	-	86.8	68.4
Operating profit (EBIT)	2	36.4	34.2	13.6	12.1	-	-	50.0	46.3
Non-trading item (note 10)		14.9	13.7	-	-	-	-	14.9	13.7
Net pension interest income/ (expense) (note 6 and 7)		-	-	-	-	-	-	-	0.1
Other finance charges (note 7)		-	-	-	-	-	-	(3.5)	(1.0)
Finance income (note 6)		-	-	-	-	-	-	0.1	0.1
Net interest		-	-	-	-	-	-	(3.4)	(0.8)
Profit before tax		**-**	**-**	**-**	**-**	**-**	**-**	**61.5**	**59.2**
ROACE	3	17.6%	31.1%	28.6%	37.1%	-	-	19.6%	32.5%
ROACE (Excl. IFRS 16 effects)		17.4%	31.1%	40.0%	37.1%	-	-	20.6%	32.5%
EPS: (note 12)									
EPS Basic	4	-	-	-	-	-	-	31.7c	30.4c
EPS Adjusted	4	-	-	-	-	-	-	23.8c	23.1c
Free Cash Flow	5	-	-	-	-	-	-	73.2	45.9

Comment:

Financial KPIs

1. **EBITDA:** Group EBITDA for the year increased by 26.9%, to €86.8 million (2018: €68.4 million). Adjusting for the effects of IFRS 16 (Note 30 (iii)) the underlying comparable EBITDA was €77.4 million, an increase of 13.1%. The increase in underlying EBITDA was primarily due to better schedule integrity following the disruption in the Ferries division in 2018, and the introduction of the W.B. Yeats. Underlying EBITDA in the Ferries division increased by 14.3%, to €61.3 million, while the Container and Terminal division increased by 8.1%, to €16.1 million.

2. **EBIT:** Group EBIT (pre non-trading items) for the year increased by 7.9% to €50.0 million (2018: €46.3 million). Adjusting for the effects of IFRS 16 (Note 30 (iii)) the underlying comparable EBIT was €49.2 million, an increase of 6.2%. The Ferries division increase in underlying EBIT was 5.8%, while the Container and Terminal division was 7.4% higher, as a result of volume growth. In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the cruise ferry Oscar Wilde to MSC Mediterranean Shipping Company SA. The total gross consideration for the sale was €28.9 million payable in instalments over 6 years, up to 2025. The sale generated a profit before tax of €14.9 million (2018: sale of the vessel Jonathan Swift generating a profit before tax of €13.7 million). Group EBIT including non-trading items increased by 8.1% to €64.9 million (2018: €60.0 million).

3. **ROACE:** The Group achieved a return on average capital employed of 19.6% (2018: 32.5%). This decreased return is due to the increase in average capital employed to €364.2 million from €145.0 million. This increase was primarily due to the introduction of the W.B. Yeats. The Ferries division achieved a return on average capital employed of 17.6% (2018: 31.1%) while the Container and Terminal division achieved 28.6% (2018: 37.1%). The comparable underlying returns after adjusting net assets and operating profit for the effects of IFRS 16 was a total Group return of 20.6%, Ferries division 17.4% and Container and Terminal division 40.0%.

4. **EPS:** Adjusted EPS (before non-trading items and the net interest cost on defined benefit obligations) was 23.8 cent compared with 23.1 cent in 2018. Basic EPS was 31.7 cent compared with 30.4 cent in 2018. The comparable EPS for 2019 increases by 0.1 cent after adjusting for the effect of IFRS 16.

5. **Free Cash Flow before strategic capital expenditure:** The Group's Free Cash Flow before strategic capital expenditure was €73.2 million (2018: €45.9 million). The increase in free cash flow is mainly due to the increase in EBITDA, positive working capital movements and reduced maintenance capital expenditure. Free Cash Flow before strategic capital expenditure is a meaningful measure of cash generated for investment or return to shareholders. Adjusting for the effects of IFRS 16 the comparable free cash flow amount was €64.8 million.

Non-Financial KPIs

Schedule integrity: The Ferries division delivered 92% of scheduled sailings compared with 86% in the previous year across all services. Our conventional ferry services (excluding the fast ferry) delivered schedule integrity of 97% in comparison with 90% in 2018. These figures largely reflect the lost sailings arising from the technical issues affecting the Ulysses in 2018 and non-operation of scheduled W.B. Yeats sailings due to the late delivery of that vessel by the shipbuilder in the prior year.

Operating and Financial Review

The Ferries division

The Ferries division operates multipurpose ferry services carrying both passengers and RoRo freight on strategic short sea routes between Ireland and the United Kingdom and direct ferry services between Ireland and France. The division also engages in chartering activities.

The ferry services trades under the Irish Ferries brand. During 2019 Irish Ferries operated three routes utilising a fleet of five vessels, four of which are owned and one which is chartered-in.

The division took delivery in December 2018 of the new cruise ferry the W.B. Yeats. After undergoing final commissioning and certifications it commenced services on the Dublin – Holyhead route in January 2019 transferring to the Dublin – Cherbourg route in March. In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the surplus vessel Oscar Wilde to MSC Mediterranean Shipping Company SA. The Dublin Swift fastcraft re-entered service in March 2019 following winter layup and drydock during which the car carrying capacity was increased through the addition of a new mezzanine deck.

In addition to the modern fleet Irish Ferries retains rights to access appropriate berthing times at key ports allowing Irish Ferries to facilitate its customer preferred sailing times.

The division also owns six container vessels which are time chartered.

Revenue in the division was 8.3% higher than the previous year at €212.4 million (2018: €196.2 million). Revenue in the first half of the year increased by 1.5% to €92.3 million (2018: €90.9 million), while in the second half revenue increased 14.1%, to €120.1 million (2018: €105.3 million). EBITDA increased to €67.2 million (2018: €53.6 million) while EBIT was €36.4 million compared with €34.2 million in 2018.

The prior year reported figures have not been restated for the effects of IFRS 16 adopted on 1 January 2019. Adjusting the 2019 reported figures for these effects, the underlying comparatives for 2019 are EBITDA of €61.3 million, a 14.3% increase over 2018 and EBIT of €36.2 million, an increase of 5.8% over 2018.

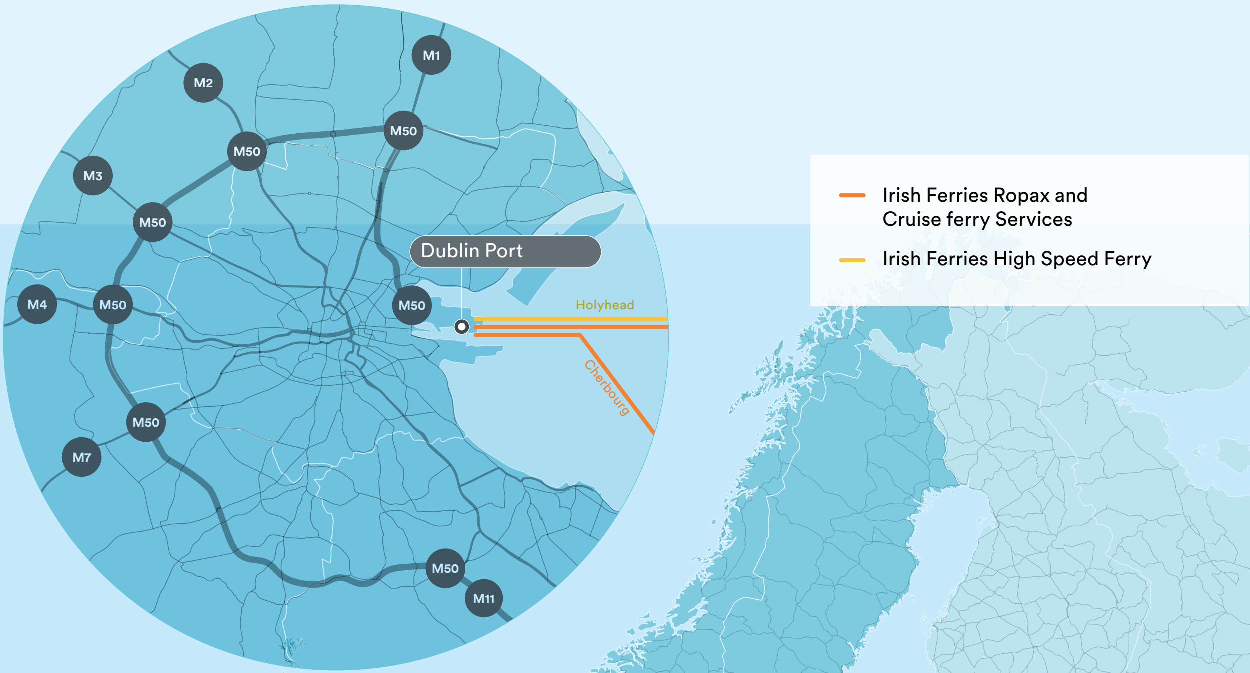
Fuel costs were €34.7 million, an increase of €1.0 million on the prior year. The division achieved a return on capital employed of 17.6% or 17.4% pre IFRS 16 (2018: 31.1%).

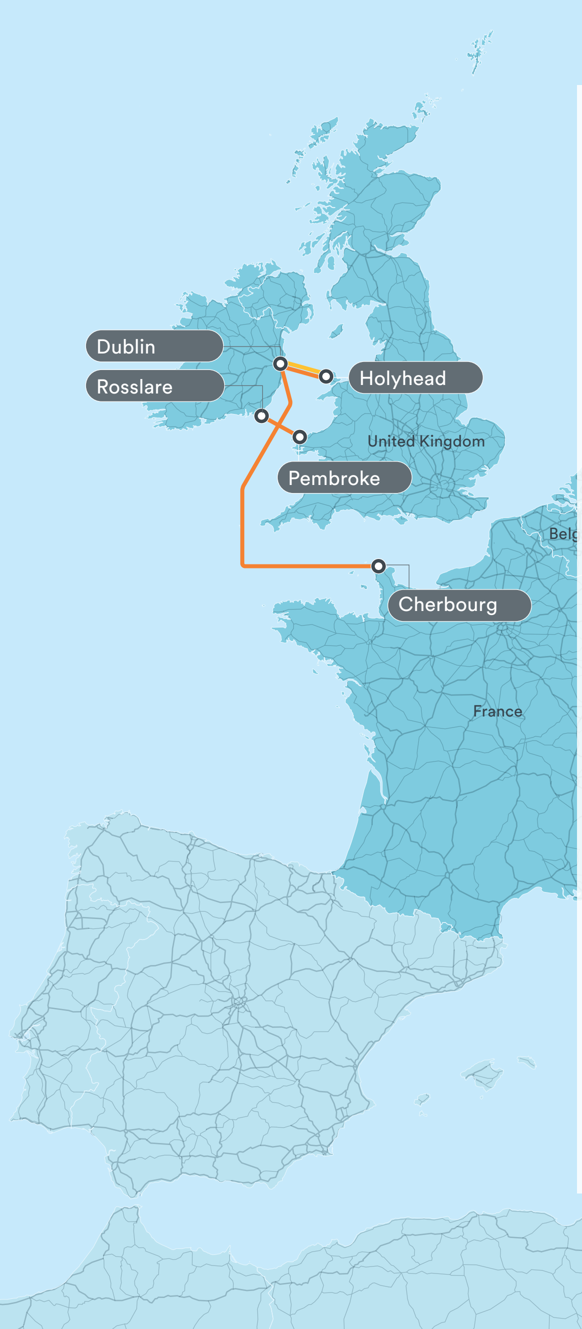
In total Irish Ferries operated 4,934 sailings in 2019 (2018: 4,755), the increase mainly due to technical issues on the vessel Ulysses in the prior year which resulted in a cancellation of sailings.

2019 Overall Ferries division Performance

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue	€212.4m	€196.2m	+8.3%	€212.4m	+8.3%
EBITDA*	€67.2m	€53.6m	+25.3%	€61.3m	+14.3%
EBIT*	€36.4m	€34.2m	+6.4%	€36.2m	+5.8%
Non-trading item	€14.9m	€13.7m	-	€14.9m	-
ROACE	17.6%	31.1%	-	17.4%	-

* Excluding non-trading items.





Fleet Summary:

Operated by Ferries division

In operation	Type	Employment
Ulysses	Cruise ferry	Dublin – Holyhead
Isle of Inishmore	Cruise ferry	Rosslare – Pembroke
Epsilon (chartered-in)	Ropax*	Dublin – Holyhead / Cherbourg
Dublin Swift	High Speed Ferry	Dublin – Holyhead
W.B. Yeats	Cruise ferry	Dublin – Holyhead / Cherbourg
Under construction		
Hull 777	Cruise ferry	Contracted delivery end 2020

Chartered out by Ferries division

Vessel	Type	Employment
Ranger	LoLo container vessel	Charter – 3rd Party
Elbfeeder	LoLo container vessel	Charter – Inter-Group
Elbtrader	LoLo container vessel	Charter – Inter-Group
Thetis D	LoLo container vessel	Charter – 3rd Party
CT Rotterdam	LoLo container vessel	Charter – Inter-Group/3rd Party
Elbcarrier	LoLo container vessel	Charter – Inter-Group

*A Ropax ferry is a vessel with RoRo freight and passenger capacity.

Operating and Financial Review

The Ferries division

Continued

Car and Passenger Markets

It is estimated that the overall car market*, to and from the Republic of Ireland, fell by approximately 2% in 2019 to 777,600 cars, while the all-island market, i.e. including routes into Northern Ireland, is estimated to have decreased by 1.0%. Irish Ferries' car carryings during the year were up on the previous year by 2.2% to 401,300 cars, (2018: 392,700 cars). In the first half of the year Irish Ferries car volumes fell by 6.0%, reflecting the planned withdrawal of fastcraft services in the winter period. In the second half of the year, volumes were up by 8.3%, largely attributable to the disruption of services of the Ulysses in 2018 and additional conventional ferry services on the Dublin – Holyhead route due to the introduction of the W.B. Yeats.

The total sea passenger market (i.e. comprising car, coach and foot passengers) to and from the Republic of Ireland decreased by 3.5% on 2018 to a total of 2.92 million passengers, while the all-island market decreased by 1.5%. Irish Ferries' passenger numbers carried increased by 2.6% at 1.54 million (2018: 1.50 million). In the first half of the year, Irish Ferries passenger volumes fell by 4.7% and in the second half of the year, which is seasonally more significant, the increase in passenger numbers was 8.5%.

The Ferries division delivered 92% of scheduled sailings compared with 86% in the previous year across all services. Our conventional ferry services (excluding the fast ferry) delivered schedule integrity of 97% in comparison with 90% in 2018. These figures largely reflect lost sailings arising from the technical issues affecting the Ulysses in the prior year and non-operation of scheduled W.B. Yeats sailings in 2018 due to the late delivery of that vessel by the shipbuilder.

Initiatives by the tourist industry such as the Wild Atlantic Way and Ireland's Ancient East, have been instrumental in promoting 'own car' tourism around the Irish coasts, and have helped broaden the distribution of tourists around the island and across the seasons.

In 2019, Irish Ferries delivered a comprehensive programme of marketing and promotional activity across our key markets of Britain, Ireland and France. We continued investing significantly in our brand and delivered compelling and personalised offers to our customers at times relevant for the planning and booking of their holidays and other travel.

This approach helped to improve our brand awareness in these important markets, and to drive increased levels of enquiries to our website, www.irishferries.com, which generated over 6.4 million visits, and delivered over 85% of bookings transacted in the year.

Our campaign strategy was to deliver awareness of our services, using traditional and social media channels and to create an interest in purchasing our services online. We used the latest buying techniques to leverage the best value in our media spend and delivered an integrated campaign across the relevant markets. Our messaging and advertising used a wide range of channels and was compatible with all transactional platforms, browsers and devices, in support of our strategy of being available to our customers whenever they wish to book, and on whatever device they choose to do so.

We appreciate that our own performance is closely linked to the performance of tourism source markets, and we continued to work closely with state tourism agencies in Ireland (Tourism Ireland and Fáilte Ireland), Wales (Visit Wales), and France (Normandy Tourism and Cotentin Tourism), to deliver co-operatively funded advertising and publicity initiatives.

Given the commercial value of our e-commerce site, considerable attention is paid to ensuring that the associated systems are continuously available, robust and secure. We continue to invest in developing our e-commerce efficiency and are continuously updating our systems and channels as we determine changes in consumer research and transaction behaviour.

While we work hard to engage with the consumer marketplace, we also invest considerably in partnerships with the travel trade. In 2019, we were delighted to be voted 'Best Ferry Company' by travel trade professionals, for the 9th year in a row at the Irish Travel Industry Awards, and for the

Operating and Financial Review

The Ferries division

Continued

13th year in a row at the Irish Travel Trade News Awards. In addition, in the UK Group Leisure & Travel awards, Irish Ferries was voted the winner in the category ‘Best Ferry or Fixed Link Operator’.

Already this year, Irish Ferries has been awarded ‘Best Ferry Company’ for the 10th year in succession by travel agents in the Irish Travel Industry Awards 2020.

RoRo Freight

The RoRo freight market* between the Republic of Ireland, and the U.K. and France, continued to grow in 2019 on the back of the Irish economic recovery, with the total number of trucks and trailers up 1.0%, to approximately 1,042,800 units. On an all-island basis, the market increased by approximately 0.8% to 1.88 million units.

Irish Ferries’ carryings, at 313,200 freight units (2018: 283,700 freight units), increased by 10.4% in the year with volumes up 7.4% in the first half and up 13.5% in the second half. The performance against the market is principally related to the schedule disruptions experienced on the Ulysses in the prior year and additional sailings and capacity following the introduction of the W.B. Yeats.

Irish Ferries has also been proactive in the online environment for freight customers. In recent years high quality mobile options have been developed, alongside the traditional desktop, whereby customers can access our freight reservations systems with ease. This has facilitated an increasing proportion of our business being booked via our website, www.irishferriesfreight.com.

*(Market figures source: Passenger Shipping Association and Cruise & Ferry)

Chartering

During the year, the Group purchased two additional container ships for external charter. The Thetis D was purchased in April for €12.4 million, and the CT Rotterdam was purchased in November for €8.2 million. Of our six owned LoLo container vessels, three are currently on year-long charters to the Group's container shipping subsidiary Eucon on routes between Ireland and the continent whilst two are chartered to third parties. The remaining vessel, the recently acquired CT Rotterdam, is providing short-term drydock cover with Eucon and will afterwards be offered to the market. Overall external charter revenues were €4.7 million in 2019 (2018: €2.1 million).

In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the Oscar Wilde to MSC Mediterranean Shipping Company SA.

Outlook

We look forward to 2020 and beyond with renewed confidence in our service offering. With the addition of the W.B. Yeats to the fleet we are now able to offer a year round freight service direct to Cherbourg with additional significant capacity in both tourism and freight offerings. With the extensive drydocking works carried out on the Ulysses at the beginning of the year, we have returned to previously high levels of schedule integrity and we plan to build on this in the coming year.

Operating and Financial Review

The Container and Terminal division

The Container and Terminal division provides direct container shipping services between Ireland and continental Europe together with the operation of container terminals at both Dublin and Belfast.

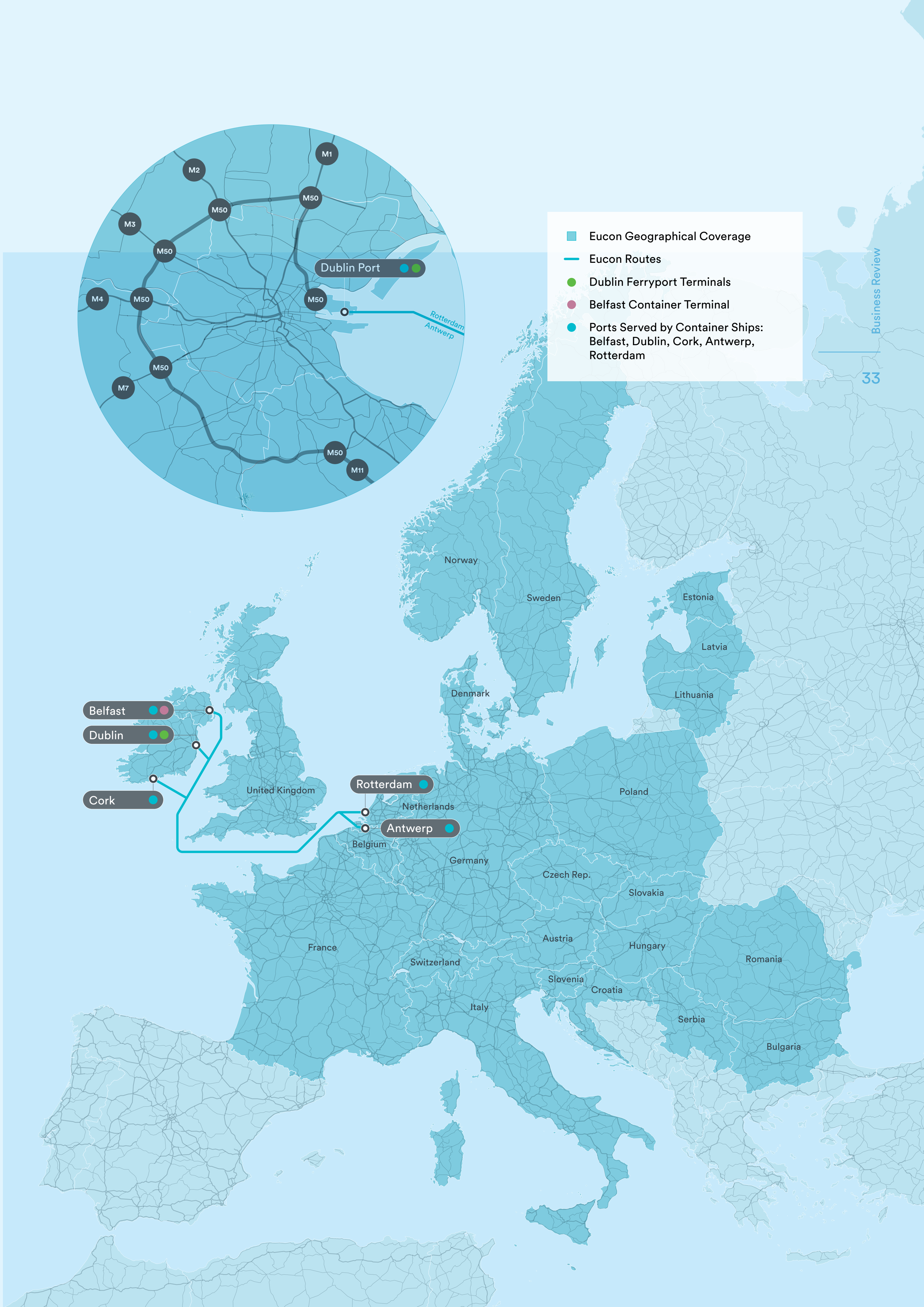
The division's intermodal shipping line Eucon is the market leader in the sector, operating a core fleet of six chartered container vessels ranging in size from 750 – 1,000 teu capacity, connecting the Irish ports of Dublin, Cork and Belfast with the continental ports of Rotterdam and Antwerp. Eucon deploys 3,800 owned and leased containers (equivalent to 7,400 teu) of varying types thereby offering a full range of services from palletised, project and temperature controlled cargo to Irish and European importers and exporters from all points on the island of Ireland to destinations across 20 European countries. Quay to door services are contracted to third parties utilising a variety of transport modes including road, rail and barge.

Dublin Ferryport Terminals operates its Dublin Port container facility from a leasehold facility covering over 34 acres. The facilities comprise 480 metres of berths for container ships, with a depth of 9 to 11 metres and is equipped with 3 modern Liebherr gantry cranes (40 tonne capacity) and 8 rubber tyred gantries (40 tonne capacity) on a strategically located site within three kilometres of Dublin city centre and within one kilometre of the Dublin Port Tunnel, providing direct access to Ireland's motorway network. In addition two electrically operated rubber tyred gantries incorporating latest technologies to allow for remote operation were commissioned during the year.

Belfast Container Terminal operates the sole container terminal at Belfast under a services concession agreement with Belfast Harbour Commissioners (BHC). This facility comprises of a 27 acre site, equipped with 3 ship to shore gantry cranes, 3 rail mounted gantry cranes and 3 straddle carriers. During the year the Group agreed an extension to the port operating concession agreement at Belfast. This agreement now extends to 2026 during which the port owner BHC will undertake significant investment in new port assets.

2019 Overall Container and Terminal Performance

	As Reported			Pre IFRS 16	
	2019	2018	Change	2019	Change
Revenue	€154.4m	€143.3m	+7.7%	€154.4m	+7.7%
EBITDA	€19.6m	€14.8m	+32.4%	€16.1m	+8.7%
EBIT	€13.6m	€12.1m	+12.4%	€13.0m	+7.4%
ROACE	28.6%	37.1%	-	40.0%	-


Eucon Geographical Coverage
Eucon Routes
Dublin Ferryport Terminals
Belfast Container Terminal
Ports Served by Container Ships: Belfast, Dublin, Cork, Antwerp, Rotterdam
M1
M2
M3
M4
M7
M11
M50
Dublin Port
Rotterdam
Antwerp
Belfast
Dublin
Cork
Rotterdam
Antwerp
Norway
Sweden
Estonia
Latvia
Lithuania
Denmark
United Kingdom
Netherlands
Belgium
Poland
Germany
Czech Rep.
Slovakia
France
Austria
Hungary
Switzerland
Romania
Slovenia
Croatia
Italy
Serbia
Bulgaria

Operating and Financial Review

The Container and Terminal division

Continued

Revenue in the division increased to €154.4 million (2018: €143.3 million). The 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% (2018: 70%) 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 €19.6 million (2018: €14.8 million) while EBIT rose 12.4% to €13.6 million (2018: €12.1 million). The prior year reported figures have not been restated for the effects of IFRS 16 adopted on 1 January 2019. Adjusting the 2019 reported figures for these effects, the underlying comparatives for 2019 are EBITDA of €16.1 million, an 8.7% increase over 2018 and EBIT of €13.0 million, an increase of 7.4% over 2018.

In Eucon overall container volumes shipped were up 4.8% compared with the previous year at 343,450 teu (2018: 327,600 teu). The resulting revenue increase was partially offset by volume related costs while fuel costs were at a similar level to the prior year.

Containers handled at the Group's terminals in Dublin Ferryport Terminals (DFT) and Belfast Container Terminal (BCT) were up 3.5% at 320,800 lifts (2018: 310,000 lifts). DFT's volumes were up 4.4%, while BCT's lifts were up 2.1%.

Outlook

We look forward to continuing the growth trend achieved in 2019 which is testament to our investment in the business in driving efficiencies and nurturing close customer relationships. We are pleased with the commissioning of our new remotely operated RTGs and expect two additional units to be delivered in 2020. These will further drive efficiencies and increase operating capacity in our Dublin terminal. Following the extension to the concession agreement for the operation of Belfast Container Terminal, we are also looking forward to working with Belfast Harbour in planning for future investment at the Belfast facility.

Financial Review

Results

Revenue for the year amounted to €357.4 million (2018: €330.2 million) while operating profit before non-trading items amounted to €50.0 million (€49.2 million pre IFRS 16) compared with €46.3 million in 2018. Principal variations on the prior year include the revenue effects of the schedule disruptions in the Ferries division in the prior year and the introduction of the W.B. Yeats into service. In April 2019, the Group entered into a bareboat hire purchase agreement for the sale of the cruise ferry Oscar Wilde to MSC Mediterranean Shipping Company SA. The total gross consideration for the sale is €28.9 million, payable in instalments over 6 years, up to 2025. This has resulted in profit on disposal in the year of €14.9 million.

In the prior year, the Group completed the sale of the vessel Jonathan Swift generating a non-trading item of €13.7 million.

Taxation

The tax charge is €1.3 million compared with a charge of €1.4 million in 2018. The corporation tax charge of €1.2 million (2018: €1.5 million) comprises Irish and UK corporation tax. Certain activities qualify to be taxed under tonnage tax (which is an EU approved special tax regime for qualifying shipping activities) in Ireland. Reconciliation of the tax charge showing the effect of the tonnage tax regime on the Group's tax charge is shown at note 8. The deferred tax charge was €0.1 million in 2019 (2018: €0.1 million credit).

Earnings per share

Basic EPS was 31.7 cent compared with 30.4 cent in 2018. The reason for the increase in Basic EPS is due to the increase in profit attributable to equity holders of the parent to €60.2 million (2018: €57.8 million) with no significant movement in the average shares in issue.

Adjusted EPS (before the net interest cost on defined benefit obligations and non-trading items) was 23.8 cent compared with 23.1 cent in 2018.

Cash flow and investment

EBITDA for the year was €86.8 million (€77.4 million pre IFRS 16*) (2018: €68.4 million). There was a net inflow of €2.0 million, due to positive working capital movements, payments in excess of service costs to the Group's pension funds of €1.3 million and other net cash inflows amounting to €2.0 million yielding cash generated from operations amounting of €89.5 million (2018: €64.7 million).

Interest paid was €3.5 million (2018: €1.0 million) while taxation paid was €1.2 million (2018: €2.2 million).

Capital expenditure outflows amounted to €54.1 million (2018: €176.1 million) which included €42.5 million of strategic capital expenditure related to the purchase of the container vessels Thetis D and CT Rotterdam, and other fleet improvements.

Dividend payments of €24.7 million (2018: €23.5 million) were made during the year and €12.9 million was expended in buying back the Group's equity.

The application of IFRS 16 increased year end net debt by €36.0 million comprising the initial application of IFRS 16 increasing lease obligations at implementation date by €31.0 million together with additions during the period of €12.5 million. These amounts were reduced by capital repayments.

The above cash flows resulted in a year-end net debt of €129.0 million (2018: €80.3 million net debt), which comprised gross borrowing of €203.9 million, lease obligations of €36.0 million offset by cash balances of €110.9 million. The key Net Debt/ EBITDA (pre non-trading items) ratio was 1.5 times.

Dividend and share buybacks

During the financial year a final dividend of 8.56 cent per ICG Unit was paid for the financial year ended 31 December 2018 and also an interim dividend of 4.42 cent per ICG Unit was paid for the financial year ended 31 December 2019. The Board is proposing a final dividend of 8.99 cent per ICG Unit in respect of the financial year ended 31 December 2019.

During the year the Group also bought back 2.9 million shares representing 1.5% of the issued equity at 1 January 2019. These shares were cancelled. The total consideration paid for these shares was €12.9 million.

Operating and Financial Review

Financial Review

Continued

Pensions

The Group sponsors four separately funded defined benefit pensions schemes covering employees in Ireland, the UK and the Netherlands. The Group also participates in the UK based industry-wide scheme, the Merchant Navy Officers Pension Fund (MNOPF) in which participating employers share joint and several liability. Aggregate pension assets in the four Group-sponsored schemes at year end were €298.4 million (2018: €264.3 million), while combined pension liabilities were €289.6 million (2018: €266.0 million).

The total net surplus of all defined benefit pension schemes at 31 December 2019 was €8.8 million in comparison to €1.7 million deficit at 31 December 2018.

Financial risk management

The principal objective of the Group's treasury policy is the minimisation of financial risk at reasonable cost. To minimise risk the Group uses interest rate swaps and forward foreign currency contracts. The Group does not trade in financial instruments.

Interest rate management

The interest rates on Group borrowings at 31 December 2019 comprising loan notes and finance lease obligations has been fixed at a contracted rate at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average effective interest rate at 31 December 2019 was 1.60%. At 31 December 2019, all of Group borrowings were at fixed rates at an average effective rate of 1.62%. Debt interest cover, for the year was 65 times (2018: 65 times).

Currency management

The Group has determined that the Euro is the operating currency in which it reports its results. The Group also has significant Sterling and US Dollar cash flows. The Group's principal policy is to minimise currency risk by matching foreign currency assets and liabilities and to match cash flows of like currencies. Sterling revenues and expenses are netted. Exposure to the US Dollar relates mainly to fuel costs. The Group has in place fuel surcharge arrangements with its commercial customers which recovers a portion of movements in euro fuel costs above a base level which partially mitigates the exposure to US dollar currency movements.

Commodity price management

Bunker oil costs constitute a separate and significant operational risk, partly as a result of historically significant price fluctuations. In the Container and Terminal division bunker costs above a base level are offset to a large extent by the application of prearranged price adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries division. In the passenger sector, changes in bunker costs are included in the ticket price to the extent that market conditions will allow. Bunker consumption was 122,000 tonnes in 2019 (2018: 108,600 tonnes). The cost per tonne of heavy fuel oil (HFO) fuel in 2019 was 3% higher than in 2018 while marine gas oil (MGO) was 2% lower than in 2018.

Credit risk

The Group's credit risk arising on its financial assets is principally attributable to its trade and other receivables. The concentration of credit risk in relation to trade is limited due to the exposure being spread over a large number of counterparties and customers. Other receivables include deposits paid under a shipbuilding contract which are secured through letters of credit issued by high quality insurers. The Group also has a significant long-term receivable relating to a bareboat hire purchase arrangement which is secured by retention of title to the vessel.

Liquidity

It is Group policy to maintain available facilities which allow the Group to conduct its business in an orderly manner. The target level is reviewed from time to time in line with the Group's future requirements over the medium term and will comprise cash deposits and committed banking facilities. Total available facilities at 31 December 2019 amounted to €201.3 million comprising cash balances of €110.9 million together with undrawn committed facilities of €90.4 million with average maturity of 4.1 years. Total drawn facilities of €205.0 million had an average maturity of 6.2 years over remaining terms of up to 11 years.

David Ledwidge,
Chief Financial Officer

4 March 2020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Environmental and Sustainability

ICG Strategy and the Environment

A commitment to safeguarding the environment and operating in a sustainable manner is a key deliverable of ICG strategy. A continuous focus on its cost base drives improvement in operational efficiency resulting in lower inputs and wastage levels, and maximises asset lives all of which ultimately improves our environmental performance.

In recognising that small changes can deliver cumulatively large efficiencies over time ICG has developed a groupwide environmental framework the objective of which is to facilitate the continuous improvement of the environmental effects of the Group's activities in a unified and structured manner.

On a wider societal level ICG plays a pivotal role in Ireland's traded goods logistical chain while Irish Ferries' passenger services contribute significantly to the tourism industries of Ireland, the United Kingdom and France.

The Group's principal activity is the operation of ships and provision of related services. While transport by sea is one of the most efficient modes of transport, as measured by cargo tonnes per kilometre, these activities still have an unavoidable impact on the environment. This report provides a summary of the principal initiatives implemented by the Group to minimise this impact over four key areas; vessel design, fleet operation, on board hotel activities; and terminal activities.

Vessel Design

The Group operates a total fleet of four ferries (three owned, one chartered-in), one fast craft and six container vessels (four owned, 2 chartered-in). The Group commissioned all three owned ferries and the chartered-in ferry is due to be replaced by a further commissioned newly built ferry. The efficiency characteristics of our fleet commence at the design phase with incremental improvements made over the life of a vessel. Projects completed or commissioned during 2019 are described below.

Construction Design

When commissioning new vessels the Group is committed to the application of innovative design features intended to minimise environmental impact. By law, all new ships from 2013 onwards require an Energy Efficiency Design Index (EEDI) whereby new ship designs must meet an efficiency reference level. The W.B. Yeats has a required EEDI of 18.5g of CO_2 per tonne-mile. The new cruise ferry under construction at a contract price of €165.2 million will fall under phase two of EEDI as construction takes place from 2020, meaning its required efficiency will be a ten percent improvement on that designated for the W.B. Yeats.

Ballast Water Management

The intake and discharge of ballast water (sea water) is an integral part of vessel stability management, though poor management of ballast water systems can damage local biodiversity through transference of non-native marine species.

The Group has implemented a Ballast Water and Sediments Management Plan across all its fleet for correct management of ballast water to help prevent the spread of non-native marine species by transference. Our newest vessel W.B. Yeats has already been designed with ballast water treatment systems, while in 2020, the Group will complete feasibility studies and set out investment proposals for ballast water treatment equipment across the remaining fleet from 2021. Pending completion of this upgrade project the operating protocol is that all ballast water is loaded and discharged at the same location so as to avoid species transfer.

In addition to reducing the risk of transference, this project will also improve fuel efficiencies through avoiding excess carrying of ballast waters.

Paint

A key factor that affects vessel performance apart from the optimal engineered design of the hull is the maintained condition of the hull itself. Central to this is maintaining a smooth underwater hull surface to reduce resistance when moving through the water. Once in service a vessel's hull is exposed to corrosion and fouling, which studies indicate can adversely affect fuel consumption by up to four percent. To maintain maximum efficiency as part of ongoing maintenance ICG vessels utilise modern silicon based non-toxic paints which avoid the release of harmful agents into the sea. These assist in preventing corrosion thereby ensuring maximum hull life, reducing fouling between drydockings and lowers the risk of damage to local biodiversity.

Propeller Caps

The W.B. Yeats was delivered fitted with the latest energy efficient propeller blades. These incorporated rotating propeller caps which decrease propeller resistance and increase thrust. This increases overall propulsion efficiency and reduces fuel consumption. Having assessed this technology, a full set of similar propeller blades were retro-fitted to the Ulysses during 2019.

Environmental and Sustainability
Continued

Strategy in Action

Exhaust Gas Cleaning Systems
The International Maritime Organisation (IMO), a UN sponsored body adopted by the European Union, has issued new fuel regulations (IMO 2020) which are effective for all shipping operators effective from 1 January 2020. IMO 2020 requires all our vessels operating outside of sulphur emission control areas (SECA) to reduce sulphur emissions equivalent to consuming 0.5% sulphur content fuel oils compared to the previous permitted 1%. Over the last decade these permissible levels have been decreased in stages from 3.5% to the current 0.5% and 0.1% when operating in SECA.

The fastcraft Dublin Swift consumes marine gas oil which has a delivered sulphur content of 0.1% thus already in compliance and bettering the new regulatory requirement in its geographic area of operation.

On its owned and operated fleet, the Group has taken the decision to install Exhaust Gas Cleaning Systems (EGCS) to comply with these latest requirements. The cruise ferry W.B. Yeats which commenced sailing in the fleet in 2019 was delivered an EGCS. This ensured that this vessel complied with the 0.5% sulphur cap on marine fuels in advance of the 1 January 2020 deadline. The cruise ferries Isle of Inishmore and Ulysses and the owned container vessels operated by the Group will each have EGCS installed during 2020 and pending completion of those installations will consume heavy fuel oils with a delivered sulphur content of 0.5%. In opting for EGCS the Group performed a thorough assessment of alternatives, including a conversion to LNG fuels and found the EGCS option to be the safest and most environmentally friendly solution. In addition to managing sulphur emissions studies have shown that EGCS can remove 60-90% of particulate matter (PM or black carbon), including a portion of small and ultrafine PM, resulting in fewer particles released in the atmosphere compared to consuming 0.5% fuel oils or marine gas oil.

The experience to date with the W.B. Yeats is that achieved sulphur emissions are below permitted levels with on-board emission alarm levels set lower than the maximum permissible.

Total Group investment for supply and installation of EGCS is estimated at approximately €25 million. In addition to improving ICG's environmental performance this investment allows the Group to consume lower cost fuel oils and in the event that a vessel may become surplus to operational requirement allows for greater geographical operational ability increasing the marketability of the vessel to a third party.


1 3 5 7 8 6

Environmental and Sustainability
Continued

Fleet Operations

Ship Energy Efficiency Management Plan

Under IMO requirements each vessel has developed a Ship Energy Efficiency Management Plan (SEEMP). The SEEMP contains a multitude of measures intended to improve the energy and environmental efficiency of a ship in a cost-effective manner. While all plans are vessel-specific, they each follow a Plan-Do-Check-Act iterative cycle for improvement.

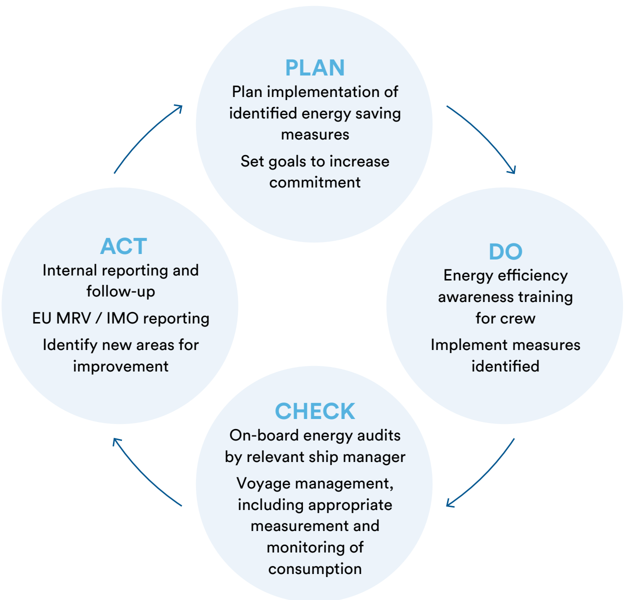
Key SEEMP measures, all of which improve the fleet environmental performance include;

- Fuel efficiency maximisation
- Speed optimisation for sea conditions
- Minimisation of hull resistance through sailing parameter optimisation
- Engine performance management
- Boiler performance management
- Bunker management

Efficiency in operation

ICG is developing a program to increase operational efficiency awareness across its fleet through recording the operational profile for each voyage conducted in service. Due to be introduced in 2020, each scheduled voyage carried out with plant safely reduced below the standard operational profile due to efficient port operations, navigational routing, trim of vessel, good weather, speed management or a combination of the above while maintaining schedule will be classed as a 'clean voyage'. It is proposed that clean voyages will be recorded throughout the year and associated reduction in CO_2 emissions estimated and used to benchmark against annually to ensure continuous improvement.

Additionally, during 2019 the Group has commenced reporting under the EU Monitoring,



Reporting and Verification guidelines (MRV) which requires ships to monitor and report CO2 emissions, fuel consumption, transport work and average energy efficiency each year. In time this data will provide a benchmark to track improvement.

Refrigeration and Air Conditioning Emissions
All our vessels have refrigeration and air conditioning systems which utilise hydrofluorocarbons gasses (HFCs) which are known to cause ozone damage if leaked into the atmosphere. All owned vessels are fully compliant with the EU ‘F-gas’ Regulation restricting the usage of certain HFCs and imposing bans on certain other HFCs with the highest global warming potential. Leakages of all refrigerant gas on board vessels are to be recorded in 2020 with the intention of implementing an action plan to work towards a zero-leak environment by 2022.

Waste
The disposal of waste at sea is strictly prohibited by regulation and all vessels have a waste disposal plan. All vessels use oil recovery systems to recover spent oils which are then sent for recycling to processors with regulatory approvals. All other vessel waste is segregated where possible and sent for recycling at approved facilities.

Under the most recent biennial reporting to the Irish Central Statistics Office, the Group has recorded reductions in its wastage in 2018 over 2016 with an overall reduction of approximately 1,100 tonnes. This represents a 30% reduction in waste sludge and oil water and a 68% reduction achieved across other waste types, including packaging, paper and electronic waste.

Environmental and Sustainability
Continued

Hotel and Catering Activities

Welcoming over 1.5 million guests aboard our cruise and passenger ferries annually our on-board hospitality services contribute significantly to our environmental performance. We are continually seeking ways to improve our performance in the following key areas;

Responsible sourcing
Where possible we seek to increase the use of local suppliers and showcase local produce supporting artisan producers. Typical examples include our fish supplier, a large family-owned fishmonger based in the fishing town of Howth in North County Dublin who supply locally sourced seafood utilising sustainable fishing methods. We source all of our fruit and vegetables through Irish distributors who guarantee to deliver the freshest produce from farms all around the Country. When in season Irish produce will always be selected before imported goods. All our beef is Irish produced and our Irish dairy, cheddar cheese and eggs are origin green certified. Our breakfast meats are sourced in Kilkenny and Cork. We are a strong promoter of Irish beverages not only the popular brands but also smaller producers of craft beers and spirits. In line with the demands of our guests we now offer a wide variety of plant based food and drink options in all our cafes and restaurants with plans to increase this range of offering in 2020. Our coffees are provided by a Dublin based roaster, using the world's first purpose-built carbon neutral roastery in Dublin and coffees and teas served on board are fair trade certified. Our supply chain seeks to minimise the number of deliveries to our vessels through the use of containerised provisioning.

Water conservation
All water used on board our vessels is of potable standard. As this is both a scarce resource and an increasing cost ICG seeks to reduce consumption on-board vessels through water saving devices such as flow controllers without interrupting our guests' comfort. Water conservation is covered in environmental awareness information made available to our crews.

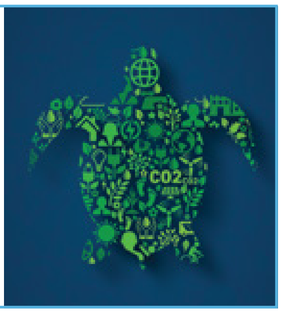
Related to water conservation is waste water treatment systems. All our vessels have foul water treatment systems which meet strict regulatory requirements at least equivalent to land based systems before discharge into open seas away from coastal areas.

Cleaning and hygiene
With up to two million laundry items per annum ICG requires that its laundry service provider should be as environmentally conscious as ICG. Our laundry contract has been awarded to one of Ireland's leading laundries whom ICG is satisfied is accredited as complying with the highest environmental standard with a commitment to minimum use of harmful detergents and a recycling program.

In our cabin accommodation we use ozone sanitary systems which has high oxidant power to eliminate odours and harmful bacteria while significantly reducing the use of chemical products.

Other on-board initiatives
Equally important to the significant initiatives above are the myriad of smaller changes that are constantly being implemented an example being a switch to coreless tissue dispensers removing over 300,000 cardboard cores from our previous waste output.

Single use plastics
We committed during 2019 to remove single use plastics and other non-compostable consumables from our restaurants. We are well on the way to achieving this goal during 2020 where all food packaging and coffee cups will be produced from compostable materials. We have also introduced an awareness programme for our guests through the use of our turtle logo.



Environmental and Sustainability
Continued

Terminal Operations

The Group's container terminals at Dublin and Belfast utilise energy in the form of direct consumption of fossil fuels and electricity generating exhaust emissions. The nature of operations is that terminals also generate road traffic and certain levels of noise. ICG has a number of projects in place to improve environmental performance at its container facilities.

Strategy in Action

Increased electrification of heavy plant
The two most recent commissioned mobile gantries (RTGs) at our Dublin Ferry Port Terminal represented a change to electrical power from previous diesel combustion. The advantages are greater efficiency due to zero idling, lower emissions and noise levels. Currently 20% of our RTG fleet is electrically powered which is expected to increase to 33% following delivery of further units during 2020. The three ship to shore cranes are already electrically powered.

At our Belfast terminal our landlord partner Belfast Harbour Commissioners have commenced an investment program whereby they are also changing the plant which we operate from diesel units to electrical units.

Increased Automation
In conjunction with our investment in new RTGs at Dublin we commissioned our first automated container stack during 2019. This has improved container handling efficiency significantly, while further increasing the level of occupational safety in the port. We are currently commissioning a second automated stack in conjunction with the delivery of the two additional RTGs scheduled for delivery in 2020.

The modernisation of the Belfast terminal by our landlord will also incorporate this technology.

Transport Management System
A new transport management system having been trialled during 2019 is scheduled to be operational during 2020. This will facilitate reduced waiting times and idling time on the part of our sub-contracted hauliers while also improving aspects of operational safety within our terminals.

Environmental and Sustainability

Continued

Offices

While our office locations are the least environmentally impactful aspect of ICG operations we have adopted an environmental plan to generate environmental awareness of the impact of our administrative activities. ICG has a waste management plan in place for its offices and ports. With the help of staff, suppliers and visitors we aim to prevent waste and discontinue the use of environmentally damaging products as a primary goal. Having moved to energy efficient lighting during 2018, the 2019 initiative was to optimise the uncontaminated segregation of compostable, recyclable and general waste to enable its waste partners to effectively process waste and to replace all single use plastics with compostable alternatives in office canteens and recreation areas.

Social and Governance

Community and Wellness

The Group continues to take an active interest in the communities within which it operates. Each separate business unit assists in local initiatives through sponsorship and organised events. ICG recognises the important role played by charities and community organisations within its communities and we are happy to help these organisations achieve their goals. Irish Ferries has been a main sponsor of the Dublin St. Patrick's Day festival. The Group is also happy to support its employees with charitable endeavours of their own. Irish Ferries works with the Irish Whale and Dolphin group by reporting information on sightings and facilitating surveys to assist in the conservation and understanding of cetaceans in the Irish Sea.

Staff

The general health and wellbeing of employees and customers is of utmost importance to the Group. ICG participates in the 'Cycle to Work' scheme and provides an on-site gym facility at the Group head office, available to all staff.

ICG is an equal opportunities employer and while the industry is heavily male represented, the Group believes diversity is necessary to drive innovation, make better decisions and maintain a talented workforce. As of 31 December 2019, 33% of the Group's employees were female. Whilst this is not representative of the population at large it is characteristic of the sector in which we operate. Cognisant of the need to better reflect societal composition, the Group has put in place an initiative to seek out larger numbers of female candidates when conducting recruitment.

Safeguard of vulnerable persons

ICG imposes strict obligations on the entity responsible for the technical and crewing management onboard its ships, the applicable contractors it employs and its management teams to comply with all applicable laws, including those relating to labour and employment practices. ICG requires a due diligence process to be conducted prior to the appointment of a contractor together with in-contract reviews.

Within its day to day operations ICG has in place a range of measures to help ensure modern slavery and human trafficking are not taking place in its business or its supply chains. Measures adopted include;

- Provision of guidance to employees to support immigration and border agency initiatives to reduce human trafficking, which augments general observation for unusual behaviour in our ports and onboard our vessels. Awareness of this issue is promulgated across all Group businesses.
- Working with other companies and organisations to share knowledge, learning and best practise and co-operating with a series of law-enforcement projects that help to combat human trafficking and modern slavery.
- Regular updates to management and committees on modern slavery so that directors and key individuals understand their role and accountability for the prevention of modern slavery occurring in our businesses and supply chains.
- Actively monitoring its initiatives in preventing modern slavery and human trafficking by reference to reports and alerts from staff, the public and communication with law-enforcement agencies.

Safety

The promotion and maintenance of a strong safety culture across all activities is a principle strategy of ICG, to not only ensure the safety, security and well-being of our people and passengers, but also so that all stakeholders reap the competitive rewards that come from giving safety top priority.

The Group's operations span a wide range of activities, both ashore and afloat. It is a matter of high priority that all our activities are conducted in a manner that ensures the safety and security of all our people, and all those who travel on board our ships or visit our terminals. The bedrock of ICG's safety performance is our people. We place strategic emphasis on ensuring all those who work within the Group's sphere of operations are competent, provided with a high level of safety and quality training and information, and are encouraged to engage with the Group's continuous improvement philosophy.

Compliance with policy and procedures, both ashore and afloat, is monitored by regular and detailed audits. Audits are conducted by trained and experienced auditors in an open yet focused manner that drives compliance and improvement. Senior management monitor safety and audit performance across the Group, identifying and addressing safety trends and opportunities for improvement where they may arise.

In addition to the Group's own internal verification procedures, our activities are subject to regular routine inspection by national and international statutory bodies. They, like us, set high standards to ensure the safety and well-being of all personnel, passengers and cargoes; standards that we as a Group are ready to meet and exceed.

Ashore: As a minimum, all the Group's activities are conducted in strict compliance with the various statutory health and safety standards and international maritime regulations that apply. In accordance with the Safety, Health and Welfare at Work Act 2005 and its equivalents in other jurisdictions, the Group has in place safety policies and safety statements that guide our activities. We have in place a system of hazard identification and risk assessment that ensures all necessary steps are taken to minimise and mitigate safety risks. Agreed procedures ensure that activities and operations are conducted in a consistent and safe manner. By fostering a culture of employee competence and participation we empower our employees to continuously improve the efficiency and safety of our activities, so contributing to a safe environment for all.

At Sea: ICG ensures that all its ships are designed, operated and maintained in compliance with the International Convention for the Safety of Life at Sea (SOLAS). This Convention is administered by the UN's International Maritime Organisation and is subject to continuous international review and updating, ensuring ship safety standards keep pace with societal expectations and technological advances.

The safety and security of ship's crews, passengers and cargoes is critical to our business, and is always the primary consideration. ICG ships are certified in accordance with the International Safety Management (ISM) Code, the international standard for the safe management and operation of ships and for pollution prevention.

ICG also operates in full compliance with the International Ship and Port Facility Security (ISPS) Code on board all ships and at all locations. The on-board management of the Irish Ferries operated vessels was performed by Matrix Ship Management Limited, Cyprus, on behalf of ICG.

While the focus is on accident prevention where incidents do occur, effective internal and external reporting and investigation systems are employed to identify the cause of such incidents and put in place actions to prevent recurrence. Due to the highly regulated environment in which we operate, incidents may be subject to external investigation by the appropriate regulatory authority. The Group will always work with the authorities toward a successful and worthwhile investigation outcome.

Lost Time Injury Frequency (LTIF) is a metric used to measure workplace safety. LTIF measures the number of workplace incidents causing an employee to miss the following day's work per million hours worked. The Group's LTIF rate for 2019 was 1.6 (2018: 1.6).

Risk Management

Overview

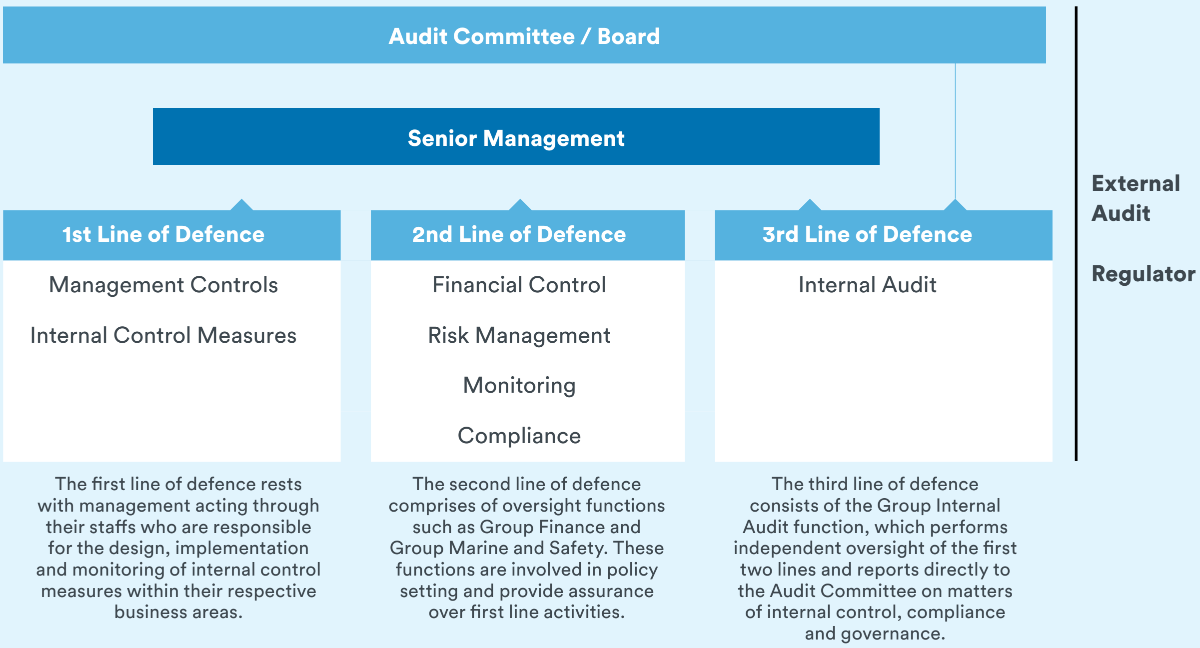
Exposure to risk is an inherent element to carrying out the business activities of the Group; the operation of ships and provision of related services. Effective risk management and internal control systems are therefore necessary to protect the Group from exposure to unnecessary risks and ensure the sustainability of the Group's business.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control framework and determining the nature and extent of the principal risks the Group is willing to take in order to achieve its long-term objectives. The Board has created a culture of risk awareness throughout the organisation whereby risk consideration is built into decision making processes.

This Board has delegated the monitoring of the Group's risk management and internal control systems to the Audit Committee. This assessment is carried out through the review of reports and presentations made by the Risk Management Committee (RMC) and Group Internal Audit. Further information on the Audit Committee activities is set out in its report on pages 83 to 87.

Risk Management Framework

The Group has adopted a three lines of defence framework to provide assurance that appropriate control and mitigation measures are in place for identified risks.

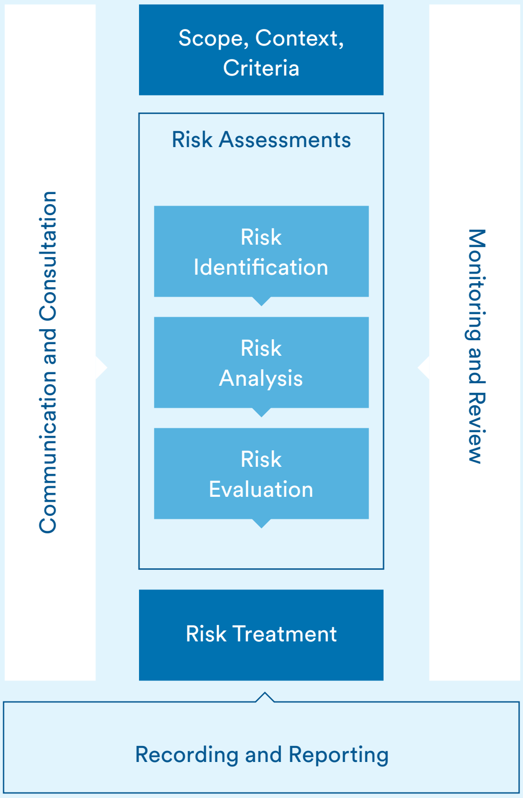


Role of the Risk Management Committee

The RMC established by the Group comprises members from across the three lines of defence, as well as having Board representation. The RMC is tasked with driving the Group's risk management process including the maintenance of the Group Risk Register and coordination of risk management activities. The RMC role is one of facilitator rather than assessor. The RMC makes presentations to the Audit Committee and Board during the year outlining its work and reporting on key risk areas.

Risk Management Process

The Group's Risk Management Process is underpinned by the Risk Management Framework and is led by the RMC. The Group's process is based on the revised international standard ISO 31000 (2018), 'Risk Management – Guidelines', and provides a systematic approach to managing risks throughout the Group.



Risk identification and monitoring

The Board sets the Group's risk appetite and has identified four principal risk categories; strategic, operational, financial and IT and cyber. The Group's appetite for various risk areas is communicated through the adoption of Risk Appetite Statements. These provide context to how the Group's strategy is pursued and to which risks are assessed. The Board has a low tolerance for risks that may impact reputation in terms of safety of vessels and customers and compliance with relevant laws and regulations. The ICG Risk Code contains the Group's risk policy and details the Group's framework and risk activities.

Each business owner is responsible for ensuring comprehensive risk identification and assessment is carried out covering their sphere of responsibility. Risks are identified through various means, including the use of an identification tool guiding risk assessors through several internal and external factors in identifying potential barriers to respective objectives. Risks are assigned to risk owners whom are those persons with responsibility for the activity generating the risk. Where a risk contains multiple causes and consequences, risk owners are required to collaborate in performing a cause and consequence analysis.

Risk owners are ultimately responsible for the completion and maintenance of risk assessments across their respective risk areas. Risks are measured in terms of the likelihood of occurrence and estimated impact using a standardised scoring model. All evaluations are made from a Group perspective and are relative to Group risk appetite. Guidance tools are in place to ensure consistency is achieved across risk assessments and the Group.

Existing control measures are documented and assessed within the risk assessment forms in determining net risk scores. All risk assessments are reviewed by members of the RMC before they are released to the Group Risk Register. The RMC and risk owners can prescribe the implementation of further control measures at the review stage.

Risk Management
Continued

The Group Risk Register is the central online repository for documenting, assessing and prioritising risks, and for documenting and prescribing control measures. The Register forms a significant portion of the Group's risk management process.

The Group Risk Register is reviewed on a regular basis by the RMC. Any necessary changes to the Group Risk Register are identified throughout the year through the occurrence of a risk event, via quarterly RMC meetings, from Internal Audit reviews or through new risk assessments completed. The RMC will in time develop metrics to monitor changing exposure to key risks.

Risk information within the Group Risk Register is analysed and used for reporting principal risks to the Board and for Internal Audit planning. A presentation of the Group's principal and emerging risks is made to the Board at least annually or more frequently if warranted by developments. At these presentations the Board challenges the RMC is their processes and evaluations of the principal and emerging risks identified in the context of the Group's own risk policy, risk appetite and general market developments both within and outside the industry sector.

Emerging Risks

Risk monitoring is an ongoing process to reflect the dynamic nature of the environment in which the Group operates.

The Group acknowledges two types of emerging risks that can arise. The first type are new risks that emerge in the external environment in which the Group operates. These are identified through the ongoing Group risk identification process. The second type are previously identified risks recorded in the Group Risk Register whose impact on Group activities has changed, prompting a reassessment. Emerging risks are closely monitored and assessed as their uncertain nature can result in the risks becoming significant within a short timeframe. Emerging risks currently under review at the date of this report relate to greater employer responsibility for employee welfare, greater environmental and climate awareness driving increased regulation and the potential disruption to travel and trade from the developing situation around Covid-19.

Viability assessment

The principal risks identified through the Group's risk processes have been considered by the Directors when preparing the Viability Statement on page 67, as part of their assessment of the prospects for the Group.

Principal Risks

Strategic Risks

	Description	Potential Impact	Examples of Mitigation
Commercial & Market Service disruption	The Group operates in a highly competitive environment where service reliability is a key attribute and where brand damage can be caused through mismanagement of service disruption however caused.	Loss of revenue and reputational damage.	The Group has standard processes in place for managing various types of disruptive events, including clear and timely communications with customers. Vessels have access to high resolution professional weather forecasts and regular contact is maintained with ship managers.

Operational Risks

	Description	Potential Impact	Examples of Mitigation
Health and Safety Hazardous cargo	As a pivotal supplier of maritime transport services within Ireland's external logistics chain there is potential for incidents involving hazardous cargoes during handling or shipping.	Pollution, serious personal injury and reputational damage.	Hazardous cargoes are stowed in accordance with the International Maritime Dangerous Goods Code. The Group relies on quality customers and partners to ensure cargo is adequately packed, secured and declared. Crews are trained in the response to any hazardous incident. All hazardous paperwork requirements are strictly enforced by trained personnel.
Health and Safety Risk of injury	Given the nature of the Group's activities there is risk of accidents causing serious personal injury.	Loss of life and/or serious personal injury and reputational damage.	All companies within the Group maintain up to date Safety Policies. Safety audits are carried out on all Group locations. Information, instruction, training and supervision is provided to all personnel as appropriate. The Group has put in place major incident response plans and regularly conducts drills.
Operational Compliance People trafficking	As the Group operates international maritime services there is a risk that our services are used for people trafficking within cargo transport units.	Serious health risks to refugees or stowaways and reputational damage.	The Group complies with the International Ship and Port Facility Security (ISPS) Code. There is CCTV and 24-hour security at terminals. There is close liaison in place with the relevant port authorities on security measures. Additional private security is deployed at shore locations where warranted. Shore staff and crews are also given training in identifying suspicious traffic.

Risk Management
Continued

Financial Risks

	Description	Potential Impact	Examples of Mitigation
Financial Loss Major project failure	Where the Group contracts the construction of significant assets including vessels with long construction leadtimes there is risk of budget overrun arising from underestimation of costs, excess spending, or by failure in the performance of contractors.	Business interruption resulting in financial loss. Reputational damage.	Elements and objectives of major projects are clearly defined. External expertise is sought where appropriate. Any divergences from spending plans are investigated and reported to Executives. Due diligence is performed in advance on potential contractors. Contract guarantees are sought. Key milestone dates are set and monitored.
Financial Loss Inadequate insurance	The Group activities are capital intensive and concentrated in a small number of significant high value complex assets which increases the risk of inadequate insurance on new and existing assets, or on emerging risks.	Damage to assets resulting in irrecoverable losses and service disruption.	Management of insurance is performed by experienced and knowledgeable personnel. All insurances including insured values are reviewed timely prior to renewal. The Group maintains close liaison with its brokers regarding emerging risks and insurance trends.
Fraud Payment diversion	The Group incurs significant liabilities to a small number of suppliers which generates the risk that payments might be diverted to incorrect bank accounts.	Financial loss and potential reputational damage.	All invoices are reviewed by the relevant managers. All vendor bank account details are subject to a documented callback verification. Dual management authorisation is required for all payments in banking systems. There is a Group Social Engineering Policy in place which is circulated to relevant personnel, who are also required to undertake online awareness modules.
Volatility Fuel costs	The Group consumes fuel oils (accounting for 20% of 2019 operating costs) which are traded commodities and subject to significant unpredictable price fluctuation.	Increase in cost base, reducing profitability.	Group policy has been to purchase these commodities in the spot markets and to remain unhedged. The Group operates a dynamic surcharge mechanism with the Group's freight customers which allows for prearranged price adjustments in line with Euro fuel costs. In the passenger sector, in addition to fixed environmental surcharges changes in bunker costs are included in the ticket price to the extent that market conditions will allow.

IT Systems and Cyber Risks

	Description	Potential Impact	Examples of Mitigation
Information Security	By nature of the services offered the Group requires to capture and retain personal data which creates the risk of personal data breach by whatever means.	Heavy fines imposed under GDPR and reputational damage.	The Group has documented data protection impact assessments on all activities. Personal data is maintained in accordance with retention requirements. All mobile devices are encrypted. Compliance is assessed by the Group's Data Protection Officer and Group Internal Audit.
Cyber Threats	The Group relies on information technology systems to support its business activities. These systems are connected to customers and the internet generally which makes the Group susceptible to cyber-attacks affecting the availability of systems.	Business interruption resulting from spread of virus to critical systems and reputational damage.	Group policy is to only use licensed software providers. Anti-virus software is in place on all PCs. Security information and event management (SIEM) system is in place to detect infections quickly. All staff are required to undertake security awareness training. The Group has documented and rehearsed incident response plans in place.

Our Fleet

W.B. Yeats

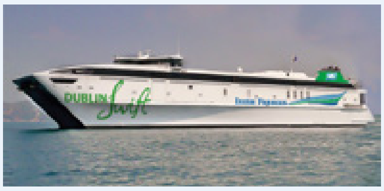
Year Built	2018
Acquired	2018
Gross Tonnage	54,975
No. Engines	4
Speed	22.5 knots
Lane Metres	2,800
Car Capacity	1,216
Passenger Capacity	1,885
Beds	1,706

Ulysses

Year Built	2001
Acquired	2001
Gross Tonnage	50,938
No. Engines	4
Speed	22 knots
Lane Metres	4,100
Car Capacity	1,342
Passenger Capacity	1,875
Beds	186

Isle of Inishmore

Year Built	1997
Acquired	1997
Gross Tonnage	34,031
No. Engines	4
Speed	21.5 knots
Lane Metres	2,100
Car Capacity	855
Passenger Capacity	2,200
Beds	208



Dublin Swift
(formerly HSC Westpac Express)

Year Built	2001
Acquired	2016
Gross Tonnage	8,403
No. Engines	4
Speed	35 knots
Lane Metres	-
Car Capacity	251
Passenger Capacity	817
Beds	-

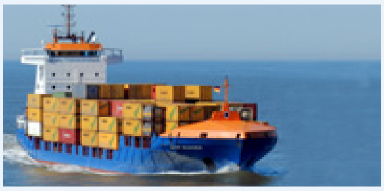
Epsilon (chartered in)

Year Built	2011
Acquired	chartered-in
Gross Tonnage	26,375
No. Engines	2
Speed	23 knots
Lane Metres	2,800
Car Capacity	150
Passenger Capacity	500
Beds	272

Hull 777 (under construction)*

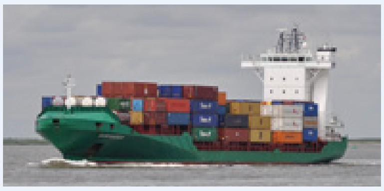
Year Built	2020
Acquired	Late 2020
Gross Tonnage	67,300
No. Engines	4
Speed	23 knots
Lane Metres	5,610
Car Capacity	1,526
Passenger Capacity	1,800
Beds	608

* Subject to final certificate



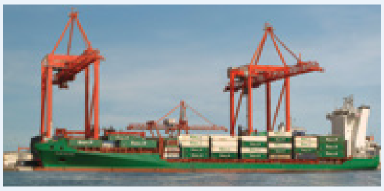
Ranger

Year Built	2005
Acquired	2015
Gross Tonnage	7,852
Deadweight	9,300
Capacity	803 TEU



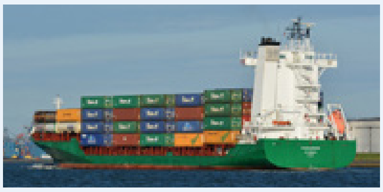
Elbfeeder

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,157
Capacity	974 TEU



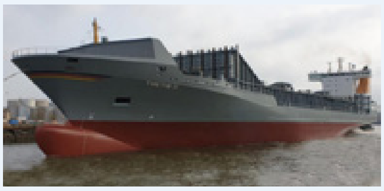
Elbtrader

Year Built	2008
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,153
Capacity	974 TEU



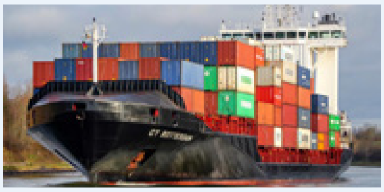
Elbcarrier

Year Built	2007
Acquired	2015
Gross Tonnage	8,246
Deadweight	11,166
Capacity	974 TEU



Thetis D

Year Built	2009
Acquired	2019
Gross Tonnage	17,488
Deadweight	17,861
Capacity	1,421 TEU

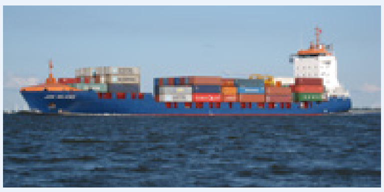


CT Rotterdam

Year Built	2009
Acquired	2019
Gross Tonnage	8,273
Deadweight	11,157
Capacity	974 TEU

Endurance (chartered in)

Year Built	2005
Acquired	chartered-in
Gross Tonnage	7,642
Deadweight	9,146
Capacity	750 TEU



Mirror (chartered in)

Year Built	2007
Acquired	chartered-in
Gross Tonnage	7,852
Deadweight	9,344
Capacity	803 TEU


I HAVE
SAILED
THE SEAS
IRISH FERRIES
THAT IS NO COUNTRY FOR OLD MEN. THE YOUNG
IN ONE ANOTHER'S ARMS, BIRDS IN THE TREES,
—THOSE DYING GENERATIONS—AT THEIR SONG,
THE SALMON-FALLS, THE MACKEREL-CROWDED SEAS,
FISH, FLESH, OR FOWL, COMMEND ALL SUMMER LONG
WHATEVER IS BEGOTTEN, BORN, AND DIES.
CAUGHT IN THAT SENSUAL MUSIC ALL NEGLECT
MONUMENTS OF UNAGEING INTELLECT.
– Sailing to Byzantium
W. B. Yeats

Executive Management Team

Eamonn Rothwell
BComm, MBS, FCCA, CFA UK
Chief Executive Officer

Eamonn Rothwell, aged 64, has been a Director for 33 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Investec Bank. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

David Ledwidge FCA, BSc (Mgmt)
Chief Financial Officer

David Ledwidge, aged 40, was appointed to the Board on 3 March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant, and most recently as Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

Andrew Sheen MSc, BEng(Hons), CEng, FIMarEST, FRINA.
Managing Director – Ferries division

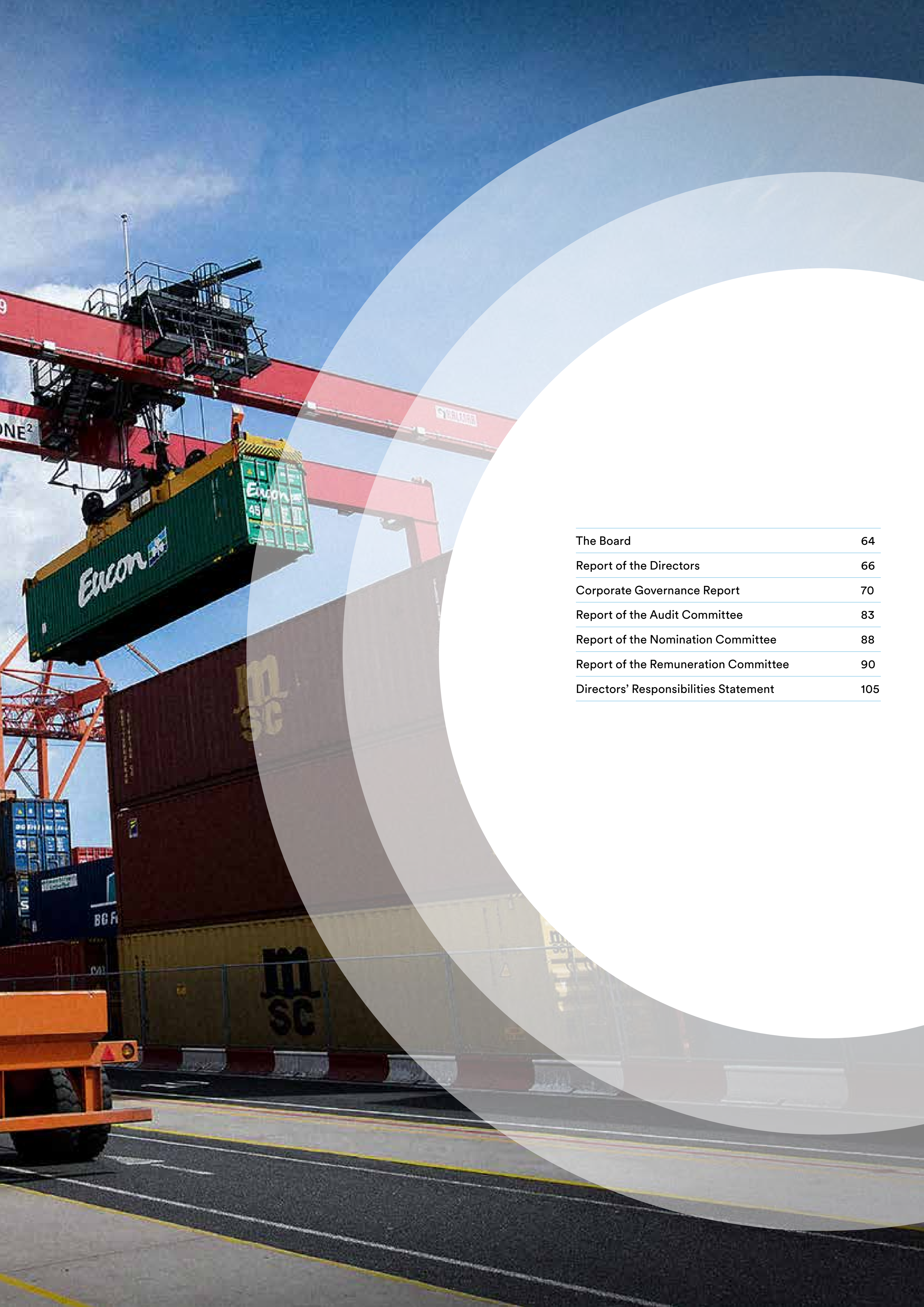
Andrew Sheen, aged 48, a Chartered Engineer, has been involved in shipping for over 29 years and has worked with Irish Ferries in a variety of Operational Roles for over 14 years. He re-joined ICG from the UK Maritime & Coastguard Agency and has been a Director of Irish Ferries since 2013. He was appointed to his current role as Managing Director of the Ferries division in March 2015. He is currently President of the Irish Chamber of Shipping and is a Director of the European Community Ship Owners Association and the International Chamber of Shipping.

Declan Freeman FCA
Managing Director – Container and Terminal division

Declan Freeman, aged 44, joined the Group in 1999 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has worked in a number of financial and general management roles in the Group up to his appointment as Managing Director of Eucon in 2011. He was appointed to his current role as Managing Director of the Container and Terminal division in 2012.

Corporate Governance

Strategically located container terminals which handled 320,800 container units during 2019 in Ireland's main ports of Dublin and Belfast for shipping operators providing services to key continental hub ports and onwards access to global markets.

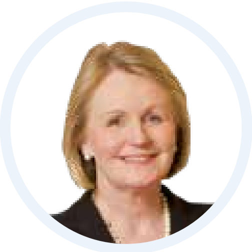

Eucon
Eucon
msc
msc

The Board

The Group's non-executive Directors are:

John B. McGuckian BSc (Econ)
Chairman

John B. McGuckian, aged 80, has been a Director for 32 years having been appointed as a non-executive Director in 1988 and Chairman in 2004. He has a wide range of interests, both in Ireland and internationally. He is also a Director of Cooneen Textiles Limited. He is a former Director of a number of listed companies and he has previously acted as the Chairman of; the International Fund for Ireland, the Industrial Development Board for Northern Ireland, UTV Media plc (where he was also a member of the Remuneration Committee) and as Senior Pro-Chancellor and Chairman of the Senate of the Queen's University of Belfast.



Catherine Duffy BA LegSc, DipLeg Stds
Independent Director

Catherine Duffy, aged 58, has been a Director for 8 years having been appointed to the Board in 2012. Catherine is a Senior Partner and former Chair of law firm A&L Goodbody specialising its Banking and Financial Services. Catherine is a member and a former Chair of the International Legal Advisory Panel to the Aviation Working Group of Unidroit. She was previously a non-executive Director of Beaumont Hospital and a member of the first Advisory Group to the Irish Maritime Development Office, a government sponsored organisation set up to promote and assist the development of Irish shipping and shipping services.

Committee Membership: Audit Committee, Nomination Committee (Chairperson) and Remuneration Committee

Brian O'Kelly BBS, FCA
Senior Independent Director

Brian O'Kelly, aged 57, has been a Director for 7 years having been appointed to the Board in 2013. Brian is Co-Head of Investment Banking in Goodbody having previously been Managing Director of Goodbody Corporate Finance. He is an executive director of Ganmac Holdings, the parent company of Goodbody. Brian qualified as a Chartered Accountant with KPMG and was subsequently a Director of ABN AMRO Corporate Finance. He is a member of the Listing Committee of Euronext Dublin.

Committee Membership: Audit Committee, Remuneration Committee (Chairperson), Nomination Committee

John Sheehan FCA
Independent Director

John Sheehan, aged 54, was appointed to the Board in October 2013. John holds a senior position with Ardagh Group, a leading operator in the global glass and metal packaging sector with operations principally in Europe and North America. John has over 20 years of experience at management level with exposure to international acquisition and development projects. He was formerly Head of Equity Sales at NCB Stockbrokers, now part of Investec Bank, where he spent thirteen years in a range of roles and directly covered various industry sectors including transport and aviation. John qualified as a Chartered Accountant with PwC.

Committee Membership: Audit Committee (Chairperson), Remuneration Committee, Nomination Committee

The Group's Executive Directors are:

Eamonn Rothwell BComm, MBS, FCCA, CFA UK
Chief Executive Officer

Eamonn Rothwell, aged 64, has been a Director for 33 years having been appointed as a non-executive Director in 1987 and subsequently to the position of Chief Executive Officer in 1992. He is also a Director of Interferry European Office A.I.S.B.L. He is a former Director of The United Kingdom Mutual War Risks Association Limited, Interferry Inc and The United Kingdom Mutual Steam Ship Assurance Association (Bermuda) Limited. He is a past executive Director of former stockbrokers NCB Group, now part of Investec Bank. Prior to that, he worked with Allied Irish Banks plc and Fáilte Ireland (The Irish Tourist Board).

Committee Membership: Nomination Committee

David Ledwidge FCA, BSc (Mgmt)
Chief Financial Officer

David Ledwidge, aged 40, was appointed to the Board on 3 March 2016. David joined the Group in 2006 from professional services firm Deloitte where he qualified as a Chartered Accountant. He has held various financial positions within the Group, including Group Risk Accountant, and most recently as Finance Director of Irish Ferries. He was appointed to his current role as Group Chief Financial Officer in May 2015.

The Company secretary is:

Thomas Corcoran BComm, FCA
Company Secretary

Thomas Corcoran, aged 55, joined the Company in 1989 from the international professional services firm PwC, where he qualified as a Chartered Accountant. He has held a number of financial positions within the Group and is currently Group Financial Controller and Company Secretary. He was appointed Company Secretary in 2001.

Report of the Directors

The Directors present their Report together with the audited financial statements of the Group for the financial year ended 31 December 2019.

Results for the year and Business Developments

Details of the results for the financial year are set out in the Consolidated Income Statement on page 118 and in the related notes forming part of the financial statements. The fair review of the development of the business of the Company and its subsidiaries is set out in the Operating and Financial Review on pages 18 to 38. This includes a description of the principal activities, principal risks, uncertainties, alternative performance measures and environmental and employee matters.

Research and Development

The Group actively monitors developments in ship design and ship availability with an emphasis on product improvement and achievement of economies of scale.

Dividend and Share Buyback

Dividends paid during the year ended 31 December 2019 are set out in the Consolidated Statement of Changes in Equity on page 121 for the Group and the Company Statement of Changes in Equity on page 183 for the Company.

In June 2019, a final dividend of 8.56 cent per ICG Unit was paid in respect of the financial year ended 31 December 2018. In October 2019, an interim dividend of 4.42 cent per ICG Unit was paid in respect of the financial year ended 31 December 2019.

The Board is proposing a final dividend of 8.99 cent per ICG Unit to be paid in respect of the financial year ended 31 December 2019 in June 2020 which is estimated to be €16.8 million.

The Company has adopted a progressive dividend policy the aim of which is to gradually increase or at least maintain the annual total dividend per share over the medium term. Any dividend is declarable at the discretion of the Directors following assessment of the Company's performance, its cash resources and distributable reserves. At 31 December 2019 the Company's retained earnings amounted to €139.4 million all of which were considered to be distributable.

The Company bought back 2,900,000 of its shares, representing 1.5% of its issued share capital at 1 January 2019 during the year for a total consideration of €12.9 million. Further details are contained at note 20 to the financial statements.

Board of Directors

The Board members are listed on pages 64 to 65 of this report.

The Company's Constitution, requires that one third of the Directors are required to retire from office at each Annual General Meeting of the Company. However, in accordance with the provisions contained in the UK Corporate Governance Code, the Board has decided that all Directors should retire at the 2020 Annual General Meeting and offer themselves for re-election. Biographical details of the Directors are set out on pages 64 to 65 of this report and the result of the annual board evaluation is set out on page 77.

Accounting Records

The Directors believe that they have complied with the requirements of Section 281 to 285 of the Companies Act 2014 with regard to maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the finance function. The accounting records of the Company are maintained at the Company's registered office, Irish Continental Group plc, Ferryport, Alexandra Road, Dublin 1, Ireland.

Going Concern

The financial statements have been prepared on the going concern basis and, the Directors report that they have satisfied themselves at the time of approving the financial statements that the Group and Company are going concerns, having adequate financial resources to continue in operational existence for the foreseeable future. In forming this view the Directors have considered the future cash requirements of the Group's business in the context of the economic environment of 2020, the principal risks and uncertainties facing the Group on pages 54 to 57, the Group's 2020 budget plan and the medium-term strategy of the Group, including capital investment plans. The future cash requirements have been compared to bank facilities which are available to the Group and Company.

Viability Statement

The Directors have assessed ICG's viability over a timeframe of five years which the Directors believe reflects an appropriate timeframe for performing realistic assessments of future performance given the dynamic nature of our markets as regards the competitive landscape, economic activity, long-life assets and the significant capital investment commitments related to the construction of a new cruise ferry.

In making their assessment, the Directors took account of ICG's current financial and operational positions and contracted capital expenditure. These positions were then rolled forward based on a set of assumptions on expected outcomes to arrive at a base projection. Sensitivity analysis was then performed on the base projection against potential financial and operational impacts, in severe but plausible scenarios, of the principal risks and uncertainties and the likely degree of effectiveness of current and available mitigating actions as set out on pages 54 to 57. It was further assumed that functioning financial markets exist throughout the assessment period with bank lending available to the Group on normal terms and covenants. The process which was performed by management was subject to examination and challenge by the Directors.

Based on this assessment, the Directors have a reasonable expectation that the Company and the Group will be able to continue in operation and meet all their liabilities as they fall due over the five years assessment periods.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing compliance by the Company with its Relevant Obligations as defined by the Companies Act 2014 (the Relevant Obligations).

The Directors confirm that they have drawn up and adopted a compliance policy statement setting out the Company's policies that, in the Directors' opinion, are appropriate to the Company respecting compliance by the Company with its Relevant Obligations.

The Directors further confirm the Company has put in place appropriate arrangements or structures that are, in the Directors' opinion, designed to secure material compliance with its Relevant Obligations. For the year ended 31 December 2019, the Directors have reviewed the effectiveness of these arrangements and structures during the financial year to which this Report relates.

In discharging its obligations under the Companies Act 2014, as set out above, the Directors have relied on the advice of persons employed by the Company or retained by it under a contract for services, who the Directors believe to have the requisite knowledge and experience to advise the Company on compliance with its Relevant Obligations.

Disclosure of Information to Statutory Auditors

In accordance with the provisions of Section 330 of the Companies Act 2014, each Director of the Company at the date of approval of this report individually confirms that:

- So far as they are aware, there is no relevant audit information, as defined in the Companies Act 2014, of which the Statutory Auditor is unaware; and
- They have taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information (as defined) and to ensure that the Statutory Auditor is aware of such information.

International Financial Reporting Standards

Irish Continental Group presents its Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 January 2019 and that have been adopted by the European Union.

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. The key risks facing the Group include strategic, operational, financial and, information technology and cyber risks arising in the ordinary course of business. Further details of risks and uncertainties are set out on pages 54 to 57.

Report of the Directors
Continued

Substantial Shareholdings
The latest notifications of interests of 3% or more in the share capital of the Company received by the Company on or before 4 March 2020 and as at 31 December 2019 were as follows:

Beneficial Holder as Notified	4 March 2020		31 December 2019	
	Number of Units	% of Issued Units	Number of Units	% of Issued Units
Eamonn Rothwell	29,899,729	15.90%	29,899,729	15.90%
Wellington Management Company, LLP	17,276,545	9.20%	17,276,545	9.20%
Ameriprise Financial Inc.	15,260,710	8.10%	15,260,710	8.10%
Marathon Asset Management, LLP	11,647,052	6.20%	14,343,681	7.60%
Kinney Asset Management, LLC	7,737,838	4.10%	7,737,838	4.10%
FMR, LLC	6,229,035	3.30%	6,229,035	3.30%
BlackRock Inc.	6,162,207	3.20%	7,271,837	3.80%

Directors, Secretary and their Interests
The interests of the Directors and Secretary of the Company and their spouses and minor children in the share capital of the Company at 31 December 2019 and 1 January 2019 all of which were beneficial, were as follows:

Director	31/12/2019 ICG Units	01/01/2019 ICG Units	31/12/2018 Share Options	01/01/2018 Share Options
John B. McGuckian	296,140	296,140	-	-
Eamonn Rothwell	29,899,729	29,553,479	1,408,000	1,182,000
Catherine Duffy	-	-	-	-
David Ledwidge	97,938	92,028	382,500	306,500
Brian O'Kelly	41,740	41,740	-	-
John Sheehan	35,000	15,000	-	-
Company Secretary				
Thomas Corcoran	213,579	179,329	470,000	414,500

ICG Units are explained on page 202 of this report.

Auditors
In accordance with Section 383(2) of the Companies Act 2014, the Auditor, Deloitte Ireland LLP, Chartered Accountants and Statutory Audit firm, continue in office and a resolution authorising the Directors to fix their remuneration will be proposed at the forthcoming AGM. Details of Deloitte's appointment is set out on page 86. Deloitte were first appointed Auditors to the Company during 1988.

Corporate Governance
The Group applies the principles and provisions of The UK Corporate Governance Code (2018) as adopted by Euronext Dublin and the UK Financial Conduct Authority and of the Irish Corporate Governance Annex (the Irish Annex) issued by Euronext Dublin. A Corporate Governance Report is set out on pages 70 to 82 and is incorporated into this Report by cross reference.

The Group has established an Audit Committee whose report is included at pages 83 to 87.

Key Performance Indicators
The Group uses a set of headline Key Performance Indicators (KPIs) to measure the performance of its operations. These KPIs are set out on pages 22 to 25 and are incorporated into this Report by cross reference.

Future Developments
The Group has contracted for a second new cruise ferry to be built at a contract price of €165.2 million by the German company FSG who built the W.B. Yeats and is scheduled for delivery in late 2020. It is planned that this cruise ferry will replace the Ulysses on the peak sailings between Dublin-Holyhead, with the Ulysses becoming the second vessel on that route and the chartered vessel Epsilon redelivered to owners. The ship will give ICG an increase in effective capacity from 200 freight units up to 300 freight units on peak sailings. This will allow ICG to continue growing on the key Dublin-Holyhead route into the future.

The Group is also fitting exhaust gas cleaning systems on all its owned vessels which will lead to reduction in exhaust sulphur emissions below the maximum permitted under recent regulation effective from 1 January 2020. This program will take place over 2020 with the Ulysses cruise ferry due for completion in the first quarter of 2020. The Group is also expanding operations at the Dublin container terminal with the addition of container stacks and new automated electrical mobile gantries.

The Group is closely monitoring developments in negotiations between the European Union and the United Kingdom following the United Kingdom exit from the European Union on 31 January 2020 and consequent effects these may have on the Group's activities. The Group is also monitoring developments around Covid-19 (the corona virus) and the effect it may have on trade and travel. In line with its strategy, the Group will continue to pursue investments which meet its stringent return criteria and which improve our environmental performance.

Events after the Reporting Period
The Board is proposing a final dividend of 8.99 cent per ICG Unit in respect of the results for the financial year ended 31 December 2019.

Annual Report and Financial Statements
This Annual Report together with the Financial Statements for the financial year ended 31 December 2019 was approved by the Directors on 4 March 2020. The Directors consider that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Annual General Meeting
Notice of the Annual General Meeting, which will be held on Tuesday, 12 May 2020*, will be notified to shareholders in April 2020.

On behalf of the Board

Eamonn Rothwell	**David Ledwidge**
Director	Director

4 March 2020
Registered Office: Ferryport, Alexandra Road, Dublin 1, Ireland.

* Subsequent to the approval of this Annual Report, the Annual General Meeting was postponed to a later date (see pg 203).

Corporate Governance Report

Dear Shareholder,

Corporate Governance is concerned with how companies are directed and controlled. Your Board acknowledges the importance of, and is committed to maintaining high standards of corporate governance practices. We strongly believe that good corporate governance supports the delivery of our strategy and is essential to long-term sustainable growth and maintenance of shareholder value. The Board sets the tone for governance practices across the whole Group.

The Group applies the principles and provisions of The UK Corporate Governance Code (the Code) issued by the Financial Reporting Council and the Irish Corporate Governance Annex (the Irish Annex) issued by Euronext Dublin. We are reporting against the July 2018 edition of the Code which became effective for the Group commencing 1 January 2019. The key changes over the previous version of the Code include reporting on how corporate culture is integrated into governance processes, board composition and tenure, engagement with stakeholders and an expanded role of the Remuneration Committee. We have reviewed our governance processes and where necessary made changes in order to achieve substantial compliance with the Code.

The Corporate Governance Report explains how the Group has applied the principles set out in the Code and the Irish Annex. While we acknowledge that the Code sets overall current best practice expectations, your Board reserves its discretion not to apply certain provisions where they may not be compatible with its business model and/ or its legal obligations. In these circumstances an explanation is provided.

Your Board currently comprises two executive and four non-executive Directors. Further details on Board composition is set out on pages 76 and 77. During the year I led the annual Board evaluation and concluded that the Board was as a whole operating effectively for the long-term success of the Group.

The reports from the Committee chairmen are set out on pages 83 to 104.

The business conditions we face create opportunities and challenges going forward and I look forward to continuing open and constructive debate and ensuring that our corporate governance practices remain appropriate to assist in the future sustainable growth of the Group.

John B. McGuckian

Corporate Governance Code

The Company is committed to the principles of corporate governance contained in the UK Corporate Governance Code (the Code) issued in July 2018 by the Financial Reporting Council, as adopted by Euronext Dublin, for which the Board is accountable to shareholders. The Irish Corporate Governance Annex (the Irish Annex) issued by Euronext Dublin also applies to the Group.

The Board considers that, having explained in this Report, throughout the period under review the Group has been in compliance with the provisions of the Code and the requirements set out in the Irish Annex. This Corporate Governance Report at page 73 explains the Group's approach to workforce engagement, and at page 75 notes that the Chairman's tenure exceeds 9 years. The Report of the Remuneration Committee at page 100 explains why in relation to one Director a notice period in excess of one year may apply in limited circumstances.

The Code required the Board to describe in its Annual Report how the interests of key stakeholders and the matters set out in S172 of the United Kingdom Companies Act of 2016 have been considered in Board discussions and decision making. While Irish Continental Group plc is incorporated in Ireland and not subject to UK legislation, the Board is satisfied that these matters have been addressed in discussions and disclosures throughout this Annual Report including discussion on strategy and business model, business review, risk processes, environmental matters and employee engagement.

The Code can be viewed on the Financial Reporting Council's (FRC) website (www.frc.org.uk) and the Irish Annex on Euronext Dublin website (www.euronext.com).

Board Leadership and Company Purpose

The Board is collectively responsible for the long-term sustainable success of the Group through provision of leadership within a framework of prudent and effective controls which enables risk to be assessed and managed. Pursuant to the Constitution, the Directors of the Company are empowered to exercise all such powers as are necessary to manage and run the Company, subject to the provisions of the Companies Act 2014.

In discharging this responsibility the Board has adopted a formal schedule of matters specifically reserved to it for decision, which covers key areas of the Group's business including approval of financial statements, budgets (including capital expenditure), acquisitions or disposals, dividends and share redemptions, Board appointments and setting the risk appetite. Certain additional matters are delegated to Board Committees.

Corporate Governance Report
Continued

Group Strategy and Corporate Governance
On page 20 we describe the Group's strategy. This strategy is supported by our five strategic pillars, consideration of which is interwoven throughout the Board agenda for each meeting.

Strategic Pillar	Board activities
Quality assets Investment in quality assets is essential to ensure reliable timely and high quality experience for our customers which are essential to retaining the Group's pivotal position in Ireland's international logistics chain.	• The oversight and monitoring of performance of the fleet including the introduction of W.B. Yeats into service during 2019. • Investment evaluation and approval including: - cruise ferry vessel upgrade works both customer facing and background technical improvements. - front end customer facing booking systems. - container terminal automation and booking systems.
People and culture Our customers' experience is directly affected through their interaction with our employees and third party contractors.	• Overview of service quality reports. • Monitoring of feedback from staff briefing sessions. • Site visits. • Approval of whistleblowing procedures.
Financial management Pursuit of investment opportunities within stringent risk and reward hurdles and avoidance of speculative financial positions.	• Monitoring of financial liquidity and headroom. • Challenge of investment proposals presented by the executive team in terms of resilience and risk appetite. • Ongoing consideration of commodity and currency exposures.
Safety The operational safety of our vessels and terminal facilities is paramount to maintaining the reputation of our brands which is vital to future success and a strong safety culture is promoted across all activities.	• Oversight of operational safety reviews. • Site visits and travel on Group vessels. • Briefings by the Risk Management Committee.
Environment The Group seeks to minimise the impact of its activities on the environment through constant innovation, efficiency and awareness.	• The Board has oversight of Group compliance with existing regulations and potential effects of new regulation. • Approval of new investment is conditional on the project meeting known future regulation and improving the Group's environmental performance. • The Board has overseen the development of a culture of environmental awareness throughout the Group embodied within an environmental framework to drive continuous improvement.

Communications with Shareholders

The Board promotes good communications with shareholders and the Group commits resources to shareholder communication commensurate with its size. Other than during close periods and subject to the requirements of the Takeover Code, when applicable, the Chief Executive and the Chief Financial Officer have a regular dialogue with its major shareholders throughout the year and report on these meetings to the Board. The Senior Independent Director is also available on request to meet with major shareholders.

The Board encourages communications with shareholders and welcomes their participation at all general meetings of the Company. The Board notes that at the 2019 AGM, held on 17 May 2019, the advisory resolution to receive the Report of the Remuneration Committee for the year ended 31 December 2018 received 78% support. There had been extensive communication with major shareholders prior to the meeting with further opportunity to raise any corporate governance concerns at subsequent meetings since then. Further information is contained in the Report of the Remuneration Committee.

Regular formal updates are provided to shareholders and are available on the Group's website. During 2019 these included Trading Updates, the Half-Yearly Financial Report, and the Annual Report and Financial Statements together with investor presentations. Irish Continental Group's website, www.icg.ie, also provides access to other corporate and financial information, including all regulatory announcements and a link to the current ICG Unit price.

The 2020 Annual General Meeting is scheduled for 12 May 2020*. Arrangements will be made for the 2019 Annual Report and 2020 Annual General Meeting Notice to be available to shareholders 20 working days before the meeting and for the level of proxy votes cast for and against each resolution and the number of abstentions, to be announced at the meeting. Further details on the procedures applicable to general meetings are set out on page 80.

Further investor relations information is available on pages 202 to 204 of this Report.

Workforce Engagement

The Board notes the Code provision relating to workforce engagement and the methods which might be used to effect same. The Board has considered these against the nature of the manner in which the Group's activities are performed. As is common practice in the maritime sector, our vessels are crewed through third party managers. The Group has no legal rights to engage with the individual crew members who are directed and controlled by the third party manager. The Group ensures that the third party crews carryout their functions to required standards through the monitoring of service levels on board vessels. The contracts between the Group and the crewing managers include detailed service level arrangements and requirements that the third party adhere to international IMO regulations regarding employment terms for seafarers. The Group monitors the crewing manager certification on an ongoing basis. The Group has also entered into third party labour contracts with respect to its terminal operations.

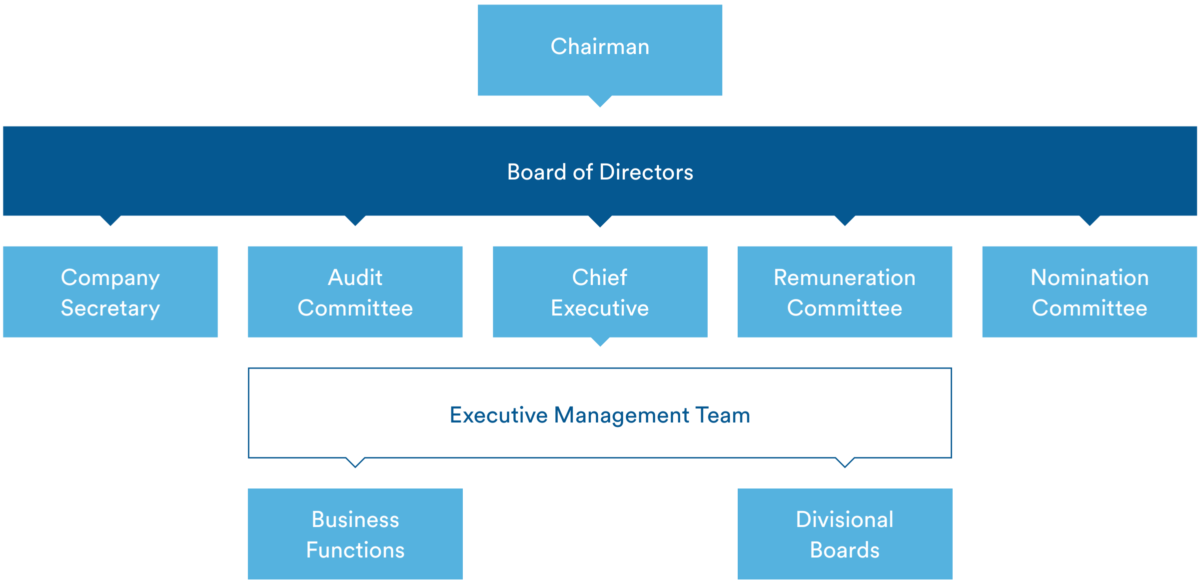
At peak season the Group engages in excess of 1,000 persons, of which approximately 300 are direct employees. The Board has considered that the most appropriate manner in which it can ensure that the interests of persons employed directly or indirectly can be considered is through challenging the CEO and divisional managing directors on their regular reports to the Board.

Both formal and informal processes underlie engagement with the direct workforce. Formal processes include general briefing sessions to all employees twice annually in conjunction with release of results. There are also annual staff reviews which promote the exchange of views. The Group has also formulated grievance and whistleblowing procedures whereby employees can report any concern in confidence. Informally given the small direct workforce there is an open access policy whereby any employee has access to any manager up to the CEO. Senior management also regularly visit all Group locations. Within these processes executive management report on workforce matters to the Board.

* Subsequent to the approval of this Annual Report, the Annual General Meeting was postponed to a later date (see pg 203).

Corporate Governance Report
Continued

ICG Corporate Governance Framework



Whistleblowing Procedures

The Group has a suite of policies covering employee conduct which are available on the internal staff intranet. Employees are reminded to refresh their knowledge of these policies at least annually. These policies include a whistleblowing policy to ensure procedures are in place to enable employees to raise, in a confidential manner, any genuine concerns about possible financial impropriety or other wrongdoing. This is now reviewed annually by the Board reflecting the broader scope of the policy. The most recent review of the policy by the Board to ensure that it remains appropriate to the circumstances of the Group was in October 2019.

Division of Responsibilities

The Board comprises of two executive and four non-executive Directors. The roles of Chairman and Chief Executive are separate, set out in writing and approved by the Board.

Details of the professional and educational backgrounds of each Director encompassing the experience and expertise that they bring to the Board are set out on pages 64 to 65. The Board believes that it is of a size and structure and that, the Directors bring an appropriate balance of skills, experience, independence and knowledge to enable the Board to discharge its respective duties and responsibilities effectively, with no individual or Group of individuals dominating the Board's decision making. Each of the non-executive Directors has a broad range of business experience independent of the Group both domestically and internationally.

The Board has adopted the corporate governance structure set out above.

Chairman: The Board is led by the Chairman who is responsible for its overall effectiveness in directing the Group. John B. McGuckian has served as Chairman of the Board since 2004 and is responsible for leading the Board ensuring its effectiveness through;

- Setting the Board's agenda and ensuring that adequate time is available for discussion.
- Promoting a culture of openness and debate by facilitating the effective contribution of Non-Executive Directors in particular and ensuring constructive relations between Executive and Non-Executive Directors.
- Ensuring that the Directors receive accurate, timely and clear information.
- Ensuring effective communication with shareholders.

Chief Executive: The Board has delegated the management of the Group to the Executive Management, through the direction of Eamonn Rothwell who has served as Chief Executive since 1992. The Chief Executive is responsible for implementing Board strategy and policies and closely liaises with the Chairman and manages the Group's relationship with its shareholders.

Senior Independent Director: The Board, having considered his experience, has appointed Brian O'Kelly as the Senior Independent Director. The Senior Independent Director acts as a sounding board for the Chairman and serves as an intermediary for the other Directors if necessary. Mr O'Kelly is also available to shareholders if they have concerns which have not been resolved through the normal channels of Chairman, Chief Executive or for which such contact is inappropriate.

Non-Executive Directors: Non-Executive Directors through their knowledge and experience gained outside the Group constructively challenge and contribute to the development of Group strategy. Non-Executive Directors scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. They satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. Through their membership of Committees they are responsible for determining appropriate levels of remuneration of Executive Directors and have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

Company Secretary: The Company Secretary provides a support role to the Chairman and the Board ensuring good information flows within the Board and its Committees and between senior management and non-Executive Directors, as well as facilitating induction and assisting with professional development as required and advising the Board through the Chairman on governance matters. Thomas Corcoran has served as Company Secretary since 2001.

Committees: During the year ended 31 December 2019, there were three standing Board Committees with formal terms of reference; the Audit Committee, the Nomination Committee and the Remuneration Committee. In addition the Board will establish ad-hoc sub-committees to deal with other matters as necessary. All Board Committees have written terms of reference setting out their authorities and duties delegated by the Board. The terms of reference are available, on request, from the Company Secretary and on the Group's website. The reports of the Committees are set out at pages 83 to 104.

Independence: All of the non-executive Directors are considered by the Board to be independent of management and free of any relationships which could interfere with the exercise of their independent judgement. In considering their independence, the Board has taken into account a number of factors including their length of service on the Board, other directorships held and material business interests.

Mr. McGuckian has served on the Board for more than nine years since his first appointment. Notwithstanding this tenure the Board, as advised by the Nomination Committee, considers Mr. McGuckian to be independent. Mr. McGuckian has a wide range of interests and experience both domestically and internationally. The Board has considered the knowledge, skills and experience that he contributes and assesses him to be both independent in character and judgement and to be of continued significant benefit to the Board. Mr. McGuckian was also assessed to be independent at the date of appointment as Chairman in 2004.

Catherine Duffy is a partner at law firm A&L Goodbody from whom the Company has received legal services in their capacity as legal advisors to the Company. Details of the expenses incurred, which were on an arm's length basis at standard commercial terms, are set out at note 34 to the Financial Statements. The expense incurred in 2019 was significantly higher than in previous years and relates principally to the Group's referral of the National Transport Authority determinations of the Group's non-compliance with the EU Regulation covering sea passengers to the High Court of Ireland for judicial review. The Group engaged A&L Goodbody to advise on this matter given their expertise in the area and knowledge of the Group. Catherine Duffy absented herself from the decision on this appointment. In her role at A&L Goodbody, Catherine has not been involved in providing advice to the Company. The Board, as advised by the Nomination Committee, has considered the relationship and does not consider it to affect Catherine's independence as a non-Executive Director of the Company.

Corporate Governance Report
Continued

Division of Responsibilities – continued

Meetings: The Board agrees a schedule of regular meetings each calendar year and also meets on other occasions if necessitated with contact between meetings as required in order to progress the Group's business. Where a Director is unable to attend a meeting, they may communicate their views to the Chairman. The Directors receive regular and timely information in a form and quality appropriate to enable the Board to discharge its duties. Non-Executive Directors are expected to utilise their expertise and experience to constructively challenge proposals tabled at the meetings. The Board has direct access to the executive management who regularly brief the Board in relation to operational, financial and strategic matters concerning the Group.

Director attendances at scheduled meetings are set out below. The Chairman also holds meetings with the non-executive Directors without the executive Directors present and the non-executive Directors also meet once a year, without the Chairman present.

Attendance at scheduled Board meetings during the year ended 31 December 2019 was as follows:

Member	A	B	Tenure
J. B. McGuckian (Chair)	7	7	32 years
E. Rothwell	7	7	33 years
C. Duffy	7	7	8 years
D. Ledwidge	7	7	4 years
B. O'Kelly	7	7	7 years
J. Sheehan	7	7	6 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Board.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Board.

Access to Advice: There is a procedure for Directors in the furtherance of their duties to take independent professional advice, at the expense of the Group, if they consider this necessary. The Group carries Director liability insurance which indemnifies Directors in respect of legal actions that may be taken against them in the course of discharging their duties as Directors.

All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

Composition, Succession and Evaluation

The Board has established a Nomination Committee to lead the appointments process and plan for orderly succession at Board and senior management level. The Nomination Committee report is set out on pages 88 to 89.

Appointments: All Directors are appointed by the Board, following a recommendation by the Nomination Committee, for an initial term not exceeding three years, subject to annual re-election at the Annual General Meeting. Prior to their nomination as a non-executive Director, an assessment is carried out to determine that they are independent. Non-executive Directors' independence is thereafter reviewed annually, prior to recommending the resolution for re-election at the AGM. Under the Articles each Director is subject to re-election at least every three years but in accordance with the Code the Board has agreed that each Director will be subject to annual re-election at the AGM.

The terms and conditions of appointment of non-executive Directors appointed after 2002 are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Development and Induction: On appointment, Directors are given the opportunity to familiarise themselves with the operations of the Group, to meet with executive management, and to access any information they may require. Each Director brings independent judgement to bear on issues of strategy, risk and performance. The Directors also have access to the executive management in relation to any issues concerning the operation of the Group.

The Board recognises the need for Directors to be aware of their legal responsibilities as Directors and it ensures that Directors are kept up to date on the latest corporate governance guidance, company law developments and best practice.

Performance Evaluation: The Board conducts an annual self-evaluation of the Board as a whole, the Board processes, its committees and individual Directors. The purpose of the evaluation process includes identification of improvements in Board procedures and to assess each Director's suitability for re-election. The process which is led by the Chairman, is forward looking in nature. On a triennial cycle an independent external facilitator is engaged to further assist the process, the most recent such engagement relating to the 2017 evaluation.

For the 2019 evaluation, the Company Secretary made a presentation to the Board outlining key focus areas for consideration by the Directors against key events addressed by the Board during the year together with a review of the matters for action emanating from the previous evaluation. The focus areas included Board composition, Board agenda, Director interaction, quality of information, time allocation and decision making processes. Post the presentation the Chairman reviewed with each Director their observations on the items raised in the presentation together with a review of Director performance. Following conclusion of the Director engagement the Chairman reported to the Board on the outcome of the evaluation process which indicated that the Board as a whole was operating effectively for the long-term success of the Group and that each Director was contributing effectively and demonstrating commitment to the role. The ongoing progress on the Board process matters noted in the prior year was acknowledged with no further matters added as a result of the latest evaluation.

Within the process, the non-executive Directors, led by the Senior Independent Director, met without the Chairman being present to evaluate the Chairman's performance. The Senior Independent Director subsequently reported to the Board that the Chairman was providing effective leadership of the Board.

Audit Risk and Internal Control

The Board has described its business model on pages 20 to 21 setting out how the Company generates value over the longer term and the strategy for delivering the objectives of the Company.

The Board has overall responsibility for determining the Group's risk appetite but has delegated responsibility for the review, design implementation and monitoring of the Group's internal control system to the Audit Committee. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

In accordance with Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (September 2014) issued by the FRC, the Board confirms that there is a continuous process for identifying, evaluating and managing the significant risks faced by the Group, that it has been in place for the period under review and up to the date of approval of the financial statements, and that this process is regularly monitored by the Board. The report of the Audit Committee is set out on pages 83 to 87. The risk management framework and processes including the principal risks and uncertainties identified are set out on pages 52 to 57.

No material weaknesses in internal controls were reported to the Board during the year.

Taking account of the Group's current position and principal risks the Directors have set out in the Viability Statement on page 67 their assessment of the prospects for the Group.

Reporting

The Board is committed to providing a fair, balanced and understandable assessment of the Company's position and prospects to shareholders through the Annual Report, the Interim Statement and any other public statement issued by the Company. The Directors have considered the Annual Report based on a review performed by the Audit Committee and have concluded that it represents a fair, balanced and understandable assessment of the Company's position and prospects.

Remuneration

The Board has delegated the approval of remuneration structures and levels of the executive Directors and senior management to the Remuneration Committee whose report is set out at pages 90 to 104.

Corporate Governance Report
Continued

Diversity
The Board has adopted a Board Diversity Policy in compliance with the European Union (Disclosure of non-financial and diversity information by certain large undertakings and Groups) Regulation 2017. The promotion of a diverse Board makes prudent business sense and for stronger corporate governance.

The Company seeks to maintain a Board comprised of talented and dedicated directors with a diverse mix of expertise, experience, skills and backgrounds reflecting the diverse nature of the business environment in which the Company operates. For purposes of Board composition, diversity includes, but is not limited to, age, gender or educational and professional backgrounds.

When assessing Board composition or identifying suitable candidates for appointment or re-election to the Board, the Company, through the Nomination Committee, considers candidates on merit against objective criteria having due regard to the benefits of diversity and the needs of the Board. The Company does not focus on any single diversity characteristic and, accordingly, has not adopted targets in respect of any single diversity characteristic.

The Nomination Committee will give due regard to diversity when reviewing Board composition and considering Board candidates. The Committee will report annually, in the corporate governance section of the Annual Report, on the process it has used in relation to any Board appointments.

Beyond the Board the senior management team and direct reports comprise 20 individuals in total, of which 20% are female. While the Board acknowledges the imbalance of this ratio compared to society at large it is reflective of the industry sector in which the Group operates. Against this background, the Board has not set any gender ratio target but is committed to improving this ratio over time. In that regard the Nomination Committee and executive management, as appropriate, will actively seek out a greater pool of female candidates when undertaking any future recruitment process.

Matters Pertaining to Share Capital
The information set out below is required to be contained in the Report of the Directors under Regulation 21 of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006). The information represents the position at 31 December 2019.

For the purposes of Regulations 21(2)(c), (e), (j) and (k) of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (S.I. 255/2006), the information given under the following headings: (i) Substantial Shareholdings page 68; (ii) Share Option Plans page 98; (iii) Long Term Incentive Plan page 93; (iv) Service Contracts page 100; and (v) Share-based Payments page 169; (vi) Borrowings page 156, are deemed to be incorporated into this statement.

Share capital
The authorised share capital of the Company is €29,295,000 divided into 450,000,000 ordinary shares of €0.065 each (Ordinary Shares) and 4,500,000,000 Redeemable Shares of €0.00001 each (Redeemable Shares). The Ordinary Shares represent approximately 99.85% and the Redeemable Shares represent approximately 0.15% of the authorised share capital. The issued share capital of the Company as at the date of this Report is 187,419,390 Ordinary Shares. There are no Redeemable Shares currently in issue.

Ordinary Shares and Redeemable Shares (to the extent Redeemable Shares are in issue) are inextricably linked as an ICG Unit. An ICG Unit is defined in the Constitution of the Company as “one Ordinary Share in the Company and ten Redeemable Shares (or such lesser number thereof, if any, resulting from the redemption of one or more thereof) held by the same holder(s)”.

The rights and obligations attaching to the Ordinary Shares and Redeemable Shares are contained in the Constitution of the Company.

The Directors may exercise their power to redeem Redeemable Shares from time to time pursuant to the Company’s Articles of Association where there are Redeemable Shares in issue.

The structure of the Group’s and Company’s capital and movement during the year are set out in notes 20 and 21 to the financial statements.

Restrictions on the Transfer of Shares
Save as set out below there are no limitations in Irish law on the holding of ICG Units and there is no requirement to obtain the approval of the Company, or of other holders of ICG Units, for a transfer of ICG Units. Certain restrictions may from time to time be imposed by laws or regulations such as those relating to insider dealing.

Transfers of Ordinary Shares and Redeemable Shares can only be affected where the transfer involves a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit. An ICG Unit comprised one Ordinary Share and nil Redeemable Shares at 31 December 2019 and 31 December 2018.

ICG Units are, in general, freely transferable but the Directors may decline to register a transfer of ICG Units upon notice to the transferee, within two months after the lodgement of a transfer with the Company, in the following cases:

(i) where the transfer of shares does not involve a simultaneous transfer of the other class of shares with which such shares are linked as an ICG Unit;
(ii) a lien is held by the Company; or
(iii) in the case of a purported transfer to or by a minor or a person lawfully adjudged not to possess an adequate decision-making capacity;
(iv) unless the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the Directors may reasonably require; or
(v) unless the instrument of transfer is in respect of one class only.

ICG Units held in certificated form are transferable upon production to the Company's Registrars of the original share certificate and the usual form of stock transfer or instrument duly executed by the holder of the shares.

ICG Units held in uncertificated form are transferable in accordance with the rules or conditions imposed by the operator of the relevant system which enables title to the ICG Units to be evidenced and transferred without a written instrument and in accordance with the Companies Act, 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996) and Section 1085 of the Companies Act 2014.

The rights attaching to Ordinary Shares and Redeemable Shares comprised in each ICG Unit remain with the transferor until the name of the transferee has been entered on the Register of Members of the Company.

No person holds securities in the Company carrying special rights with regard to control of the Company. The Company is not aware of any agreements between holders of securities that may result in restrictions in the transfer of securities or voting rights.

The Powers of the Directors including in Relation to the Issuing or Buying Back by the Company of its Shares

Under the Constitution of the Company, the business of the Company is to be managed by the Directors who may exercise all the powers of the Company subject to the provisions of the Companies Acts 2014, the Constitution of the Company and to any directions given by members at a General Meeting. The Constitution further provides that the Directors may make such arrangements as may be thought fit for the management of the Company's affairs including the appointment of such attorneys or agents as they consider appropriate and delegate to such persons such powers as the Directors may deem requisite or expedient.

At the Company's Annual General Meeting held on 17 May 2019, member resolutions were passed whereby

(i) the Company, or any of its subsidiaries, were authorised to make market purchases of up to 15% of the issued share capital of the Company.
(ii) the Directors were authorised until the conclusion of the next Annual General Meeting, to allot shares up to an aggregate nominal value of 66.66% of the then present issued Ordinary Share capital and the present authorised but unissued Redeemable Share capital of the Company subject to the provision that any shares allotted in excess of 33.33% of the then present issued Ordinary Share capital must be allotted pursuant to a rights issue.

In line with market practice, members will be asked to renew these authorities at the 2020 Annual General Meeting.

Corporate Governance Report
Continued

Matters Pertaining to Share Capital – continued

General Meetings and Shareholders Voting and other Rights

Under the Constitution, the power to manage the business of the Company is generally delegated to the Directors. However, the members retain the power to pass resolutions at a General Meeting of the Company which may give directions to the Directors as to the management of the Company.

The Company must hold a General Meeting in each year as its Annual General Meeting in addition to any other meetings in that year and no more than fifteen months may elapse between the date of one Annual General Meeting and that of the next. The Annual General Meeting will be held at such time and place as the Directors determine. All General Meetings, other than Annual General Meetings, are called Extraordinary General Meetings.

Extraordinary General Meetings shall be convened by the Directors or on the requisition of members holding, at the date of the requisition, not less than five percent of the paid up capital carrying the right to vote at General Meetings and in default of the Directors acting within 21 days to convene such a meeting to be held within two months, the requisitionists (or more than half of them) may, but only within three months, themselves convene a meeting.

No business may be transacted at any General Meeting unless a quorum is present at the time when the meeting proceeds to business. Three members present in person or by proxy and entitled to vote at such meeting constitutes a quorum.

The holders of ICG Units have the right to receive notice of, attend, speak and vote at all General Meetings of the Company.

In the case of an Annual General Meeting or of a meeting for the passing of a Special Resolution or the appointment of a Director, 21 clear days' notice at the least, and in any other case 14 clear days' notice at the least (assuming that the members have passed a resolution to this effect at the previous year's Annual General Meeting), needs to be given in writing in the manner provided for in the Constitution to all the members, Directors, Secretary, the Auditor for the time being of the Company and to any other person entitled to receive notice under the Companies Act.

Voting at any General Meeting is by a show of hands unless a poll is properly demanded. On a show of hands, every member who is present in person or by proxy has one vote regardless of the number of shares held by a shareholder. On a poll, every member who is present in person or by proxy has one vote for each share of which he/she is the holder. A poll may be demanded by the Chairman of the meeting or by at least three members having the right to vote at the meeting or by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Deadlines for Exercising Voting Rights

Voting rights at General Meetings of the Company are exercised when the Chairman puts the resolution at issue to the vote of the meeting. A vote decided on a show of hands is taken forthwith. A vote taken on a poll for the election of the Chairman or on a question of adjournment is also taken forthwith and a poll on any other question is taken either immediately, or at such time (not being more than 30 days from the date of the meeting at which the poll was demanded or directed) as the Chairman of the meeting directs. Where a person is appointed to vote for a member as proxy, the instrument of appointment must be received by the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the appointed proxy proposes to vote, or, in the case of a poll, not less than 48 hours before the time appointed for taking the poll.

Shareholder Rights (Directive 2007/36/EC)

The holders of ICG Units have the right to attend, speak, ask questions and vote at General Meetings of the Company. The Company, pursuant to Section 1105 of the Companies Act 2014 and Regulation 14 of the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. 68/1996), specifies record dates for General Meetings, by which date members must be registered in the Register of Members of the Company to be entitled to attend and vote at the meeting.

Pursuant to Section 1104 of the Companies Act 2014, a member, or a Group of members who together hold at least 3% of the issued share capital of the Company, representing at least 3% of the total voting rights of all the members who have a right to vote at the meeting to which the request for inclusion of the item relates, have the right to put an item on the agenda, or to modify an agenda which has been already communicated, of a General Meeting. In order to exercise this right, written details of the item to be included in the General Meeting agenda must be accompanied by stated grounds justifying its inclusion or a draft resolution to be adopted at the General Meeting together with evidence of the member or Group of members shareholding must be received, by the Company, 42 days in advance of the meeting to which it relates.

The Company publishes the date of its Annual General Meeting on its website www.icg.ie on or before 31 December of the previous financial year.

Rights to Dividends and Return of Capital
Subject to the provisions of the Company's Constitution, the holders of the Ordinary Shares in the capital of the Company shall be entitled to such dividends as may be declared from time to time on such shares. The holders of the Redeemable Shares (if any) shall not be entitled to any dividends.

On a return of capital on a winding up of the Company or otherwise (other than on a conversion, redemption or purchase of shares), the holders of the Ordinary Shares shall be entitled, pari passu with the holders of the Redeemable Shares (if any) to the repayment of a sum equal to the nominal capital paid up or credited as paid up on the shares held by them respectively. Thereafter, the holders of the Ordinary Shares shall be entitled to the balance of the surplus of assets of the Company to be distributed rateably according to the number of Ordinary Shares held by a member. The Redeemable Shares shall not confer upon the holders thereof any rights to participate further in the profits or assets of the Company.

Rules Concerning Amendment of the Company's Constitution
As provided in the Companies Act 2014, the Company may, by special resolution, alter or add to its Constitution. A resolution is a special resolution when it has been passed by not less than 75% of the votes cast by members entitled to vote and voting in person or by proxy, at a General Meeting at which not less than 21 days' notice specifying the intention to propose the resolution as a special resolution, has been duly given.

Rules Concerning the Appointment and Replacement of Directors of the Company
Other than in the case of a casual vacancy, Directors of the Company are appointed on a resolution of the members at a General Meeting, usually the Annual General Meeting.

No person, other than a Director retiring at a General Meeting is eligible for appointment as a Director without a recommendation by the Directors for that person's appointment unless, not less than six or more than 40 clear days before the date of the General Meeting, written notice by a member, duly qualified to be present and vote at the meeting, of the intention to propose the person for appointment and notice in writing signed by the person to be proposed of willingness to act, if so appointed, shall have been given to the Company.

The Directors have power to fill a casual vacancy or to appoint an additional Director (within the maximum number of Directors fixed by the Constitution of the Company (as may be amended by the Company in a General Meeting)) and any Director so appointed holds office only until the conclusion of the next Annual General Meeting following their appointment, when the Director concerned shall retire, but shall be eligible for reappointment at that meeting.

Each Director must retire from office no later than the third Annual General Meeting following their last appointment or reappointment. In addition, one third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to one third), are obliged to retire from office at each Annual General Meeting on the basis of the Directors who have been longest in office since their last appointment.

The Company has adopted the provisions of the UK Corporate Governance Code in respect of the annual election of all Directors. All Directors will retire at the forthcoming Annual General Meeting and following review are being recommended for re-election.

A person is disqualified from being a Director, and their office as Director ipso facto vacated, in any of the following circumstances:

Corporate Governance Report
Continued

Matters Pertaining to Share Capital – continued

Rules concerning the appointment and replacement of Directors of the Company – continued

(i) if he is adjudicated bankrupt or being a bankrupt has not obtained a certificate of discharge in the relevant jurisdiction; or

(ii) if in the opinion of a majority of his co-Directors, the health of the Director is such that he or she can no longer be reasonably regarded as possessing an adequate decision-making capacity so that he may discharge his duties; or

(iii) if he ceases to be, or is removed as a Director by virtue of any provision of the Acts or the Articles, or he becomes prohibited by law from being a Director or is restricted by law in acting as a Director; or

(iv) if he (not being a Director holding for a fixed term an executive office in his capacity as a Director) resigns his office by notice in writing to the Company; or

(v) if he is absent for six successive months without permission of the Directors from meetings of the Directors held during that period and the Directors pass a resolution that by reason of such absence he has vacated office; or

(vi) if he is removed from office by notice in writing served upon him signed by all his co-Directors; if he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between him and the Company; or

(vii) if he is convicted of an indictable offence not being an offence under the Road Traffic Act, 1961 or any statutory provision in lieu or modification thereof.

Notwithstanding anything in the Constitution or in any agreement between the Company and a Director, the Company may, by Ordinary Resolution of which the required notice has been given in accordance with Section 146 of the Companies Act 2014, remove any Director before the expiry of their period of office.

Replacement of CREST with Euroclear Bank for Electronic Settlement of Trading in the Company's Shares

Similar to other Irish-incorporated companies listed in Dublin and/ or London, the majority of the Company's shares have for many years been held, and trades in those shares have been electronically settled, in the relevant settlement system operated by Euroclear UK & Ireland Limited (EUI) and constituting a relevant system for the purposes of the Irish Companies Act 1990 (Uncertificated Securities) Regulations 1996 (as amended) (the Uncertificated Securities Regulations) (the CREST System). The CREST System is operated by EUI, which is based in London.

Where a company's securities are admitted to trading or traded on a trading venue regulated by Directive 2014/65/EU, EU legislation requires electronic settlement to occur through an authorised central securities depository (a CSD) that is established in a member state of the EU (an EU CSD) (or under an approved third country arrangement). There is currently no authorised CSD established in Ireland. As a result of the withdrawal of the United Kingdom from the EU, EUI is no longer an EU CSD. Following the expiry of an agreed transitional period EUI has confirmed that it will no longer be in a position to continue to provide settlement via the CREST System in respect of securities of Irish companies. Euroclear Bank SA/NV, an international CSD based in Belgium and part of the Euroclear Group (Euroclear Bank), has been identified as the EU CSD to replace EUI.

To better facilitate a common migration procedure from EUI to an EU CSD for all Irish listed companies whose shares are currently held and settled through CREST, the Irish parliament enacted the Migration of Participating Securities Act 2019 (the Migration Act). To participate in the migration procedure under the Migration Act, eligible companies must, among other requirements, pass certain shareholder resolutions at a general meeting of its shareholders.

It is essential for the Company that electronic settlement of trading of its shares can continue in a legally compliant manner, and to ensure ongoing compliance with the electronic share trading requirements for listing on Euronext Dublin and on the London Stock Exchange. As an Irish-incorporated company whose shares are admitted to trading on Euronext Dublin and the London Stock Exchange, the Company therefore intends to effect migration or transfer of issuer CSD services from the current system, CREST, operated by EUI, to the replacement system, operated by Euroclear Bank (Migration).

Accordingly, it is expected that the Company will convene an extraordinary general meeting during 2020 in order to consider, and if thought fit, approve a number of resolutions which are proposed, pursuant to the Migration Act, in connection with Migration.

Report of the Audit Committee

Dear shareholder,

I am pleased to present the Report of the Audit Committee (the Committee) for the year ended 31 December 2019.

The Committee plays an important role in ensuring the Group's financial integrity for shareholders through oversight of the financial reporting process, including the risks and controls in that process. This report sets out how the Committee fulfilled its duties under its Terms of Reference, the UK Corporate Governance Code, the Irish Annex and legislation.

The Committee has reviewed the critical accounting judgements and key sources of estimation applied in preparing these financial statements and have reported to the Board on these.

The Committee also performed a review of this Annual Report including both the financial and non-financial information to ensure that the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy. Other work undertaken included the on-going monitoring of the effectiveness of the Group's systems of risk management and internal control and external auditor effectiveness.

Composition

The Audit Committee membership is set out in the table below which also details attendance and tenure.

Member	A	B	Tenure
J. Sheehan (Chair)	3	3	6 years
C. Duffy	3	3	8 years
B. O'Kelly	3	3	7 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

The members bring significant professional expertise to their roles gained from a broad level of experience gained outside of the Group. This together with their experience as Directors of the Company the Committee as a whole has competence relevant to the sector in which the Group operates. The member's biographies are set out on page 64. The Board has determined that all appointees are independent, that Brian O'Kelly and John Sheehan have recent and relevant financial experience and that all members have experience of corporate financial matters. Overall the Committee is independent and possesses the skills and knowledge to effectively discharge its duties under the Committee's terms of reference. The Company Secretary acts as secretary to the Committee.

The scheduled meetings take place on the same day as Board meetings. The Chairman provides updates to the Board on key matters discussed and minutes are circulated to the Board.

Role and Responsibilities

The role, responsibilities and duties of the Audit Committee are set out in written terms of reference which are reviewed annually. The terms of reference are available on the Group's website www.icg.ie.

The principal responsibilities of the Committee cover the following areas;

- Supporting the Board in fulfilling its responsibilities in relation to the integrity of the financial reporting process.
- Advise whether the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy.

Report of the Audit Committee

Continued

Role and Responsibilities – continued

- Monitor the effectiveness of the Group's internal controls and financial risk management systems, including the internal audit function.
- Managing the relationship with the external auditor, including consideration of the appointment of the external auditor, the level of audit fees, and any questions of independence, provision of non-audit services, resignation or dismissal. The Committee discusses with the external auditor the nature and scope of the audit and the findings and results.

During the year responsibility for oversight of the operation of the Group's whistleblowing procedures was transferred to the Board reflecting the widening of the scope of those procedures beyond financial impropriety.

Work Performed

The principal work undertaken by the Committee during the period under review was focused on the following areas;

Financial Reporting

The Committee reviewed the Group's Half Yearly Financial Report for the six months ended 30 June 2019, the Preliminary Statement of Results and this Annual Report and Financial Statements, for the financial year ended 31 December 2019 and the two Trading Statements issued during the year. These reviews considered,

- The impact of the new accounting standard IFRS 16: Leases;
- The accounting treatment and presentation of the non-trading item related to the disposal of the vessel Oscar Wilde;
- Other than for new standards the consistency, appropriateness and application of the Group's accounting policies;
- The clarity and completeness of disclosures and compliance with financial reporting standards, legislative and regulatory requirements;
- Whether these reports, taken as a whole, were fair, balanced and understandable and provide the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- A comparison of these results with management accounts; and
- The critical accounting judgements and key sources of estimation applied in the preparation of the financial statements.

In assessing if the financial statements have dealt appropriately with each area of judgement the Committee challenged the key assumptions and methodologies used by management in formulating estimates. The key sources of estimation uncertainty and critical accounting judgements applied in the preparation of the financial statements for the financial year ended 31 December 2019 are set out below and also discussed in detail on pages 138 to 139.

Key Estimates

- **Post-employment benefits**
  The Group operates a number of Group sponsored pension schemes and is also a participating employer in the Merchant Navy Officers Pension Fund, a multi-employer scheme. Details of these schemes are set out in note 33 to the financial statements. The size of the pension obligations is material to the Group and sensitive to actuarial assumptions. The Committee has reviewed actuarial advice on the assumptions provided by the Group actuary. The Committee was satisfied that the assumptions used were reasonable and that the obligations set out in the financial statements are consistent with the assumptions.
- **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. Changes in the useful lives or residual values may have a significant impact on the annual depreciation and amortisation charge. The Committee reviewed the useful lives of significant assets, along with the residual values used for vessels, and were satisfied that the estimates used were reasonable.

Critical Accounting Judgements

- **Impairment**
  The Group does not have assets which are required to be tested annually for impairment. In relation to other significant assets the Committee made inquiries of management to determine whether there were any indications of impairment. The Committee were satisfied that no internal or external indications of impairment were identified and consequently no impairment review was required.
- **Leases – non-cancellable lease term**
  The application of IFRS 16 requires judgement in determining the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group has leases with renewal options the exercise of which significantly affects the amount of lease liabilities and right of use assets recognised. This requires the exercise of judgement to assess the likelihood of these being exercised taking into account likely developments in the Group.
- **Leases – incremental borrowing rate applicable to first time recognition of right of use lease obligations**
  The first time application of IFRS 16: Leases required estimation of the incremental borrowing rate application to right of use lease obligations. The size of the obligations is material to the Group particularly those obligations relating to land leases where the remaining term extended to between 77 and 103 years at date of application. This required exercise of judgement in the circumstance where discount rates over such terms for comparable assets, terms and credit risk were generally not observable in the market. Further details are provided at note 2.
- **Going concern**
  The Committee reviewed the appropriateness of using a going concern assumption for the preparation of the Group Financial Statements. The Committee considered future trading projections and available committed borrowing facilities. The Committee were satisfied that the Group will have adequate financial resources to continue in operational existence for the foreseeable future. The Going Concern Statement is set out on page 66.

Viability Statement
The Committee reviewed and challenged management's assumptions and scenarios together with the calculations supporting the Viability Statement set out on page 67. The Committee also considered the appropriateness of the five year assessment time frame. The Committee was satisfied that a robust assessment had been completed and reported this to the Board.

Recommendations to the Board

Based on the work undertaken, the Committee reported to the Board that the Annual Report and Financial Statements for the year ended 31 December 2019 taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group and Company's position and performance, business model and strategy and recommended that the Annual Report and Financial Statements be approved by the Board.

The Committee had also recommended the approval of the Half Yearly Financial Report for the six months ended 30 June 2019 and the Trading Statements issued during 2019.

Risk Management and Internal Control

The risk management framework is set out on page 52. The Committee, on behalf of the Board, reviews the effectiveness of the Group's control environment including internal controls and financial risk management systems.

The Committee oversees the work of the Risk Management Committee (RMC) which coordinates a unified system of ongoing identification, monitoring and reporting of risks throughout the Group. The activities of the RMC are undertaken alongside the activities of internal audit.

Report of the Audit Committee

Continued

Risk Management and Internal Control – continued

During the year the Committee met with members of the RMC and presentations were made outlining the work undertaken in managing risk monitoring systems, procedures for ensuring the risk register is being updated for new and emerging risks and the management of exposure to principal risks. The work of the RMC is also central in putting consideration of risk to the fore in business decision making throughout the Group. The Committee reviewed the updated risk appetite statements prepared by the RMC which were then presented to the Board for approval. The Committee also received regular reports throughout the year including internal audit reviews, operational and safety risk reviews including information technology and cyber security. In addition the Chairman meets regularly with the Internal Auditor and the Committee approved the 2019 internal audit plan.

The Committee undertook a review of the RMC and Internal Audit activities in order to assess how effectively it had performed. Following the review, the Committee was satisfied that the RMC and Internal Audit were achieving their objectives. Overall the Committee continues to be satisfied that the Group control environment remains appropriate and effective. This assessment has been reported to the Board.

External Audit

The Committee is responsible for managing the relationship with the Group's external auditor and monitoring their performance, objectivity and independence. Deloitte is the current external auditor to the Group.

Deloitte confirmed to the Company that they comply with the Ethical Standards for Auditors (Ireland) 2016 as issued by IAASA and that, in their professional judgement, they and, where applicable, all Deloitte network firms are independent and their objectivity is not compromised.

The Committee met with Deloitte prior to the commencement of the audit of the financial statements for the financial year ended 31 December 2019. The Committee considered Deloitte's internal policies and procedures for maintaining independence and objectivity and their approach to audit quality. The Committee assessed the quality of the external audit plan as presented by Deloitte and satisfied itself as to the expertise and resources being made available. The Committee also reviewed the terms of the Letter of Engagement and approved the level of remuneration.

Deloitte reported their key audit findings to the Committee in March 2020 prior to the finalisation of the financial statements. This report, which included a schedule of unadjusted errors and misstatements, significant judgements and estimations and key areas of risk, was considered by the Committee in forming their recommendation to the Board. The Committee also considered the representations sought by Deloitte from the Directors.

Deloitte issued a letter on control weaknesses noted during their audit, none of which were considered of a serious nature so as to cause Deloitte to amend the scope of their original audit plan. The Committee has considered these and having discussed with management have directed remedial action be taken where considered appropriate.

The Committee evaluated Deloitte's performance which included an assessment of Deloitte's communication process with the Committee and senior management, knowledge of the Group and industry sector and resource commitment to the external audit and the Committee is satisfied that Deloitte remain effective, objective and independent. The Committee therefore recommended to the Board that Deloitte be retained as auditors to the Group for financial year 2020.

Deloitte was first appointed by the Company to audit its financial statements for the financial year ended 31 October 1988 and subsequent financial periods. The lead partner is rotated every five years to ensure continued objectivity and independence. Mr. Ciarán O'Brien has acted as lead partner for the audit of the 2019 Financial Statements having been appointed to that role during 2016.

The Committee notes that under Part 27 Statutory Audits of Companies Act 2014, the Group will at the latest be required to conduct a tender process for the external audit in respect of the financial year 2021. As Deloitte will have served in excess of 20 years at that time they will not be eligible for re-appointment. The Committee has taken the initial steps to conducting a tender process in sufficient time to allow for an orderly transition to the new external auditor. This process is expected to be completed by 30 September 2020.

Non-Audit Services

The Committee permits the external auditor to provide non-audit services where they are permitted under Part 27 Statutory Audits of Companies Act 2014 and are satisfied that they do not conflict with auditor independence. The Committee's policy on the provision of non-audit services requires that each engagement for the provision of non-audit services requires approval of the Committee. The Committee approved the engagement of the external auditor to provide certain tax compliance services in respect of the 2019 financial year. This approval was granted on the basis of procedural efficiency and having considered that the level of fees would be unlikely to affect the independence of the external auditor.

The Audit Committee has considered all relationships between the Company and the external audit firm, Deloitte, including the provision of non-audit services as disclosed in note 9 to the financial statements which are within the thresholds set out in Part 27 of the Statutory Audits of Companies Act 2014. The Committee does not consider that those relationships or the level of non-audit fees impair the auditor's judgement or independence.

John Sheehan
Chair of the Audit Committee

Report of the Nomination Committee

Dear shareholder,

I am pleased to present the report of the Committee for the year ended 31 December 2019.

This report sets out how the Committee fulfilled its duties under its Terms of Reference and the UK Corporate Governance Code.

The Committee plays an important role in ensuring that the Board has the appropriate balance of skills, knowledge and experience to ensure the Board operates effectively for the long-term success of the Group.

Composition

The Nomination Committee membership is set out in the table below which also details attendance and tenure. All Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on pages 64 to 65.

Member	A	B	Tenure
C. Duffy (Chair)*	1	1	7 years
B. O'Kelly*	1	1	3 years
J. Sheehan*	1	1	3 years
E. Rothwell	1	1	10 years

*Independent director
Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

Role and Responsibilities

The role, responsibilities and duties of the Nomination Committee are set out in written terms of reference and are reviewed annually. The terms of reference are available on the Group's website www.icg.ie.

Its duties are to regularly evaluate the balance of skills, knowledge, experience and diversity of the Board and Committees and make recommendations to the Board with regard to any changes. It is also charged with searching out, identifying and proposing to the Board new appointments of executive or non-executive Directors. The Committee also considers the re-appointment of any non-executive Director on the expiry of their term of office. In discharging its duties the Committee is cognisant of the requirement to allow for orderly succession and refreshment of the Board.

The Chairman provides an update to the Board on key matters discussed and minutes are circulated to the Board.

Work Performed

The Committee considered the results of the evaluation of the Board. The Committee were satisfied that the Board continues to be of adequate size and composition to suit the current scale of its operations and has an appropriate balance of skills, knowledge, experience and diversity to enable it to effectively discharge its duties.

The Committee noted the Code's comments on non-executive Director tenure and the tenure profile of the existing non-executive Directors. It was agreed that the Committee continue researching future potential candidates to ensure orderly Board refreshment and diversity.

The Committee, reviewed and recommended to the Board the re-appointment of Mr. McGuckian as non-executive Director, subject to re-election by shareholders at the AGM. Mr. McGuckian has served as Chairman of the Board since 2004 and as a non-executive Director since 1988. This recommendation was proposed following a robust review of the knowledge, skills and experience that he contributes. The Committee assessed him to be both independent in character and judgement and to be of continued significant benefit to the Board.

The Committee noted that Mr. McGuckian's re-appointment is a departure from the provisions of the Code which states that the Chairman should not stay in position beyond 9 years from the date of first appointment to the Board. The Code recognises in certain circumstances this period may be extended including to allow for succession planning and the development of a diverse Board. In recommending his re-appointment the Committee considered it beneficial to retain his considerable experience in the Group's business during the period of Board refreshment noted earlier.

The Committee reviewed the performance of John Sheehan as a Director of the Company during his second three year term and recommended his re-appointment as a Director of the Company for a further three year term subject to annual re-election by shareholders at the AGM.

The Committee also reconfirmed their previous assessment of the independence of the two other non-executive Directors, Catherine Duffy and Brian O'Kelly.

No Committee member voted on a matter concerning their position as a Director.

The Company values diversity and the benefits this can contribute to future success. The Board's Diversity Policy is set out on page 78. In considering any appointment to the Board the Committee identifies the set of skills and experience required. Individuals are selected based on the required competencies of the role with due regard for the benefits of diversity. Notwithstanding the Committee notes the female composition of the Board and senior management reports was 16% and 20% respectively. In relation to future Board and senior manager appointments the Committee will actively seek out a greater pool of female candidates for consideration. The Committee has also requested the executive management team to follow a similar process in relation to recruitment generally. External search agencies independent of the Company are engaged to assist where appropriate.

No recruitment for senior management positions requiring input of the Committee took place during the period.

Catherine Duffy
Chair of the Nomination Committee

Report of the Remuneration Committee

Dear shareholder,

I am pleased to present the Report of the Remuneration Committee for the year ended 31 December 2019.

The Committee ensures that the remuneration structures and levels are set to attract and retain high calibre individuals necessary at executive Director and senior manager level and to motivate their performance in the best interests of shareholders. This report sets out how the Committee fulfilled its responsibilities under its terms of reference and details the remuneration outcomes for the executive Directors.

The current remuneration framework was adopted during 2017 following the approval by shareholders at the 2017 AGM of the Performance Share Plan. The Committee reviewed the framework during the year taking into account feedback from shareholders following engagement and remain satisfied that it continues to be appropriate for the Group's business needs and strategy.

As the Company is subject to Company Law as enacted in Ireland, the Company is not required to seek shareholder approval for its Remuneration Policy or this Report. However, the Company will be submitting this report to shareholders as an advisory resolution at the 2020 AGM.

Composition

The Committee membership is set out in the table below which also details attendance and tenure. All Directors bring significant professional expertise to their roles on this Committee as set out in their professional biographies on page 64.

Member	A	B	Tenure
B. O' Kelly (Chair)	2	2	7 years
J. Sheehan	2	2	6 years
C. Duffy	2	2	3 years

Column A: the number of scheduled meetings held during the year where the Director was a member of the Committee.
Column B: the number of scheduled meetings attended during the year where the Director was a member of the Committee.

Role and Responsibilities

The role, responsibilities and duties of the Committee are set out in written terms of reference which are reviewed annually. The terms of reference are available on the Group's website www.icg.ie.

The Committee's duties are to establish a remuneration framework that;

- Will attract, motivate and retain high calibre individuals;
- Will reward individuals appropriately according to their level of responsibility and performance;
- Motivate individuals to perform in the best interest of the shareholders; and
- Will not encourage individuals to take risks in excess of the Company's risk appetite.

Against this framework the Committee approves remuneration levels and awards based on an individual's contribution to the Company against the background of underlying Company financial performance having regard to comparable companies in both size and complexity.

Meetings

The Committee met twice during the period. The Chairman provided an update to the Board on key matters discussed.

The work performed included consideration of levels of executive Director and senior management remuneration. The level of basic salaries were reviewed by the Committee having regard to job specification, level of responsibility, individual performance and market practice. The Committee approved performance awards, to certain employees, based on Group, business unit and individual performance. The Committee determined the vesting of second tier options under the 2009 Share Option Plan previously granted during 2014. The Committee also undertook a review of the existing remuneration framework adopted during 2017.

Remuneration framework

We are of the view that any remuneration framework should seek to create strong linkages to longer-term Company performance and alignment with shareholder interests through growth in equity value. To achieve this the Committee seeks to set base salaries at median market levels and structure performance awards in a manner that encourages individuals to acquire and retain significant long-term shareholdings relative to base salary that are above market norms.

The Committee during the year reviewed the remuneration framework first adopted during 2017. The Committee acknowledges that full implementation may in certain instances be constrained by pre-existing contractual arrangements. Notwithstanding the Committee remained satisfied that it continues to be appropriate to the business needs and strategy of the Group. In particular the Committee notes the promotion of strong alignment with shareholders through requirements of minimum shareholdings, remuneration of 50% of annual performance awards with shares with a five year holding requirement and the overall eight year alignment period for any awards granted under the longer-term Performance Share Plan. These elements are further supported by clawback provisions. This is consistent with the Group's ongoing investment in long life assets. The Committee also reviewed the movements in remuneration levels against longer-term performance and total remuneration amounts against market levels generally.

Corporate Governance Code

The Corporate Governance Code 2018 (the Code) introduced a number of changes over the previous version of the Code in the area of remuneration including requirements for;

- Remuneration schemes to promote long-term shareholdings by executive directors;
- Post-employment shareholding requirements;
- Ability to override formulaic outcomes; and
- Alignment of executive Director pension contributions with those available to the workforce.

The Committee determined that the existing framework has already addressed these matters as discussed later in this report. However, it is noted that the Remuneration Framework was silent in relation to alignment of executive Director pension contributions with those available to the workforce. The Committee confirms that executive Director pension participation is substantially on the same terms as those generally available to the workforce. The Remuneration Framework has been updated to include existing practice. The Committee is also satisfied that the Remuneration Framework is transparent, avoids complexity, encourages acceptable risk taking and is aligned to long-term Company performance and culture.

Report of the Remuneration Committee
Continued

Remuneration Framework (adopted with effect from 1 January 2017)

Element	Operation	Maximum Opportunity
Base Salary To attract and retain high calibre individuals .	Base salaries are reviewed by the Committee annually in the last quarter of the year with any adjustments to take effect from 1 January of the following year. Factors taken into account in the review include the individual's role and level of responsibility, personal performance and general developments in pay in the market generally and across the Group.	There is no prescribed maximum salaries or maximum increases. Increases will broadly reflect increases across the Group and in the market generally. Increases may be higher to reflect changes in responsibility or market changes and in the case of newly appointed individuals to progressively align salary with market norms.
Retirement Benefits To attract and retain high calibre individuals.	Certain individuals are members of a defined benefit pension scheme where contributions are determined by the scheme actuary pursuant to the benefits offered under the scheme rules. Other individuals are members of a defined contribution pension scheme where the Company has discretion to pay appropriate contributions as a percentage of base salary as agreed by the Company and individual under their contract of employment. In certain circumstances the Company may provide an equivalent cash payment in lieu of pension contributions.	There are no prescribed maximum levels of pension contribution though Executive Director participation is substantially on the same terms as for the workforce generally. No element of remuneration other than base salary is pensionable.
Other Benefits To be competitive with the market.	Benefits may include the use of a company car or an equivalent cash amount, club subscriptions, life and health insurance.	No maximum levels are prescribed as benefits will be related to each individual circumstance.

Remuneration Framework (adopted with effect from 1 January 2017) – continued

Element	Operation	Maximum Opportunity
Annual Bonus To reward achievement of annual performance targets.	Individuals will receive annual bonus awards based on the achievement of financial targets and personal objectives agreed prior to the start of each financial year. Threshold levels will be set for minimum and maximum awards with pro-rata payments between the two points. Due to commercial sensitivity the targets will not be disclosed in advance but may be disclosed retrospectively. For executive Directors and members of the executive committee a minimum of 50% of any bonus earned, after allowing for payroll taxes, will be invested in ICG equity which must be held for a period of 5 years. A formal clawback policy whereby all or a portion of the share award is subject to clawback for a period of two years in certain circumstances. Further details of the clawback policy are on page 101. The Committee retains discretion to adjust any award to reflect the underlying financial position of the Company and to agree awards outside of the above framework in respect of recent joiners and leavers.	The maximum award in any period of 12 months may not exceed 200% of base salary in the case of the CEO and 150% of base salary in the case of any other individual. An existing contractual annual bonus arrangement will continue to apply to the existing CEO Mr. Eamonn Rothwell in lieu of the arrangements described here and is explained in further detail under the report on 2019 executive Director remuneration outcomes.
Performance Share Plan (PSP) To align the interests of individuals with the long-term interests of the Company's shareholders.	The Committee will grant nominal cost options to individuals to acquire equity in the Company. The vesting period is normally 3 years with the extent of vesting based on the performance conditions set out below. Any vesting of awards is subject to the Committee discretion that it is satisfied that the Company's underlying performance has shown a sustained improvement in the period since the date of grant. No re-testing of the vesting performance conditions is permitted. Options will normally be exercised upon vesting and any ICG equity delivered to an individual will be held for a period of 5 years, except to the extent that the Committee allow such number of the shares delivered to be sold to facilitate the discharge of any tax liabilities. The plan incorporates market standard good leaver / bad leaver provisions.	The market value of any PSP awards in any period of 12 months may not exceed 200% of base salary in the case of the CEO and 150% of base salary in the case of any other individual. In exceptional situations, including recruitment, higher awards may be granted but not exceeding 300% of base salary.

Report of the Remuneration Committee
Continued

Remuneration Framework (adopted with effect from 1 January 2017) – continued

Element	Operation	Maximum Opportunity
Performance Share Plan ("PSP") continued	Options may vest early in the event of a takeover, merger, scheme of arrangement or other similar event involving a change of control of the Company, subject to the pro-rating of the share awards, to reflect the shortened performance period since the date of grant, though the Committee can exercise its discretion not to apply pro-rating if it considers it to be inappropriate given any particular circumstances. The Committee in exercising its discretion under the rules of the PSP may (i) re-calibrate the performance conditions and change their relative weightings (ii) introduce new and retire old performance measures; provided that any changes are no less challenging, are aligned with the interests of the Company's shareholders and are disclosed in the Committee's report to shareholders. A formal clawback policy whereby all or a portion of the share award is subject to clawback for a period of two years post vesting in certain circumstances. Further details of the clawback policy are on page 101. The performance conditions, which are measured over a three year vesting period are currently based on; • Adjusted Diluted Earnings per Share (EPSd) • Return on Average Capital Employed (ROACE) • Free Cash Flow Ratio (FCFR) • Total Shareholder Return (TSR) Each condition is equally weighted and in all cases 30% vests at threshold performance and 100% vests at maximum with pro-rata vesting between these two levels. The performance levels are currently calibrated as follows;	

	Vesting Threshold	
	Minimum	Maximum
EPSd	5%	12%
ROACE	13%	20%
FCFR	100%	130%
TSR	Median	Top Quartile

Remuneration Framework (adopted with effect from 1 January 2017) – continued

Element	Operation	Maximum Opportunity
Shareholding Requirement To align the interests of individuals with the long-term interests of the Company's shareholders.	All executive Directors and members of the Executive Committee are expected to maintain a minimum shareholding of 300% of base salary. Individuals are allowed a five year period from date of first appointment to achieve the required holding. The market value of vested options and any shares held under the Company's restricted share arrangements will count towards determining an individual's holdings.	Not applicable.

Remuneration Outcomes for Executive Directors in 2019

Total Directors' single figure for Director's remuneration for the year was €4,075,000 compared with €2,880,000 in 2018 and details are set in the table below:

		Performance pay						
	Base salary €'000	Restricted shares €'000	Cash €'000	Benefits €'000	Pension €'000	Options / PSP[1/2] €'000	Fees €'000	Total 2019 €'000
Executive Directors								
E. Rothwell	566	1,558	-	35	-	898		3,057
D. Ledwidge	254	76	90	22	36	265		743
Total for executives	**820**	**1,634**	**90**	**57**	**36**	**1,163**		**3,800**
Non-executive Directors								
J. B. McGuckian	-	-	-	-	-	-	125	125
C. Duffy	-	-	-	-	-	-	50	50
B. O'Kelly	-	-	-	-	-	-	50	50
J. Sheehan	-	-	-	-	-	-	50	50
Total for non-executives	-	-	-	-	-	-	275	275
Total	**820**	**1,634**	**90**	**57**	**36**	**1,163**	**275**	**4,075**

1 100% of the second tier options granted on 4 March 2015 under the 2009 Share Option Plan and 44% of the options granted on 23 May 2017 under the PSP will vest during 2020 based on performance to 31 December 2019, subject to continued employment up to the vesting date.

2 The value of any options vesting will be based on the actual share price at date of vesting. For the purposes of the above disclosure the value of an option has been based on the difference between the option subscription price and the average closing price of an ICG unit between 1 October and 31 December 2019.

Report of the Remuneration Committee
Continued

Details of Directors' remuneration for the year ended 31 December 2018 are set out below:

		Performance Pay						
	Base salary	Restricted shares	Cash	Benefits	Pension	Options / PSP[1]	Fees	Total 2018
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Executive Directors								
E. Rothwell	552	1,572	-	35	-	-	-	2,159
D. Ledwidge	221	108	62	22	33	-	-	446
Total for executives	**773**	**1,680**	**62**	**57**	**33**	**-**	**-**	**2,605**
Non-executive Directors								
J. B. McGuckian	-	-	-	-	-	-	125	125
C. Duffy	-	-	-	-	-	-	50	50
B. O'Kelly	-	-	-	-	-	-	50	50
J. Sheehan	-	-	-	-	-	-	50	50
Total for non-executives	-	-	-	-	-	-	275	275
Total	**773**	**1,680**	**62**	**57**	**33**	**-**	**275**	**2,880**

1 None of the executive Directors held options which vested during 2019 based on performance to 31 December 2018.

In relation to Mr. Eamonn Rothwell €0.3 million (2018: €0.2 million) of performance pay has been included as a non-trading item (note 10) in relation to the disposal of the Oscar Wilde (2018: in relation to the disposal of the Jonathan Swift).

The information above forms an integral part of the audited Consolidated Financial Statements as described in the Basis of Preparation on page 124.

Base Salary

Eamonn Rothwell, CEO, was awarded an increase in base salary of 2.5% in 2019 over his 2018 base salary. This was in line with the base salary increase awarded to all employees who are not accruing benefits under any of the Group's defined benefit pension schemes. In terms of a wider comparator Group the Committee noted that the CEO pay level was below median base salaries of FTSE 250 constituent companies.

Mr. David Ledwidge, CFO, was appointed to the Board on 3 March 2016. His salary at that date was set at a level commensurate with his experience with the Group with the expectation that subject to individual and Group performance that this level of salary will rise progressively over a number of years to comparable levels in the market for similar roles. Against these considerations, in 2019, the Committee awarded Mr. David Ledwidge a 15% increase in annualised base salary.

Director's Pension benefits

The aggregate pension benefits attributable to the executive Directors at 31 December 2019 are set out below:

	E. Rothwell €'000	D. Ledwidge €'000	Total 2019 €'000	Total 2018 €'000
Increase in accumulated accrued annual benefits (excluding inflation) in the period	-	1	1	1
Transfer value of the increase in accumulated accrued benefits (excluding inflation) at year end*	-	4	4	3
Accumulated accrued annual benefits on leaving service at year end	-	16	16	15

* Note: Calculated in accordance with actuarial Guidance note GNII.

There were no pension benefits attributable to Mr. Eamonn Rothwell as he has reached normal retirement age and pension benefits have vested.

In relation to Mr. David Ledwidge costs in relation to defined benefit pension arrangements was €20,000 (2018: €20,000) with a further €16,000 (2018: €13,000) related to the defined contribution pension arrangements.

The Company also provides lump sum death in service benefits and the premiums paid during the year amounted to €6,000 and €1,000 in relation to Eamonn Rothwell and David Ledwidge respectively.

Performance Related Pay

Eamonn Rothwell

Eamonn Rothwell has been associated with ICG since its inception as a public company and floatation in 1988. A legacy contractual arrangement governs Mr. Rothwell's performance related pay.

The CEO annual bonus performance award is predominantly driven by a formula based on basic EPS growth which incorporates an adjustment for share buybacks. The Committee also retain discretion to make adjustments for any non-cash non-trading items. The Company believes that EPS is consistent and transparent and EPS growth drives long-term value creation in the business, reflected in share price appreciation. EPS is the key performance indicator by which the Board assesses the overall performance of the Company.

As part of the remuneration framework review the Committee reassessed the CEO performance arrangements and in its view the arrangements remain appropriate. In carrying out this assessment the Committee has considered the arrangements over the longer-term performance of the Company rather than on a single year basis and noted that 100% of the annual performance award was remunerated through the allocation of ICG shares with a five year holding period.

David Ledwidge

David Ledwidge was appointed Executive Director on 6 March 2016. The Committee assessed Mr. Ledwidge's performance in his role over the period and in particular his development within the sphere of his greater responsibility. The assessment concluded that Mr. Ledwidge was performing in line with expectations which included his contribution to investment appraisal, capital management, investor relations and systems development all supporting the longer-term development of the Group. On this basis, taking account of market norms and the expectation that, subject to performance at an individual and Company level, his remuneration would rise progressively over a number of years to comparable levels in the market for similar roles the Committee concluded that an annual performance award of €166,000, being 65% of annualised base salary was appropriate. Of this annual performance award, 46% was allocated towards the acquisition of restricted shares (before tax liabilities) with the balance received in cash.

Restricted Shares

In relation to any element of the annual performance award remunerated through the restricted share plan, shares are held in trust for the beneficiaries and may not be sold for a period of 5 years and one month from the date of grant, aligning the value of the award with Group performance over the restricted period.

Report of the Remuneration Committee
Continued

Long-Term Incentive

Grants during 2019

The long-term incentive scheme applicable for the 2019 financial year was the Performance Share Plan approved by shareholders on 17 May 2017. The Committee has suspended future awards under the 2009 Share Option Plan which remains in place to facilitate the administration of previously granted options.

On 8 March 2019 the Committee, granted an annual award of options to Mr. Rothwell and Mr. Ledwidge in line with the annual limits set out in the PSP rules being 200% and 150% of salary respectively. The total number of options granted to Mr. Rothwell and Mr. Ledwidge based on a share price of €5.00 were 226,000 and 76,500 respectively.

Options Vested during 2019

During the period the Committee considered the performance conditions attaching to the basic tier options granted on 1 September 2014 under the legacy Share Option Plan at an exercise price of €2.97. Under the rules of the Share Option Plan the Committee determined that these grants vested based on reported Group EPS for the year ended 31 December 2018, and accordingly 152,500 outstanding options were deemed vested in favour of participants during the year. None of these options had been granted to the executive Directors. The share price at date of vesting was €4.39.

Options expected to vest during 2020 based on performance to 31 December 2020

The Committee has considered the performance conditions attaching to the second tier options granted on 5 March 2015 under the legacy Share Option Plan at an exercise price of €3.58. Under the rules of the Share Option Plan the Committee has determined that these grants will vest during 2020 based on reported Group EPS for the year ended 31 December 2019. Vesting will be conditional on the continued employment of the option holders at the vesting date. At 31 December 2019 there were 905,000 outstanding second tier options granted on 5 March 2015, including 350,000 and 75,000 options in favour of Mr. Eamonn Rothwell and Mr. David Ledwidge respectively.

The Committee has also considered the performance conditions attaching to the options granted under the PSP on 23 May 2017 which are tested against Group performance up to 31 December 2019. The 2019 outcomes have been adjusted for the effects of the application of IFRS 16 Leases so that the diluted earnings per share, return on average capital employed and free cash flow ratio metrics are comparable over the performance period. The table below shows the expected vesting on each metric.

Performance Condition	Weighting	Threshold	Maximum	Actual	Outcome
Diluted adjusted earnings per share	25%	36.0 cent	43.7 cent	23.7 cent	0% out of 25%
Return on average capital employed	25%	13%	20%	29.3%	25% out of 25%
Free cash flow ratio	25%	100%	130%	120.3%	19% out of 25%
Total shareholder return	25%	26.8%	56.5%	23.3%	0% out of 25%

30% vesting occurs at threshold performance increasing pro-rata up to the maximum vesting threshold. Vesting will be conditional on the continued employment of the option holders at the vesting date in 2020. At 31 December 2019 there were 1,036,145 outstanding options granted on 23 May 2017, including 293,000 and 100,000 options in favour of Mr. Eamonn Rothwell and Mr. David Ledwidge respectively of which 128,920 and 44,000 are expected to vest during 2020.

The gross value of those options expected to vest in favour of the executive Directors based on performance to 31 December 2019 has been included in the total director remuneration table for year ended based on an estimated share price of €4.51 being the average closing price of an ICG Unit between 1 October 2019 and 31 December 2019.

Long-Term Incentive – continued

Details of movements in share options granted to Directors under the Performance Share Plan and the legacy share option plan are set out in the table below:

Option Type	Date of Grant	31-Dec-18	Granted	Vested	Exercised	31-Dec-19	Option Price	Earliest Vesting Date	Latest Expiry Date
Eamonn Rothwell									
Unvested									
Second Tier Share Option[1]	5-Mar-15	350,000	-	-	-	350,000	3.58	5-Mar-20	4-Mar-25
Performance Share Plan[2]	23-May-17	293,000	-	-	-	293,000	0.065	5-Mar-20	-
Performance Share Plan[3]	9-Mar-18	189,000	-	-	-	189,000	0.065	9-Mar-21	-
Performance Share Plan[3]	5-Mar 19	-	226,000	-	-	226,000	0.065	5-Mar-22	-
Vested but not yet exercised	5-Mar-19	350,000	-		-	350,000	3.58	-	4-Mar-25
		1,182,000	**226,000**	**-**	**-**	**1,408,000**			

Option Type	Date of Grant	31-Dec-18	Granted	Vested	Exercised	31-Dec-19	Option Price	Earliest Vesting Date	Latest Expiry Date
David Ledwidge									
Unvested									
Second Tier Share Option[1]	5-Mar-15	75,000	-	-	-	75,000	3.58	5-Mar-20	4-Mar-25
Performance Share Plan[2]	23-May-17	100,000	-	-	-	100,000	0.065	5-Mar-20	-
Performance Share Plan[3]	9-Mar-18	56,500	-	-	-	56,500	0.065	9-Mar-21	-
Performance Share Plan[3]	5-Mar-19	-	76,000	-	-	76,000	0.065	5-Mar-22	-
Vested but not yet exercised	5-Mar-15	75,000	-	-	-	75,000	3.58	-	4-Mar-25
		306,500	**76,000**	**-**	**-**	**382,500**			

1 These options are expected to vest during 2020 based on performance to 31 December 2019 and the gross value has been included in the Director remuneration schedule.

2 These options are expected to vest during 2020 at a vesting rate of 44% based on performance to 31 December 2019 and the gross value has been included in the Director remuneration schedule. The delivered shares will be held in trust for a period of 5 years from exercise date.

3 These options will vest and become exercisable three years from the third anniversary of grant in accordance with achievement of the performance conditions set out in the Remuneration Framework table. These options will normally have to be exercised on or shortly after the vesting date and the delivered shares held in trust for a period of 5 years from exercise date.

Report of the Remuneration Committee
Continued

Other matters

Minimum Shareholding Requirements

The Company encourages individuals to acquire and retain significant shareholdings to align interests of management with those of shareholders. The Company has a minimum shareholding requirement for executive Directors and members of the executive management committee to hold shares to a market value of 300% of base salary within 5 years of date of appointment. The market value of vested options and any shares held under the Company's restricted share arrangements will count towards determining an individual's holdings.

The market value of the holdings of executive Directors and Executive Committee at 31 December 2019 as a multiple of salary at that date are shown in the following table:

	Salary multiple held
Eamonn Rothwell	255.5 times
David Ledwidge	2.2 times
Other Executive Management	7.0 times

Non–Executive Directors

Non-executive Directors receive a fee which is set by the Committee and approved by the Board. They do not participate in any of the Company's performance award plans or pension schemes. As part of the overall review of remuneration structures the Committee recommended the fee payable to the Board Chairman to continue the same as prior year at €125,000 per annum and other non-executive Directors at €50,000. The fee levels are considered in line with market norm generally and reflective of the levels of commitment expected from persons holding non-executive directorship positions.

Non-executive Directors do not have notice periods and the Company has no obligation to pay compensation when their appointment ceases. The letters of appointment are available for inspection at the Company's registered office during normal business hours and at the AGM.

Director's Service contracts

Non-executive Directors have been appointed under letters of appointment for periods of three years subject to annual re-election at the AGM.

In respect of Mr. Eamonn Rothwell, CEO, there is an agreement between the Company and Eamonn Rothwell that, for management retention reasons, in the event of a change in control of the Company (where over 50% of the Company is acquired by a party or parties acting in concert, excluding Eamonn Rothwell) he will have the right to extend his notice period to two years or to receive remuneration in lieu thereof.

This amendment to Mr. Eamonn Rothwell's contract of employment was agreed by the Remuneration Committee a number of years ago to retain and motivate the CEO during a series of attempted corporate takeover actions.

The letters of appointment for other executive Directors do not provide for any compensation for loss of office other than for payments in lieu of notice and, except as may be required under Irish law, the maximum amount payable upon termination is limited to 12 months equivalent.

On termination, outstanding options may at the absolute discretion of the Committee be retained by the departing individual in accordance with the good leaver / bad leaver provisions of the relevant plan. Any shares delivered to an individual which are subject to a retention period will remain unavailable to the individual until the end of the retention period and where applicable will be subject to clawback under the provisions of the Clawback Policy.

Share option schemes

There were no long-term incentive plans in place during the year other than the Group's 2009 share option plans (suspended as regards new grants) and the Performance Share Plan.

The purpose of the share option plans is to encourage identification of option holders with shareholders' longer-term interests. Under the plans, options have been granted both to Directors and to employees of the Group. The options were granted by the Committee on a discretionary basis, based on the employees expected contribution to the Group in the future. Non-executive Directors are not eligible to participate in the plan.

In the ten year period ended 31 December 2019, the total number of options granted, net of options lapsed amounted to 3.8% of the issued share capital of the Company at 31 December 2019.

A charge is recognised in the Consolidated Income Statement in respect of share options issued to executive Directors. The charge in respect of executive Directors for the financial year ended 31 December 2019 is €901,000 (2018: €845,000).

Clawback Policy

The Committee recognises that there could potentially be circumstances in which performance related pay (either annual bonuses, and/ or longer-term incentive awards) is paid based on misstated results or inappropriate conduct resulting in material damage to the Company. Whilst the Company has robust management and internal controls in place to minimise any such risk, the Committee has in place formal clawback arrangements for the protection of the Company and its investors. The clawback of performance related pay comprising the annual bonus and PSP awards would apply in certain circumstances including:

- a material misstatement of the Company's financial results;
- a material breach of an executive's contract of employment;
- any wilful misconduct, recklessness, and / or fraud resulting in serious injury to the financial condition or business reputation of the Company.

For executive Directors and members of the Executive Committee 50% of the annual bonus will be invested in ICG equity which must be held for a period of five years and one month, which will be subject to clawback for a period of two years per the circumstances noted above. Any awards granted under the PSP will be subject to clawback during the vesting period and any shares delivered on vesting will be subject to clawback for an initial two year period per the circumstances noted above.

Post-employment holdings

The Committee in designing its performance pay initiatives, as explained below, has ensured that executive Directors and senior managers retain appropriate levels of shareholding post-employment. To avoid any conflict with how these schemes operate the Committee does not consider it necessary to specify actual levels of post-employment shareholdings. Under the annual bonus scheme a minimum of 50% of an annual award must be invested in shares held in trust for a holding period of five years. Similarly any shares delivered pursuant to the vesting of options under the PSP must normally be held in trust for a holding period of five years. Therefore, at termination executive Directors and senior management participating in these schemes will contractually retain an interest in shares for a period of five years post employment, proportional to the amount of variable pay awarded over the final five years of employment.

External Appointments

No executive Director retained any remuneration receivable in relation to external board appointments.

Payments to former Directors

There were no pension payments or other payments for loss of office paid to any former Directors during the year.

External Advisers

The Committee sought assistance from Mercer in relation to assessment of the achievement of the performance conditions applicable to the May 2017 awards under the PSP. Mercer are members of the Remuneration Consultants Group and signatories to its Code of Conduct. Other than the services above Mercer did not provide any other services to the Group in the period 1 January 2019 to the date of this report.

Report of the Remuneration Committee
Continued

Say on Pay

ICG is an Irish incorporated company and is not subject to the UK disclosure requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, in accordance with ICG's commitment to best corporate governance practices and shareholder engagement, the Board, on the recommendation of the Remuneration Committee, will put this Report of the Committee to an advisory vote at the forthcoming 2020 AGM of the Company.

At the AGM held on 17 May 2019, the advisory resolution on the Report of the Remuneration Committee in respect of the year ended 2018 received 78% support. The Company had engaged extensively with its major shareholders in advance of the meeting in respect of their concerns. There is also the opportunity for shareholders to raise any concerns regarding remuneration practices at investor meetings or to request direct communication with the Chair of the Committee.

The Committee understands the following were the concerns of shareholders;

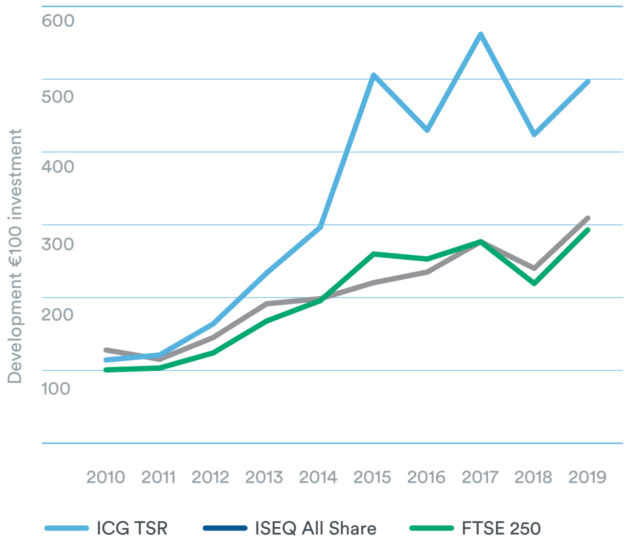
CEO performance pay:
A number of shareholders raised the non-disclosure of metrics around the CEO performance pay. The Committee has considered this and for contractual reasons does not disclose the exact calculation methodology. The Committee is satisfied that the outcomes reflect Group performance over the longer-term. The Committee is of the view that remuneration should be aligned with the business needs and strategy of the Group. Notwithstanding the Committee has also satisfied itself that the total overall remuneration of the CEO is not out of alignment with market norms through comparison with CEO remuneration of FTSE 250 companies and overall Group performance versus the FTSE 250. The Group equity is premium listed on the London Stock Exchange though it is not a constituent of the FTSE 250. However, the Committee is of the view that comparison against FTSE 250 metrics is appropriate as the Group is of an equivalent market capitalisation and provides a large verifiable population for comparative purposes.

	Salary Comparison 2018	Single figure total remuneration (Average 2016 to 2018)	
		FTSE 250 (excl. top 50)	FTSE 250
	€'000	€'000	€'000
FTSE 250 CEO			
Lower quartile	557	1,181	1,300
Median	615	1,787	1,963
Upper quartile	706	2,753	2,928
ICG CEO	552	2,681	2,681

The table above sets out the single figure total remuneration comparison versus FTSE 250 and is based on most recent available information on published accounts for years ended during 2018 sourced from the Deloitte publication "Directors' Remuneration in FTSE 250 Companies". The single figure total remuneration figure has been averaged over three years to reduce any single year effect. Sterling figures were converted to Euro at average rates. The Committee notes that the 2018 CEO base salary was within the lower quartile range whereas the single figure total remuneration average over the three year period 2016 to 2018 was ahead of the median but below the upper quartile. The ICG CEO single figure total remuneration average over 2017 to 2019 was €2,925,000, for which there was no publicised comparison available at the date of the report.

The Committee also considered the longer-term total shareholder return (TSR) performance of the Group compared to both the FTSE 250 and ISEQ all share index based on an initial €100 investment on 1 January 2010 depicted in the chart below.

Comparative TSR Performance



Based on the above analysis the Committee is satisfied the overall remuneration outcomes for the CEO are consistent with the remuneration framework objectives.

CFO rate of salary increase

A number of shareholders raised a concern regarding the 20% increase in the CFO salary in 2018 over 2017. This was viewed as not being consistent with increases awarded generally. Mr. Ledwidge was appointed to the position of CFO in March 2015 and to the Board in March 2016. The Committee had noted in its 2016 report that Mr. Ledwidge's salary was set at a level commensurate with his experience with the Group with the expectation that subject to individual and Group performance that this level of salary will rise progressively over a number of years to comparable levels in the market for similar roles. The Committee has assessed Mr. Ledwidge's performance since 2016 to have met its expectations and has increased his salary progressively from an initial salary on appointment to the Board of €160,000 to €254,000 reported in this report. The Committee has further determined that his salary be set at €318,000 for 2020. In setting this salary level the Board has again looked at FTSE 250 salary levels for equivalent positions as set out below;

	Salary Comparison 2018	Single figure total remuneration (Average 2016 to 2018)	
		FTSE 250 (excl. top 50)	FTSE 250
	€'000	€'000	€'000
FTSE 250 CFO			
Lower quartile	363	750	821
Median	408	1,086	1,139
Upper quartile	461	1,546	1,619
ICG CFO	221	448	448

The Committee notes that the prior year's salary levels and the 2020 level remain at the lower quartile levels as does the single figure total remuneration. In line with the objectives of the Remuneration Framework, and having reviewed Mr. Ledwidge's performance the Committee is satisfied that the progressive increase in the salary level remains appropriate.

Market price of shares

The closing price of the shares on Euronext Dublin on 31 December 2019 was €4.84 and the range during the year was €3.71 to €5.20.

Brian O'Kelly
Chair of the Remuneration Committee


IRISH FERRIES
W.B. YEATS

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and the Group and Company Financial Statements, in accordance with applicable laws and regulations. Company law requires the Directors to prepare Group and Company Financial Statements each year. Under that law, the Directors are required to prepare the Group Financial Statements in accordance with IFRS as adopted by the European Union and Article 4 of the IAS regulation. The Directors have elected to prepare the Company Financial Statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the Group and Company Financial Statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Company as at the end of the financial year and of the profit or loss of the Group for the financial year and otherwise comply with the Companies Act 2014. In preparing each of the Group and Company 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;
- state that the Financial Statements comply with IFRS as adopted by the European Union as applied in accordance with the Companies Act 2014; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records 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 Act 2014 and in regard to the Group Financial Statements, Article 4 of IAS Regulation. 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 Group's and Company's website (www.icg.ie). Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors of Irish Continental Group plc acknowledge these responsibilities and accordingly have prepared this Consolidated Annual Report for the financial year ended 31 December 2019 in compliance with the provisions of Regulation (EC) No. 1606/2002, regulations 4 and 5 of Statutory Instrument No. 277 of 2007 of Ireland, the Transparency Rules of the Central Bank of Ireland, the applicable International Financial Reporting Standards as adopted by the European Union, the Companies Act 2014 and the Listing Rules issued by Euronext Dublin.

Each of the Directors, whose names and functions are listed on pages 64 and 65 of the Annual Report confirms that to the best of each person's knowledge and belief:

- the Consolidated Financial Statements for the financial year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- the Operating and Financial Review includes a fair review of the development and performance of the business for the financial year ended 31 December 2019 and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

This responsibility statement was approved by the Board of Directors on 4 March 2020 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Financial Statements

Reliability underpinned by major investment in tonnage and maintenance of quality assets ensuring the high levels of schedule integrity demanded by our customers.

Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements

Opinion on the financial statements of Irish Continental Group plc (the "Company")

In our opinion, the Group and parent Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and parent Company as at 31 December 2019 and of the profit of the Group for the financial year then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and in particular, with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements we have audited comprise the:

the Group financial statements:

- the Consolidated Income Statement;
- the Consolidated Statement of Comprehensive Income;
- the Consolidated Statement of Financial Position;
- the Consolidated Statement of Changes in Equity;
- the Consolidated Cash Flow Statement;
- the related notes 1 to 37, including a summary of significant accounting policies as set out in note 2 to the financial statements.

the parent Company financial statements:

- the Company Statement of Financial Position;
- the Company Statement of Changes in Equity;
- the Company Cash Flow Statement;
- the related notes 38 to 56, including a summary of significant accounting policies as set out in note 38 to the financial statements.

The relevant financial reporting framework that has been applied in the preparation of the Group financial statements is the Companies Act 2014 and International Financial Reporting Standards (IFRS) as adopted by the European Union ("the relevant financial reporting framework"). The relevant financial reporting framework that has been applied in the preparation of the parent Company financial statements is the Companies Act 2014 and FRS 101 "Reduced Disclosure Framework" issued by the Financial Reporting Council.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the Group and parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year are as follows: • appropriateness of the useful lives and residual values of vessels used in the determination of the depreciation charge; • appropriateness of key assumptions used to determine retirement benefit liabilities; and • cut-off of revenue recognised in the current year There have been no significant changes to the key audit matters since the prior financial year report.
Materiality	The materiality that we used in the current year for the Group was €2.8m which was determined on the basis of profit before tax and non- trading items. The materiality that we used in the current year for the parent Company was €1.96m which was determined on the basis of net assets.
Scoping	We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in fifteen components. Five of these were subject to a full scope audit, a further five components were subject to audits of specified account balances and the remaining five entities were subject to analytical procedures.
Significant changes in our approach	There were no significant changes in our audit approach in the current year, the activities of the Group remained consistent year on year.

Conclusions relating to principle risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which ISA (Ireland) or the Listing Rules require us to report to you whether we have anything material to report, add or draw attention to:

- the directors' confirmation in the annual report on page 67 that they have carried out a robust assessment of the principal and emerging risks facing the Group and the parent Company, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 52 to 57 to the annual report that describe the principal risks, procedures to identify emerging risks, and an explanation of how these are being managed or mitigated;
- the directors' statement on page 66 in the financial statements about whether the directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the parent Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 6.1.82(3) is materially inconsistent with our knowledge obtained in the audit; or
- the directors' explanation on page 67 in the annual report as to how they have assessed the prospects of the Group and parent Company, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group and parent Company will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements – continued

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current financial year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the useful lives and residual values of vessels used in the determination of the depreciation charge.

Key audit matter description	*There is a risk that management's estimate of useful lives and residual values of vessels is inaccurate leading to an impact on the depreciation charge.* The Group holds €429.10m of vessels, as at 31 December 2019. The annual depreciation charge depends primarily on the estimated lives of each type of vessel and the estimated residual value, as determined by management. The determination of appropriate estimates requires significant judgement by management and relies on inputs that are variable such as the value of scrap metal and the estimated residual value of vessels. A change in the estimate of useful lives or residual value of vessels can have a significant impact on the amount of depreciation charged to the Income Statement. *Please also refer to page 83 (Audit Committee Report), page 133 (Accounting Policy – Property, Plant & Equipment), and note 3 – Critical accounting judgements and key sources of estimation uncertainty and note 13 Property, Plant & Equipment.*
How the scope of our audit responded to the key audit matter	We examined management's assessment of useful lives and estimated residual values of these vessels. We obtained an understanding of management's processes and performed testing of relevant controls, which included reviews by senior members of management and the Board to ensure the current assumptions used are appropriate. We challenged and evaluated management's key assumptions including their assessment of useful lives and their estimates of residual values. As part of this, we performed sensitivity analysis on the key assumptions to assess the impact of various changes on the annual depreciation charge for the year. We benchmarked management's assumptions against information available from external independent market sources, such as: • market data relating to the value of scrap metal; • market data relating to the sale of similar ships; • market data relating to the lives of ships that were scrapped during the financial year. We evaluated and assessed the adequacy of the disclosures made in the financial statements, including the disclosure of the key assumptions and the sensitivity of the depreciation charge to changes in the underlying assumptions. We determined that management's assessment of the useful lives of the vessels and residual values to be reasonable based on the work that we undertook.

Appropriateness of key assumptions used to determine retirement benefit liabilities

Key audit matter description	*There is a risk that the liabilities of pension schemes are determined using inappropriate actuarial assumptions, leading to potential misstatement of the net pension asset/deficit.* The Group operates a number of defined benefit schemes. The net pension asset at the year end amount to €8.8m consisting of pensions assets of €12.5m and deficits of €3.7m. There is a high degree of estimation and judgement in the calculation of the pension liabilities, particularly in the determination of appropriate actuarial assumptions in respect of the discount, mortality and inflation rates. We identified the discount rate as the being most volatile key assumption where a small movement can have a significant impact on the calculation of the pension liabilities. *Please also refer to page 83 (Audit Committee Report), page 132 (Accounting Policy – Retirement Benefit Schemes), and note 3 – Critical accounting judgements and estimates*
How the scope of our audit responded to the key audit matter	The following audit procedures were performed in order to assess the Group's valuation of its retirement benefit liabilities, we; • obtained an understanding of management's processes and performed testing of relevant controls, which included reviews by senior members of management and the Board to ensure the current assumptions used are appropriate. • utilised Deloitte Actuarial Specialists as part of our team to assist us in understanding, evaluating and challenging the appropriateness of the discount rate and other key assumptions; • made inquiries with both management and the Group's external pension advisors to understand their processes in determining the discount rate and other key assumptions used in calculating retirement benefit liabilities; • benchmarked the discount rate and other key assumptions used against comparable market and peer data, where available to ensure that they were within appropriate ranges and reasonable given our knowledge of the schemes; and • assessed whether the disclosures made in the financial statements in respect of retirement benefit schemes were in accordance with the relevant accounting standards. Based on the evidence obtained, we found that the discount rate and other assumptions used by management in the actuarial valuations for pension liabilities are within a range we consider reasonable.

Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements – continued

Cut-off of revenue recognized in the current year

Key audit matter description	*There is a risk that revenues are manipulated through recording of future revenues prematurely to achieve performance targets.* When making our assessment of the potential risk of fraud in relation to revenue recognition, we considered the nature of the transactions across the Group. The Group recognises revenue in respect of its various streams over the performance period of the underlying contract obligations. We have therefore pinpointed the significant risk across the Group to the proper cutoff of revenue recorded at year end. *Please also refer to page 128 (Accounting Policy – Revenue Recognition), note 4 segmental information.*
How the scope of our audit responded to the key audit matter	We obtained an understanding of the significant revenue arrangements in place across the Group, and of the internal controls and IT systems in place over those revenue streams. We performed testing of relevant internal controls over the Group's significant revenue processes including operational controls in place around passenger numbers and freight volumes to ensure that revenue was recognised where the date of travel or transportation had occurred. We tested on a sample basis, revenue recognised around year end for the various revenue streams across the Group to assess if the performance obligations were met in line with the underlying contractual arrangements with customers for the associated revenue recognised to ensure that it was recognised appropriately. No significant matters arose from our work.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

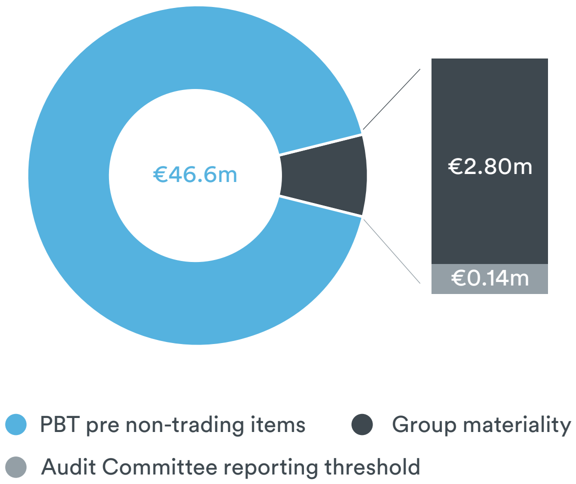
Our application of materiality

We define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be €2.8m, which is approximately 6% of profit before tax and non-trading items. We have considered the profit before tax and non trading items to be the appropriate benchmark for determining materiality because it is the most important measure for users of the Group's financial statements and it excludes the effect of volatility (for example, separately disclosed non-trading items) from our determination. We determined materiality for the parent Company to be €1.96m which is approximately 1.1% of net assets, as the most significant driver of the parent Company financial statements is the capital and reserves balance.

We have considered quantitative and qualitative factors, such as understanding the entity and its environment, history of misstatements, complexity of the Group and reliability of the control environment.

We agreed with the Audit Committee that we would report to them all audit differences in excess of €140,000 as well as differences below this threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.



An overview of the scope of our audit

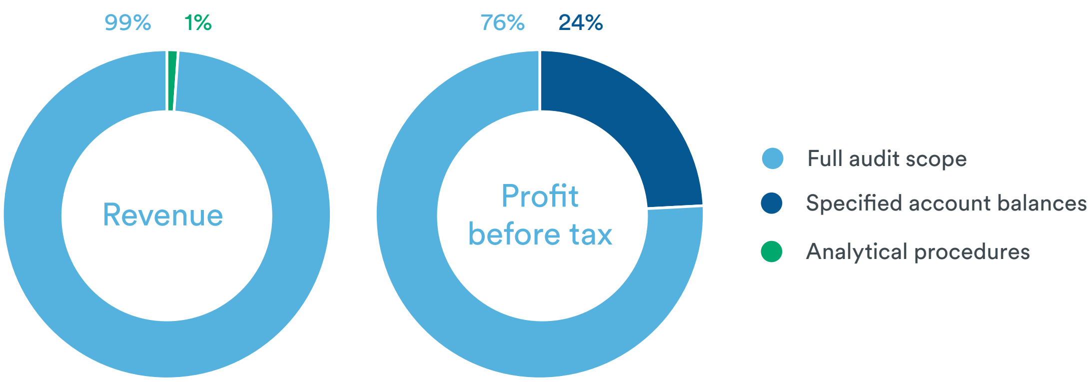
We determined the scope of our Group audit by obtaining an understanding of the Group and its environment, including Group-wide controls, and assessing the risks of material misstatement at the Group level. Based on that assessment, we focused our Group audit scope primarily on the audit work in fifteen components. Five of these were subject to a full scope audit and five components were subject to audits of specified account balances, where the extent of our testing was based on our assessment of the risks of material misstatement and of the materiality of the Group's operations in those components. The remaining five entities were subject to analytical procedures at the Group level.

These components were selected based on coverage achieved and to provide an appropriate basis for undertaking audit work to address the risks of material misstatement identified above. Our audit work at the fifteen components was executed at levels of materiality applicable to each individual unit which were lower than Group materiality and ranged from €1.40m to €2.52m.

At the Group level, we also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to audit or audit of specified account balances.

The Group audit team attended planning meetings for all components. In addition to our planning meetings, we sent detailed instructions to our component audit teams, included them in our team briefings, discussed their risk assessment, attended client planning and closing meetings, and reviewed their audit working papers.

The levels of coverage of key financial aspects of the Group by type of audit procedures are as set out below:



Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements – continued

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report with regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- **Fair, balanced and understandable** – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's and the parent Company's position and performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting** – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- **Directors' statement of compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex** - the parts of the directors' statement required under the Listing Rules relating to the Company's compliance with the UK Corporate Governance Code and the Irish Corporate Governance Annex containing provisions specified for review by the auditor in accordance with Listing Rule 6.1.85 and Listing Rule 6.1.86 do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code or the Irish Corporate Governance Annex.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and parent Company’s internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and parent Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor’s report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group to express an opinion on the (consolidated) financial statements. The Group auditor is responsible for the direction, supervision and performance of the Group audit. The Group auditor remains solely responsible for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

For listed entities and public interest entities, the auditor also provides those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the Ethical Standard for Auditors (Ireland) 2016, and communicates with them all relationships and other matters that may be reasonably be thought to bear on the auditor’s independence, and where applicable, related safeguards.

Independent Auditor's Report to the Members of Irish Continental Group plc

Report on the audit of the financial statements – continued

Where the auditor is required to report on key audit matters, from the matters communicated with those charged with governance, the auditor determines those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. The auditor describes these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the auditor determines that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit;
- In our opinion the accounting records of the parent Company were sufficient to permit the financial statements to be readily and properly audited;
- The parent Company statement of financial position is in agreement with the accounting records;
- In our opinion the information given in the directors' report is consistent with the financial statements and the directors' report has been prepared in accordance with the Companies Act 2014.

Corporate Governance Statement

We report, in relation to information given in the Corporate Governance Report on pages 70 to 82 that:

- In our opinion, based on the work undertaken during the course of the audit, the information given in the Corporate Governance Statement pursuant to subsections 2(c) and (d) of section 1373 of the Companies Act 2014 is consistent with the Company's statutory financial statements in respect of the financial year concerned and such information has been prepared in accordance with the Companies Act 2014.

Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in this information.

- In our opinion, based on the work undertaken during the course of the audit, the Corporate Governance Statement contains the information required by Regulation 6(2) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and Groups) Regulations 2017 (as amended); and
- In our opinion, based on the work undertaken during the course of the audit, the information required pursuant to section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 is contained in the Corporate Governance Statement.

Matters on which we are required to report by exception
Based on the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

The Listing Rules of the Euronext Dublin require us to review six specified elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee. We have nothing to report in this regard.

Other matters which we are required to address
We were first appointed by Irish Continental Group plc to audit the financial statements for the financial year ended 31 October 1988 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 31 years, covering the years ending 31 October 1988 and 31 December 2019.

The non-audit services prohibited by IAASA's Ethical Standard were not provided and we remained independent of the Company in conducting the audit.

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISA (Ireland) 260.

Ciarán O'Brien
For and on behalf of Deloitte Ireland LLP
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

6 March 2020

Consolidated Income Statement

for the financial year ended 31 December 2019

	Notes	2019 €m	2018 €m
Revenue	4	357.4	330.2
Depreciation and amortisation	9	(36.8)	(22.1)
Employee benefits expense	5	(23.8)	(22.8)
Other operating expenses	9	(246.8)	(239.0)
		50.0	**46.3**
Non-trading item	10	14.9	13.7
Operating profit		**64.9**	**60.0**
Finance income	6	0.1	0.2
Finance costs	7	(3.5)	(1.0)
Profit before tax		**61.5**	**59.2**
Income tax expense	8	(1.3)	(1.4)
Profit for the financial year: all attributable to equity holders of the parent	9	**60.2**	**57.8**
Earnings per share – expressed in euro cent per share			
Basic	12	31.7c	30.4c
Diluted	12	31.5c	30.2c

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2019

	Notes	2019 €m	2018 €m
Profit for the financial year		60.2	57.8
Items that may be reclassified subsequently to profit or loss:			
Currency translation adjustment		1.2	(0.1)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain / (loss) on defined benefit obligations	33 viii	9.0	(8.1)
Deferred tax on defined benefit obligations	25	-	0.1
Other comprehensive income/ (expense) for the financial year		10.2	(8.1)
Total comprehensive income for the financial year: all attributable to equity holders of the parent		**70.4**	**49.7**

Consolidated Statement of Financial Position

for the financial year ended 31 December 2019

	Notes	2019 €m	2018 €m
Assets			
Non-current assets			
Property, plant and equipment	13	317.1	307.7
Intangible assets	14	0.4	0.4
Right of use assets	15	36.0	-
Retirement benefit surplus	33 iv	12.5	2.5
Long-term receivables	16	19.4	-
		385.4	**310.6**
Current assets			
Inventories	17	3.1	3.3
Trade and other receivables	18	92.4	75.7
Cash and cash equivalents	19	110.9	124.7
		206.4	**203.7**
Total assets		**591.8**	**514.3**
Equity and liabilities			
Equity			
Share capital	20	12.2	12.4
Share premium	21	19.5	19.4
Other reserves	21	(7.3)	(10.8)
Retained earnings		263.5	231.9
Equity attributable to equity holders of the parent		**287.9**	**252.9**
Non-current liabilities			
Borrowings	22	200.3	204.7
Lease liabilities	23	27.6	-
Deferred tax liabilities	25	0.7	0.6
Provisions	27	0.7	0.4
Retirement benefit obligation	33 iv	3.7	4.2
		233.0	**209.9**
Current liabilities			
Borrowings	22	3.6	0.3
Lease liabilities	23	8.4	-
Trade and other payables	26	57.4	49.7
Current income tax liabilities		0.2	0.2
Provisions	27	1.3	1.3
		70.9	**51.5**
Total liabilities		**303.9**	**261.4**
Total equity and liabilities		**591.8**	**514.3**

The financial statements were approved by the Board of Directors on 4 March 2020 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**7.3**	**3.8**	**(21.9)**	**231.9**	**252.9**
Profit for the financial year	-	-	-	-	-	60.2	60.2
Other comprehensive income	-	-	-	-	1.2	9.0	10.2
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**1.2**	**69.2**	**70.4**
Employee share-based payments expense	-	-	-	2.1	-	-	2.1
Share issue	-	0.1	-	-	-	-	0.1
Share buyback	(0.2)	-	0.2	-	-	(12.9)	(12.9)
Dividends paid	-	-	-	-	-	(24.7)	(24.7)
Reserve movements in the year	**(0.2)**	**0.1**	**0.2**	**2.1**	**1.2**	**31.6**	**35.0**
Balance at 31 December 2019	**12.2**	**19.5**	**7.5**	**5.9**	**(20.7)**	**263.5**	**287.9**

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Translation Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2018	**12.3**	**18.9**	**7.3**	**1.5**	**(21.9)**	**205.7**	**223.8**
Adjustment in relation to IFRS 15	-	-	-	-	-	(0.1)	(0.1)
Restated balance at 1 January 2018	**12.3**	**18.9**	**7.3**	**1.5**	**(21.9)**	**205.6**	**223.7**
Profit for the financial year	-	-	-	-	-	57.8	57.8
Other comprehensive expense	-	-	-	-	-	(8.1)	(8.1)
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-**	**49.7**	**49.7**
Employee share-based payments expense	-	-	-	2.4	-	-	2.4
Share issue	0.1	0.5	-	-	-	-	0.6
Dividends paid	-	-	-	-	-	(23.5)	(23.5)
Transferred to retained earnings on exercise of share options	-	-	-	(0.1)	-	0.1	-
Reserve movements in the year	**0.1**	**0.5**	**-**	**2.3**	**-**	**26.3**	**29.2**
Balance at 31 December 2018	**12.4**	**19.4**	**7.3**	**3.8**	**(21.9)**	**231.9**	**252.9**

Consolidated Statement of Cashflows

For the year ended 31 December 2019

	Notes	2019 €m	2018 €m
Net cash inflow from operating activities	35	**84.8**	**61.5**
Cash flow from investing activities			
Proceeds on disposal of property, plant and equipment		1.8	17.4
Purchases of property, plant and equipment		(53.9)	(176.1)
Purchases of intangible assets		(0.2)	(0.1)
Net cash outflow from investing activities		**(52.3)**	**(158.8)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(24.7)	(23.5)
Share buyback		(12.9)	-
Repayment of finance lease obligations		-	(0.7)
Repayments of leases liabilities		(9.0)	-
Proceeds on issue of ordinary share capital		0.1	0.6
New bank loans raised (net of origination fees)		-	155.0
Net cash (outflow) / inflow from financing activities		**(46.5)**	**131.4**
Net (decrease) / increase in cash and cash equivalents		(14.0)	34.1
Cash and cash equivalents at beginning of year		124.7	90.3
Effect of foreign exchange rate changes		0.2	0.3
Cash and cash equivalents at end of year	19	**110.9**	**124.7**

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019

1. General information

Irish Continental Group plc (ICG) is a public limited company incorporated in Ireland (Company registration number: 41043). The addresses of its registered office and principal places of business are disclosed on the inside back cover of the Annual Report.

The Group carries passengers and cars, RoRo freight and container LoLo freight, on routes between Ireland, the United Kingdom and Continental Europe. The Group also operates container terminals in the ports of Dublin and Belfast.

The Company charters vessels and is the holding Company of a number of subsidiary companies.

2. Summary of accounting policies

Statement of Compliance

The Group and Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and as applied in accordance with the Companies Act 2014 and as regards the Consolidated Financial Statements Article 4 of the IAS Regulations.

Basis of preparation

The financial statements have been prepared on the going concern basis and the historical cost convention.

All figures presented in the financial statements are in Euro and are rounded to the nearest one hundred thousand except where otherwise indicated.

Basis of consolidation

The Consolidated Financial Statements include the information in the Remuneration Report that is described as being an integral part of the Consolidated Financial Statements.

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 over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its return.

In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the date the Company gains control until the date the Company ceases to control the subsidiary.

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

2. Summary of accounting policies – continued

New standards and interpretations

The Group and Company adopted the new and amended International Financial Reporting Standards ("IFRS") and Interpretations in the year set out below.

- **New Standards**
  - IFRS 16: Leases
- **Amended Standards**
  - Amendment to IAS 19: Plan Amendment, Curtailment or Settlement
  - Amendments to IAS 28: Long-term interests in Associates Ventures
  - Annual Improvements to IFRS Standards 2015 – 2017 Cycle
    - IFRS 3: Business Combinations
    - IFRS 11: Joint Arrangements
    - IAS 12: Income Taxes
    - IAS 23: Borrowing Costs
  - Amendments to IFRS 9: Prepayment Features with Negative Compensation
- **Interpretations**
  - IFRIC 23: Uncertainty over Income Tax Treatments

The impact of these is set out below.

IFRS 16 – Leases

IFRS 16: Leases was applied for the first time with a date of initial application of 1 January 2019.

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

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

The Group has availed of the following practical expedients as permitted by the standard;

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

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

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

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

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

The Group does not classify that element of a contract as a lease where the right to control the use of an identified asset for a period of time is based on variable consideration based on activity levels. In these circumstances any variable consideration is expensed to Income Statement as the right is consumed. For lease terms up to ten years, which includes all leases other than land leases at Dublin Port the incremental borrowing rate was estimated based on the expected interest rates which would be charged under the Group's revolving credit facility being the contracted loan margin plus the market cost of fixed interest funds in the relevant currency for the applicable lease term. The current revolving facility expires in September 2024, with a reasonable expectation that it will be renewed on no worse terms for a further period of 5 years. The incremental borrowing rate for the land leases which extend for between 77 and 103 years was estimated based on a consideration of longer-term property yields and extrapolation of corporate bond yields for an equivalent duration of the underlying lease.

The effects from adopting the standard were;

- On the opening statement of Consolidated Financial Position at 1 January 2019; an increase in the carrying value of right of use assets of €32.2 million, a transfer in the carrying value of property, plant and equipment of €1.2 million, an increase in lease obligations of €31.0 million and a net nil adjustment to equity attributable to shareholders.
- In the financial year ended 31 December 2019: a reduction in operating expenses of €9.4 million, an increase in depreciation of €8.6 million, an increase in finance costs of €1.0 million giving a net reduction in profit before tax of €0.2 million.
- The effect on 2019 basic and diluted EPS from the reduction in profit before tax in 2019 of €0.2 million is 0.1 cent.
- Net Debt at 1 January 2019 redefined to including obligations relating to right of use assets was €111.3 million compared to €80.3 million previously reported at 31 December 2019.

The adoption of IFRS 16 has not affected the Group's lessor accounting in respect of charter revenues receivable. In accordance with IFRS 16 the deferred consideration receivable in relation to bareboat hire purchase sale agreement pertaining to the disposal of the Oscar Wilde in April 2019 has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

Other Standards and interpretations effective from 1 January 2019

The amendments to and interpretations of the previously issued standards effective from 1 January 2019 did not have any material impact on these financial statements.

IFRS 17: Insurance Contracts will be affective from 1 January 2021. The Group is currently evaluating the impact IFRS 17 may have on the Group financial statements which is currently not expected to be material.

2. Summary of accounting policies – continued

Standards effective from 1 January 2020 or later

There are a number of new standards and amendments to standards applicable to the Group which have been issued and effective but which have not been applied in preparing the Group Consolidated Financial Statements for the year ended 31 December 2019. A listing of these is set out below.

Title	Latest Adoption Date (financial year commencing)
New Standards	
IFRS 17: Insurance Contracts	1 January 2021
Amended Standards	
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3 - Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8 - Definition of Material	1 January 2020
Amendments to IAS 1 - Classification of liabilities as current or non-current	1 January 2020
Amendments to IAS 39, IFRS 7 and IFRS 9: Interest Rate Benchmark Reform	1 January 2020

The impact of the amendments noted above with an adoption date of 1 January 2020 has been assessed as not having a material impact on the Group and Company. The impact of IFRS 17 Insurance Contracts with an effective date of 1 January 2021 is currently being reviewed but is not expected to have a material impact on adoption by the Group and Company.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

Accounting policies applied in preparation of the financial statements for the financial year ended 31 December 2019

Revenue recognition

Revenue is measured based on the consideration specified in a contract concluded with a customer and excludes any amounts collected on behalf of third parties including taxes.

The principal activities from which the Group generates its revenue are set out below.

Ferries division

Product or Service	Nature and satisfaction of performance obligation
Passenger Transport	Passenger revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue until the single performance obligations to transport the passenger from departure point to destination point is satisfied. The price is fixed at the time of booking. Where a customer is eligible to participate in loyalty programmes, the price is allocated based on the relative stand-alone selling price or expected selling price based on company data. Deferred revenue is reduced for any refund paid to a customer where the Company is unable to complete the performance obligation. Ticket breakage, i.e. deferred untravelled revenue for no shows, is recognised in full once the original booked travel date has expired based on a no refund policy.
RoRo freight	RoRo freight revenue is recognised over time as services are provided. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue until the single performance obligation to transport the freight unit from departure point to destination point is satisfied. The price is fixed at the time of booking or is otherwise variable if the customer has an active rebate arrangement. The contract price less the estimates of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue until paid.
On Board Sales	Revenue from sales in bars and restaurants is recognised at the time of sale. The Group recognises a single contract for all goods and services in a transaction basket at the time of transaction with payment received at the same time. There is a single identifiable obligation to transfer title with the price fixed at the time of transaction.
Retail Concessions	Revenues earned from retail concessions is recognised over time based on declarations received up to the reporting date. For each concession the Group recognises a single contract involving the grant of a licence or creation of a right to provide services on board vessels creating a single identifiable obligation. The price is treated as variable based on a percentage of sales.

2. Summary of accounting policies – continued

Container and Terminal division

Product or Service	Nature and satisfaction of performance obligation
Container Shipping	LoLo container shipping revenue is recognised over time based on effort expended on each activity (collection, shipping and delivery) undertaken in fulfilment of obligations. Contracts are concluded during the booking process with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised as deferred revenue until the single performance obligation to transport the container from collection point to delivery point is satisfied. The price is fixed at the time of booking.
Stevedoring	Stevedoring revenue is recognised over time in line with the number of containers loaded or discharged onto vessels in fulfilment of obligations. Contracts are concluded with customers covering services to be provided over time with a high degree of probability of collection of the sales proceeds. Sales proceeds are recognised once the performance obligations are satisfied i.e. the loading or discharge of a vessel. The price is fixed at the time of contract or is otherwise variable if the customer has an active rebate arrangement. The contract price less the best estimate of the most probable rebate amount is allocated to the performance obligation with the rebate amount retained in deferred revenue. As rebates are paid to customers amounts included in deferred revenue are released with experience adjustments included as revenue.

Leasing

The Group and Company has applied IFRS 16: Leases effective from 1 January 2019 and has applied the below policy at (i) in respect of recognition and measurement of right of use assets and related lease liabilities in respect of financial year 2019. The prior period has not been restated. In prior periods accounting for leases was performed as set out in IAS 17: Leases as per the policy set out at (ii) below.

(i) Lease accounting policy effective from 1 January 2019

Identifying a lease

Where a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration it is treated as a lease.

(a) As Lessee

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

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

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

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

(b) As Lessor

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

Lease payments receivable arising from the grant of a right to use vessel which does not meet the requirement of a finance lease are recognised as revenue on a straight line basis over the term of the relevant charter. The provision of operation and maintenance services is recognised on a daily basis at the applicable daily rate under the terms of the charter.

(ii) Lease accounting policy effective prior to 1 January 2019

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.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. The capital element of future lease rentals is treated as a liability and is included in the Consolidated Statement of Financial Position 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 as a reduction of the rental expense.

Concession and Licence agreements

Payments made under concession arrangements, where the Group benefits from the use of an asset or right and the obligation to make the payments has not been recognised in the Statement of Financial Position as a lease obligation, are charged to the Consolidated Income Statement as the rights conferred under the terms of the arrangement are consumed.

Benefits received and receivable as an incentive to enter into a concession agreement are also spread on a straight-line basis over the agreement term as a reduction of the expense.

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

2. Summary of accounting policies – continued

Non-trading items
The Group treats material items either individually or, if of a similar type, in aggregate, that derive from events or transactions that fall outside the ordinary activities of the Group as non-trading items. Non-trading items are presented separately on the face on the Consolidated Income Statement, separately disclosing any tax effects.

Foreign currencies
The individual financial statements of each Group entity are prepared 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 the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlements of monetary items and on the retranslation of monetary items, are included in the Consolidated Income Statement for the financial year.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are expressed in Euro using exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly 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 recognised in the Consolidated Statement of Comprehensive Income and accumulated in equity in the 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).

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and on borrowings and other currency instruments of such investments, are recognised in other comprehensive income and accumulated in equity.

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.

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 financial year in which they are incurred.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

The interest expense component of lease payments relating to lease obligations as a lessee are recognised in the Consolidated Income Statement using the effective interest rate method.

The net interest cost on defined benefit obligations is recognised in the Consolidated Income Statement under finance costs in accordance with IAS 19 Employee Benefits.

Interest Income

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 on initial recognition.

Retirement benefit schemes

Defined benefit obligations

For defined benefit obligations, the cost of providing benefits and the liabilities of the schemes are determined using the projected unit credit method with assets valued at bid price and actuarial valuations being carried out by independent and professionally qualified actuaries at each statement of financial position date. Current service costs, past service cost, or credit, and net interest expense or income are recognised in the Consolidated Income Statement. Adjustments in respect of a settlement, a curtailment and past service cost, or credit, are recognised in the Consolidated Income Statement in the period of a plan amendment. Remeasurement comprising, actuarial gains and losses is reflected in the Statement of Financial Position with a charge or credit recognised in the Consolidated Statement of Comprehensive Income in the period in which they occur.

The net interest cost on defined benefit obligations has been recorded in the Consolidated Income Statement under finance costs. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In addition to the pension schemes operated by the Group, certain employees are included in the Merchant Navy Officers Pension Fund (MNOPF). As the Group has no control over the calls for contributions made from the MNOPF, it has determined that the fund should be accounted for as a defined benefit obligation and its liability recognised accordingly. The Group's share of the MNOPF deficit as advised by the trustees is included with the other Group schemes.

The retirement benefit obligation recognised in the Consolidated Statement of Financial Position represents the deficit or surplus in the Group's defined benefit obligations. Any surplus 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.

Defined contribution pension schemes

Payments to defined contribution pension schemes are recognised as an expense as they fall due. Any contributions outstanding at the period end are included as an accrual in the Consolidated Statement of Financial Position.

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 Consolidated 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 statement of financial position date.

2. Summary of accounting policies – continued

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. In accordance with the IFRIC guidance on IAS 12 Income Taxes, the tonnage tax charge is included within other operating expenses in the Consolidated Income Statement.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of 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 statement of financial position 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 (other than in a business combination) 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 statement of financial position 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 based on tax laws and rates that have been enacted at the statement of financial position date. Deferred tax is charged or credited to the Consolidated Income Statement, except when it relates to items charged or credited directly to the Consolidated Statement of Comprehensive Income or is 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
Vessels
Vessels are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on vessels is charged so as to write off the cost or deemed cost less residual value over the estimated economic useful life on a straight line basis. The amount initially recognised in respect of Ro-pax ships less estimated residual value, is allocated between hull and machinery and hotel and catering elements for depreciation purposes. In respect of LoLo vessels, all value is attributed to hull and machinery.

In considering residual values of ships, the Directors have taken into account the valuation of the scrap value of the ships per light displacement tonne. Residual values are reviewed annually and updated if required. Estimations of economic life and residual values of ships are a key accounting judgement and estimate in the financial statements. Any change in estimates are accounted for prospectively.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

The estimated economic useful lives of vessels are as follows;

Hull and Machinery	
• Conventional Ro-pax Ships	30 - 35 years
• Fast ferries	15 - 25 years
• LoLo	25 years
Hotel and Catering	10 years

For conventional ferries, hull and machinery components are depreciated over an initial estimated useful life of 30 years but this is reviewed on a periodic basis for vessels remaining in service 25 years after original construction.

Drydocking

Costs incurred in renewing the vessel certificate are capitalised as a separate component under vessels in tangible fixed assets and depreciated over the period to the next expected dry-docking required for certificate renewal. Costs and accumulated depreciation relating to expired certificates are treated as disposals.

Other assets

Property, plant and equipment, other than passenger ships and freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land is stated at cost and is not depreciated. The carrying values of other assets 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.

The amount initially recognised in respect of an item of other assets is allocated to its significant parts and each such part is depreciated separately. In respect of stevedoring equipment related costs are allocated between structural frame and machinery.

Depreciation on property, plant and equipment other than vessels and right of use assets where ownership is transferred at the end of the lease term is charged so as to write off the cost, other than freehold land and assets under construction, over the estimated economic useful lives, using the straight-line method, on the following bases:

Buildings	0.7% - 10%
Plant Equipment and vehicles	4% - 25%

Right of use assets held under leases where ownership is not transferred at the end of the lease term are depreciated over the shorter of their expected useful lives or the lease term.

Assets under construction, the construction of which takes a substantial period of time are recorded at the cost incurred to date less any impairment loss 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. Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of the assets up to the date of substantial completion.

2. Summary of accounting policies – continued

Gains or losses on the disposal of property, plant and equipment represent the difference between the net proceeds and the carrying value at the date of sale. Income is accounted for when there is an unconditional exchange of contracts, or when all necessary terms and conditions have been fulfilled.

Intangible assets

Costs incurred on the acquisition and commissioning of computer software are capitalised, as are costs directly associated with developing computer software programmes, if it is probable that the expected future economic benefits that are attributable to these assets will flow to the Group and the cost of these assets can be measured reliably. Computer software costs recognised as assets are written off on a straight-line basis over their estimated useful lives, which is normally 5 years.

Impairment of property, plant and equipment and intangible assets

At each statement of financial position date, the Group performs a review to ascertain whether there are any indications of impairment which may affect carrying amounts of its property, plant and equipment and intangible assets. If any such indications exist, the recoverable amount of the asset is estimated in order to determine whether the affected assets have actually suffered an impairment loss. Where an 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.

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 or cash generating unit is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

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 units) in prior years. A reversal of an impairment loss is recognised as income immediately.

Inventories

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

Treasury shares

Consideration paid to purchase the Company'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.

Where shares are cancelled an amount equivalent to the nominal value of the cancelled shares is transferred from retained earnings to the capital redemption reserve.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

Financial instruments

Financial assets and financial liabilities are recognised on the Group's Statement of Financial Position 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 subsequently measured at amortised cost, using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, 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 fair value, net of transaction costs incurred. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for in the 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 subsequently at amortised cost using the effective interest rate method.

Trade payables

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

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 uses 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.

2. Summary of accounting policies – continued

Derivative financial instruments are held in the Consolidated Statement of Financial Position 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 other comprehensive income. 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 was previously recognised in other comprehensive income and accumulated 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 accumulated in equity are recognised in the Consolidated Income Statement in the same period in which the hedged item affects profit or loss.

Changes in fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the Consolidated 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 accumulated in equity is retained in equity until the forecasted transactions occur. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss accumulated in equity is transferred to the Consolidated Income Statement in the period.

Contingent liability

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

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 statement of financial position date, and are discounted to present value where the effect is material.

Financial guarantee contracts

Where the Group enters into financial guarantee contracts to guarantee the indebtedness of other parties, the Group considers these to be insurance arrangements and accounts for them as such. The Group treats the guarantee contract as a contingent liability until such time it becomes probable that the Group will be required to make a payment under the guarantee.

Share based payments

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 expected to vest as a result of the effect of non-market based vesting conditions.

For awards where vesting will be determined by market based vesting conditions, those granted prior to 1 January 2019 were fair value measured using a binomial pricing model. Monte-carlo modelling was used for awards granted after 1 January 2019.

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.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

2. Summary of accounting policies – continued

Employee benefits expense

Wages, salaries, bonuses, social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by the employees of the Group. A liability for a termination benefit is recognised at the earlier of when an entity can no longer withdraw the offer of the termination benefit and the entity recognises any related restructuring costs.

Distributions

Distributions are accounted for when they are paid, through retained earnings. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably). Dividends received from fellow subsidiaries are eliminated on consolidation.

Operating profit

Operating profit is stated after non-trading items arising from continuing operations.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and Company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities. 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 on-going basis.

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

Estimates

Post-employment benefits

The Group's and Company's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually. 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 scheme assets is also sensitive to asset return levels and the level of contributions from the Group and Company. Further details are set out in note 33.

The Group and Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is in deficit. Under the rules of the fund all employers are jointly and severally liable for the deficit. The deficit included in the Financial Statements for the Group and Company represents an apportionment of the overall scheme deficit based on notification received from the trustees which is currently 1.53% for the Group and 0.51% for the Company, less any deficit payments made. Should other participating employers' default on their obligations, the Group and Company will be required to absorb a larger share of the scheme deficit calculated in the same manner as the current apportionment.

Useful lives for property, plant and equipment

Long-lived assets comprising primarily of property, plant and equipment 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 reviews these lives and change them if necessary to reflect current conditions. In determining these useful lives management considers technological change, patterns of consumption, physical condition and expected economic utilisation of the asset. Changes in the useful lives or residual values 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. Further details are set out in note 13.

3. Critical accounting judgements and key sources of estimation uncertainty – continued

Critical accounting judgements

Impairment

The Group assessed its property, plant and equipment and intangible assets to determine if there were any indications of impairment. Factors considered in identifying whether there were any indications of impairment included the economic performance of assets, technological developments, new rules and regulations, shipbuilding costs and carrying value versus market capitalisation of the Group. No internal or external indications of impairment were identified for any material asset and consequently no impairment review was performed.

Leases – non-cancellable lease term and incremental borrowing rate

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

Leases – incremental borrowing rate

The Group has applied judgement in estimating the incremental borrowing rate applicable to long-term land leases with terms ranging from 77 to 103 years, periods significantly beyond normal borrowing periods available to the Group and in the market generally. In these circumstances the incremental borrowing rate was estimated through a combination of consideration of longer-term property yields and extrapolation of corporate bond yields for an equivalent duration of the underlying lease.

Going Concern

The Directors have satisfied themselves that the Group and Company are going concerns having adequate financial resources to continue in operational existence for the foreseeable future. In forming their view the Directors have taken into consideration the future financial requirements of the Group and Company and available financial resources comprising cash and available undrawn loan facilities.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

4. Segmental information

Business segments

The Executive 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. These segments are the basis on which the Group reports internally and are the only two revenue generating segments of the Group.

The Ferries segment derives its revenue from the operation of combined RoRo passenger ferries and the chartering of vessels. The Container & Terminal segment derives its revenue from the provision of door-to-door and feeder LoLo freight services, stevedoring and other related terminal services.

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

	Ferries €m	Container & Terminal €m	Inter-segment €m	Total €m
Revenue				
2019				
External revenue	204.2	153.2	-	357.4
Inter-segment revenue	8.2	1.2	(9.4)	-
Total	**212.4**	**154.4**	**(9.4)**	**357.4**
2018				
External revenue	188.1	142.1	-	330.2
Inter-segment revenue	8.1	1.2	(9.3)	-
Total	**196.2**	**143.3**	**(9.3)**	**330.2**

Inter-segment revenue is at prevailing market prices. The inter-segment revenue in the Ferries division in 2019 of €8.2 million (2018: €8.1 million) primarily relates to container vessels which are on time charter to the Group's container shipping subsidiary Eucon.

Revenue has been disaggregated into categories which reflect how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. As revenues are recognised over short time periods of no more than days, a key determinant to categorising revenues is whether they principally arise from a business to customer (passenger contracts) or a business to business relationship (freight and charter contracts) as this impacts directly on the uncertainty of cash flows.

	Ferries		Container & Terminal		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Revenue						
Passenger	112.7	109.2	-	-	112.7	109.2
Freight	86.2	76.8	153.2	142.1	239.4	218.9
Chartering and other	5.3	2.1	-	-	5.3	2.1
Total	**204.2**	**188.1**	**153.2**	**142.1**	**357.4**	**330.2**

4. Segmental information – continued

For the year ended 31 December 2019 €338.8 million was recognised over time (2018: €312.0 million) and €18.6 million was recognised at a point in time (2018: €18.2 million). No single external customer in the current or prior financial year amounted to 10 per cent or more of the Group's revenues.

	Ferries		Container & Terminal		Total	
	2019 €m	2018 €m	2019 €m	2018 €m	2019 €m	2018 €m
Result						
Operating profit	36.4	34.2	13.6	12.1	50.0	46.3
Finance income	0.1	0.2	-	-	0.1	0.2
Finance costs	(2.0)	(0.6)	(1.5)	(0.4)	(3.5)	(1.0)
Non-trading items	14.9	13.7	-	-	14.9	13.7
Profit before tax	49.4	47.5	12.1	11.7	61.5	59.2
Income tax expense	(0.4)	(0.5)	(0.9)	(0.9)	(1.3)	(1.4)
Profit for the financial year	49.0	47.0	11.2	10.8	60.2	57.8
Statement of Financial Position						
Assets						
Segment assets	391.1	334.4	89.8	55.2	480.9	389.6
Cash and cash equivalents	79.8	94.5	31.1	30.2	110.9	124.7
Consolidated total assets	**470.9**	**428.9**	**120.9**	**85.4**	**591.8**	**514.3**
Liabilities						
Segment liabilities	34.6	31.9	29.4	24.5	64.0	56.4
Borrowings	183.3	204.3	56.6	0.7	239.9	205.0
Consolidated total liabilities	**217.9**	**236.2**	**86.0**	**25.2**	**303.9**	**261.4**
Other segment information						
Capital additions	43.8	79.1	2.0	3.5	45.8	82.6
Right of use asset additions	-	-	12.5	-	12.5	-
Depreciation and amortisation	30.8	19.4	6.0	2.7	36.8	22.1

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

4. Segmental information – continued

	Ferries		Container & Terminal		Total	
	2019	2018	2019	2018	2019	2018
	€m	€m	€m	€m	€m	€m
Operating expenses						
Fuel	34.7	33.7	14.6	14.5	49.3	48.2
Labour costs	25.1	24.4	7.5	6.7	32.6	31.1
Port costs	41.9	39.7	30.9	29.4	72.8	69.1
Other costs	25.6	27.6	75.9	72.3	101.5	99.9
Intersegment costs	(1.2)	(1.2)	(8.2)	(8.1)	(9.4)	(9.3)
Total operating costs	**126.1**	**124.2**	**120.7**	**114.8**	**246.8**	**239.0**

Geographic analysis of revenue by origin of booking

	2019	2018
	€m	€m
Revenue		
Ireland	177.9	156.7
United Kingdom	66.7	64.3
Netherlands	63.8	60.8
Belgium	32.8	29.9
France	5.8	6.3
Other	10.4	12.2
Total	**357.4**	**330.2**

Geographic analysis of location of property, plant and equipment

	2019	2018
	€m	€m
Property, plant and equipment		
Vessels at sea/ assets in transit/ under construction		
Vessels	283.9	272.6
Containers	4.4	5.8
	288.3	278.4
On Shore		
Ireland	28.1	28.6
Other	0.7	0.7
	28.8	29.3
Carrying amount at 31 December	**317.1**	**307.7**

Due to the mobile nature of some of the assets in property, plant and equipment, their location is not always fixed.

5. Employee benefits expense

	2019	2018
The average number of employees during the financial year was as follows:		
Ferries	218	218
Container & Terminal	91	92
	309	310
The number of employees at the financial year-end was	**307**	**311**

	2019 €m	2018 €m
Aggregate costs of employee benefits were as follows:		
Wages and salaries	18.7	17.8
Social insurance costs	1.8	1.7
Defined benefit obligations – current service cost (note 33 vii)	1.5	1.7
Defined benefit obligations – curtailment gain (note 33 vii)	(0.1)	(0.5)
Defined contribution pension scheme – pension cost (note 33)	0.4	0.2
Share-based payment expense (note 32)	2.1	2.4
Total employee benefit costs incurred	24.4	23.3
Wages and salaries costs capitalised	(0.1)	(0.5)
Total employee benefit expensed in the Income Statement	**24.3**	**22.8**

Staff costs of €0.1 million were capitalised during the financial year (2018: €0.5 million) in relation to management and supervision of the contracts for the construction of new vessels. Of the total employee expense of €24.3 million, €0.5 million comprising €0.3 million wages and salaries and €0.2 million share based payment expense was included within the non-trading item (note 10).

6. Finance income

	2019 €m	2018 €m
Interest on bank deposits	0.1	0.1
Net interest income on defined benefit obligations (note 33 vii)	-	0.1
Total Finance income	**0.1**	**0.2**

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

7. Finance costs

	2019 €m	2018 €m
Interest on bank overdrafts and loans	2.5	0.9
Interest on lease obligations	1.0	0.1
Net interest cost on defined benefit obligations (note 33 vii)	-	-
Total finance costs	**3.5**	**1.0**

8. Income tax expense

	2019 €m	2018 €m
Current tax	1.2	1.5
Deferred tax (note 25)	0.1	(0.1)
Total income tax expense for the financial year	**1.3**	**1.4**

The Company and its Irish tax resident subsidiaries have elected to be taxed under the Irish tonnage tax scheme. Under the tonnage tax scheme, taxable profit on eligible activities is calculated on a specified notional profit per day related to the tonnage of the ships utilised. In accordance with the IFRIC clarification of tonnage taxes issued May 2009 the tonnage tax charge is not considered an income tax expense under IAS 12 Income Taxes, 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 scheme. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. The income tax expense for the year includes a current tax charge of €1.2 million and a deferred tax expense of €0.1 million.

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

	2019 €m	2018 €m
Profit before tax	61.5	59.2
Tax at the domestic income tax rate of 12.5% (2018: 12.5%)	7.7	7.4
Effect of tonnage relief	(6.8)	(5.6)
Net utilisation of tax losses	-	(0.1)
Difference in effective tax rates	0.3	0.4
Other items	0.1	(0.7)
Income tax expense recognised in the Consolidated Income Statement	**1.3**	**1.4**

9. Profit for the year

	2019 €m	2018 €m
Profit for the year arrived at after charging:		
Depreciation of property, plant and equipment (note 13)	27.5	21.9
Amortisation of intangible assets (note 14)	0.2	0.2
Depreciation of right to use assets (note 15)	9.1	-
Net depreciation cost	**36.8**	**22.1**
Fuel	49.3	48.2
Labour charges	32.6	31.1
Port charges	72.8	69.1
Other operating costs	92.1	90.6
Operating costs	**246.8**	**239.0**
Gains on disposal of property, plant and equipment		
Disclosed as non-trading item	(14.9)	(13.7)
Disclosed as operating cost	(0.1)	(1.4)
Foreign exchange (gains)/ losses	**(0.2)**	**0.3**
Expenses relating to lease payments not included in the measurement of the lease liability		
Short term leases	6.1	-
Variable lease payments	0.6	-
Group Auditors' remuneration:	€'000	€'000
Total Group audit fee	222.0	215.0
Audit of the subsidiary financial information	26.5	26.5
Tax advisory services	35.0	47.0
Other non-audit services	1.5	1.5
	285.0	**290.0**

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

10. Non-trading items

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

The gross consideration of €28.9 million is receivable over 72 months. This amount less related commissions has been discounted to estimated present value of €24.5 million at a discount rate of 4.0% and has been treated as a finance lease receivable (note 16).

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

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

	2019 €m	2018 €m
Consideration		
Gross consideration	28.9	15.5
Gain on disposal of vessel		
Consideration (net of commissions)	28.2	15.1
Effect of discounting	(3.7)	-
Present value of net consideration (note 16)	24.5	15.1
Disposal costs	(0.5)	(0.1)
Employee benefit costs associated with disposal	(0.5)	(0.2)
Net proceeds	**23.5**	**14.8**
NBV of vessel disposed of	(8.6)	(1.1)
Gain on disposal	**14.9**	**13.7**

The total amount included in the Consolidated Cashflow Statement in respect of the disposal of the Oscar Wilde in the period ended 31 December 2019 is €1.6 million. This comprises instalments received net of leasing income of €2.4 million (note 16) less disposal costs of €0.5 million and the cash element of the employee benefit cost €0.3 million. In the prior period the full net proceeds relating to the sale of the Jonathan Swift of €14.8 million were received in the period.

11. Dividends

	2019 €m	2018 €m
Final dividend of 8.56c per ICG Unit for financial year ended 31 December 2018 (2017: 8.15c)	16.3	15.5
Interim dividend of 4.42c per ICG Unit for the financial year ended 31 December 2019 (2018:4.21 c)	8.4	8.0
	24.7	23.5

The Board is proposing a final dividend of 8.99 cent per ICG Unit amounting to €16.8 million in respect of the results for the financial year ended 31 December 2019.

12. Earnings per share

	2019 '000	2018 '000
Weighted average number of ordinary shares for the purposes of basic earnings per share	189,797	190,037
Effect of dilutive potential ordinary shares: Share options	1,143	1,405
Weighted average number of ordinary shares for the purpose of diluted earnings per share	190,940	191,442

The denominator for the purposes of calculating both basic and diluted earnings per share has been adjusted to reflect shares issued during the year (note 20).

The earnings used in both the adjusted basic and adjusted diluted earnings per share are adjusted to take into account the net interest on defined benefit obligations (note 33) and the effect of non-trading items after tax.

The prior year reported adjusted basic earnings per share and adjusted diluted earnings per share has been represented to include the tax effect on non-trading items.

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:

	2019 €m	2018 €m
Earnings		
Earnings for the purposes of basic and diluted earnings per share -		
Profit for the financial year attributable to equity holders of the parent	60.2	57.8
Non-trading item after tax (note 10)	(14.9)	(13.7)
Net interest cost on defined benefit obligations (note 33 vii)	-	(0.1)
Earnings for the purposes of adjusted basic and diluted earnings per share	**45.3**	**44.0**

	2019 Cent	2018 Cent
Basic earnings per share	31.7	30.4
Diluted earnings per share	31.5	30.2
Adjusted basic earnings per share	23.8	23.1
Adjusted diluted earnings per share	23.7	23.0

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. Share options outstanding at 31 December are set out in note 32. Of the 2,496,500 (2018: 2,399,000) vested options at 31 December 2019, the dilutive effect is 1,143,000 ordinary shares (2018: 1,405,000 ordinary shares).

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

13. Property, plant and equipment

	Assets under Construction €m	Vessels €m	Plant Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2018	103.5	286.7	56.1	26.9	473.2
Additions	61.5	16.4	4.1	0.6	82.6
Reclassification	(4.0)	-	4.0	-	-
Disposals	-	(24.8)	(0.8)	(1.6)	(27.2)
Currency adjustment	-	(0.2)	-	-	(0.2)
At 31 December 2018	161.0	278.1	63.4	25.9	528.4
Adjustment on application of IFRS 16 (note 30)	-	-	(4.7)	-	(4.7)
Additions	2.8	40.6	2.3	0.1	45.8
Reclassification	(156.9)	156.9	-	-	-
Disposals	-	(47.5)	(0.8)	-	(48.3)
Currency adjustment	-	1.0	0.2	-	1.2
At 31 December 2019	**6.9**	**429.1**	**60.4**	**26.0**	**522.4**
Accumulated depreciation					
At 1 January 2018	-	171.8	42.7	9.2	223.7
Depreciation charge for the financial year	-	18.3	3.2	0.4	21.9
Eliminated on disposals	-	(23.4)	(0.8)	(0.7)	(24.9)
Currency adjustment	-	-	-	-	-
At 31 December 2018	-	166.7	45.1	8.9	220.7
Adjustment on application of IFRS 16 (note 30)	-	-	(3.5)	-	(3.5)
Depreciation charge for the financial year	-	24.1	3.0	0.4	27.5
Eliminated on disposals	-	(38.9)	(0.8)	-	(39.7)
Currency adjustment	-	0.2	0.1	-	0.3
At 31 December 2019	**-**	**152.1**	**43.9**	**9.3**	**205.3**
Carrying amount					
At 31 December 2019	**6.9**	**277.0**	**16.5**	**16.7**	**317.1**
At 31 December 2018	161.0	111.4	18.3	17.0	307.7

Assets previously designated as held under finance leases under the previous leasing standard were reclassified as right of use assets on the initial application of IFRS 16: Leases at 1 January 2019. Further information is provided at note 30.

13. Property, plant and equipment – continued

In accordance with IAS 16, the property, plant and equipment of the Group and Company has been reviewed in relation to the residual values used for the purpose of depreciation calculations. In considering residual values of passenger ships, the Directors have taken into consideration the valuation of the scrap value of the ships per light displacement tonne. Residual values are reviewed annually and updated where the Directors consider the latest estimates of residual value estimates would lead to a significant change in depreciation charges.

Estimations of economic life and residual values of ships are a key judgemental estimate in the financial statements. A 10% increase/ decrease in residual values of ships would have a €0.2 million (2018: €0.2 million) decrease/ increase on depreciation in the Consolidated Income Statement and a €0.2 million (2018: €0.2 million) increase/ decrease on the carrying value of property, plant and equipment in the Statement of Financial Position. In relation to the remaining estimated economic life of the ships, a one year increase/ decrease would have a €0.8 million (2018: €1.6 million) decrease/ €1.0 million (2018: €2.3 million) increase in depreciation in the Consolidated Income Statement, and a €0.8 million (2018: €1.6 million) increase/ €1.0 million (2018: €2.3 million) decrease on the carrying value of property, plant and equipment in the Statement of Financial Position.

Assets under construction at 31 December 2019 amounted to €6.9 million of which €6.4 million relates to a vessel under construction and the balance relates to other works. Deposits paid for the construction or delivery of assets in excess of work completed at the Statement of Financial Position date are treated as prepayments and included in Trade and other receivables.

During the year the vessel W.B. Yeats, which had been delivered to the Group in December 2018, completed final certifications entering service on 22 January 2019. Costs related to this vessel of €156.9 million were reclassified from Assets under Construction to Vessels on final certification.

During the year ended 31 December 2019 additions to assets under construction included staff costs of €0.1 million (2018: €0.5 million) and interest costs of €1.4 million (2018: €1.6 million).

14. Intangible assets

	2019 €m	2018 €m
Cost		
At 1 January	10.3	10.2
Additions	0.2	0.1
At 31 December	**10.5**	**10.3**
Amortisation		
At 1 January	9.9	9.7
Charge for the financial year	0.2	0.2
At 31 December	**10.1**	**9.9**
Carrying amount		
At 31 December	**0.4**	**0.4**
At 1 January	0.4	0.5

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

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

15. Right of use assets

	Vessels €m	Plant and Equipment €m	Land and Buildings €m	Total €m
Cost				
At 31 December 2018	-	-	-	-
Re-classed from property, plant and equipment	-	4.7	-	4.7
Initial application of IFRS 16	10.9	1.8	18.3	31.0
At 1 January 2019	**10.9**	**6.5**	**18.3**	**35.7**
Additions	-	1.7	10.8	12.5
Currency adjustment	-	-	0.4	0.4
At 31 December 2019	**10.9**	**8.2**	**29.5**	**48.6**
Accumulated depreciation				
At 31 December 2018	-	-	-	-
Re-classed from property, plant and equipment	-	3.5	-	3.5
Initial application of IFRS 16	-	-	-	-
At 1 January 2019	-	3.5	-	3.5
Charge for period	5.7	1.2	2.2	9.1
At 31 December 2019	5.7	4.7	2.2	12.6
Carrying amount				
At 31 December 2019	**5.2**	**3.5**	**27.3**	**36.0**
At 31 December 2018	-	-	-	-

The Group's applied IFRS: 16 Leases with effect from 1 January 2019 as set out at note 2 Accounting Policies. At initial application, the Group recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018. The impact of the application of IFRS 16 is set at note 30.

Right of use assets are depreciated on a straight line basis over the lease term. Vessels include a lease contract expiring in November 2020 over which the Group retains an option to renew for a further year which at 31 December 2019, it was not reasonably certain that this option would be exercised. Plant and equipment mainly relates to containers used in the Group's container fleet leased under various master agreements with an average remaining term of 3.1 years. Land and buildings comprised (i) leased land at Dublin Port from which the Group operates a container terminal where the average remaining lease term was 95 years and (ii) a concession agreement at Belfast Harbour from which the Group operates a container terminal where the average remaining lease term was 6.7 years.

16. Lease receivable

	2019 €m	2018 €m
At 1 January 2019	-	-
Sale of vessel (note 10)	24.5	-
Amounts received	(2.9)	-
Net benefit recognised in period	0.5	-
At 31 December 2019	**22.1**	**-**

During the period, the Group entered into a bareboat hire purchase sale agreement for the disposal of the vessel Oscar Wilde (note 10). Legal title to the vessel transfers to the lessor only on payment of the final instalment. The deferred consideration has been treated as a finance lease receivable at an amount equivalent to the net investment in the lease.

Amounts received less the net benefit recognised in the period, a total of €2.4 million has been recognised in the Consolidated Statement of Cashflows as proceeds on disposal of property, plant and equipment (see note 10).

The amounts receivable under the agreement at 31 December were as follows;

	2019 €m	2018 €m
Within one year	3.6	-
Between 1 and 2 years	3.6	-
Between 2 and 3 years	3.6	-
Between 3 and 4 years	3.6	-
Between 4 and 5 years	3.6	-
Greater than 5 years	7.3	-
Undiscounted payments receivable	25.3	-
Unearned income	(3.2)	-
Present value of payments receivable / Net investment in the lease	22.1	-
Analysed as:		
Current finance lease receivable	2.7	-
Non – current finance lease receivable	19.4	-
	22.1	-

The Group is not exposed to foreign currency risk as a result of the lease arrangement, as it is denominated in Euro. Residual value risk on the vessel under lease is not significant, because of the existence of a secondary market in vessels.

The Directors of the Company estimate the loss allowance on the finance lease receivable at 31 December at an amount equal to lifetime expected credit losses. None of the finance lease receivable at 31 December 2019 was past due, and taking into account the historical payment experience together with the retention of legal title the Directors of the Group consider that no provision for expected credit losses is required.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

17. Inventories

	2019 €m	2018 €m
Fuel and lubricating oil	2.8	2.9
Catering and other stocks	0.3	0.4
	3.1	**3.3**

The Directors consider that the carrying amount of inventories approximates their replacement value.

Cost of inventories recognised as an expense in the Consolidated Income Statement amounted to €57.1 million during the financial year (2018: €55.0 million).

18. Trade and other receivables

	2019 €m	2018 €m
Trade receivables	44.8	40.3
Allowance for expected credit losses	(1.5)	(1.4)
	43.3	38.9
Prepayments	43.4	35.3
Finance Lease receivable (note 16)	2.7	-
Other receivables	3.0	1.5
	92.4	**75.7**

The Group and Company extend credit to certain trade customers after conducting a credit risk assessment. Year-end trade receivables represent 46 days sales at 31 December 2019 (2018: 45 days). Prepayments includes €28.9 million relating to a €33.0 million deposit on a vessel under construction less amount recognised in property plant and equipment and further amounts of €8.1 million relating to deposits on capital works due to be carried out post year end.

18. Trade and other receivables – continued

The Group's trade receivables are analysed as follows:

	Gross value 2019 €m	Expected Credit Losses 2019 €m	Net value 2019 €m	Gross value 2018 €m	Expected Credit Losses 2018 €m	Net value 2018 €m
Not past due						
Within terms	39.9	1.2	38.7	35.6	(1.0)	34.6
Past due						
Within 3 months	4.4	0.2	4.2	3.9	(0.3)	3.6
After 3 months	0.5	0.1	0.4	0.8	(0.1)	0.7
	44.8	**(1.5)**	**43.3**	**40.3**	**(1.4)**	**38.9**

Risk of expected credit losses

The Group has applied the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables as these items do not have a significant financing component. The concentration of credit risk is limited due to the exposure being spread over a large number of counterparties and customers. In measuring the expected credit losses, the trade receivables have been grouped by shared credit risk characteristics and by days past due. The expected loss rates are heavily influenced by the past rate of actual credit losses. Trade receivables are written off when there is no reasonable expectation of recovery.

Movement in the allowance for doubtful debts

	2019 €m	2018 €m
Balance at beginning of the financial year	1.4	1.5
Increase/(decrease) in allowance during the financial year	0.1	(0.1)
Balance at end of the financial year	**1.5**	**1.4**

The amount included in prepayments relating to a shipyard deposit is secured through letters of credit issued by high quality insurers. In relation to the amounts paid as deposits on other capital works, significant progress on these works had been completed by the financial statement approval date. No allowance has been made for expected credit losses on prepayments and other receivables as they were assessed as not being impaired at 31 December 2019.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

19. Cash and cash equivalents

For the purposes of the statement of cashflows, 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 cashflows:

	2019 €m	2018 €m
Cash and cash equivalents	110.9	124.7

Cash and cash equivalents comprise cash held by the Group and Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value. 95% of the cash and cash equivalents were on deposit in institutions rated A2 or above by Moodys. The Directors consider the credit risk of these counterparties to be compatible with the Group's credit policy and operational requirements.

The geographic spread by deposit institution for the Group was as follows:

	2019 €m	2018 €m
Ireland	83.3	97.8
United Kingdom	0.2	0.3
Europe	27.4	26.6
Total	**110.9**	**124.7**

The cash and cash equivalents figure of €110.9 million at 31 December 2019 includes a deposit of €2.9 million (2018: €2.4 million) over which the Group has granted a charge in favour of the Irish Ferries Pension Trustee Limited as continuing security for amounts due under a deficit funding agreement concluded with the Trustee on behalf of the Irish Ferries Limited Pension Scheme.

20. Share capital

Group and Company

Authorised	2019 Number	2019 €m	2018 Number	2018 €m
Ordinary shares of par value €0.065 each	450,000,000	29.3	450,000,000	29.3
Redeemable shares of par value €0.00001 each	4,500,000,000	0.0	4,500,000,000	0.0
		29.3		**29.3**

Allotted, called up and fully paid	2019 Number	2019 €m	2018 Number	2018 €m
Ordinary shares				
At beginning of the financial year	190,264,390	12.4	189,994,390	12.3
Share issue	55,000	-	270,000	0.1
Share buyback	(2,900,000)	(0.2)	-	-
At end of the financial year	**187,419,390**	**12.2**	**190,264,390**	**12.4**

20. Share capital – continued

There were no redeemable shares in issue at 31 December 2019 or 31 December 2018.

The Company has one class of share unit, an ICG Unit, which at 31 December 2019 comprised one ordinary share and nil redeemable shares. The share unit, nor any share therein, does not carry any right to fixed income.

The number of ICG Units issued during the year was 55,000 (2018: 270,000) and total consideration received amounted to €0.1 million (2018: €0.6 million). These ICG Units were issued under the Group's and Company's share option plans.

During the year the Company bought back 2,900,000 ICG Units on the market for prices ranging between €4.20 to €4.50 per ICG Unit. Total consideration paid of €12.9 million which was charged against retained earnings. The nominal value of the shares cancelled of €0.2 million was retained in a capital redemption reserve. The buybacks were conducted in line with the Group's capital management policy at prices which the directors considered were in the best interests of the remaining shareholders.

Holders of ordinary shares are entitled to such dividends 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 is entitled to participate in a distribution of surplus assets of the Company.
Redeemable shares do not entitle holders to any dividend nor 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 0.001 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.

21. Analysis of Equity

Group and Company

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 2018 the reserve balance stands at €0.1 million. The balance is unchanged from, 1 January 2018 and 1 January 2019.

The capital redemption reserve represents the nominal value of share capital repurchased. During the year €0.2 million was transferred from retained earnings representing the nominal value of shares cancelled. At 31 December 2019 the reserve balance stands at €7.4 million (2018: €7.2 million).

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 cumulative amount of gains and losses on hedging instruments arising from effective cash flow hedges. The cumulative deferred gain or loss on the hedging instrument is recognised in the Income Statement only when the hedged transaction impacts the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the applicable accounting policy.

Translation reserve

Exchange differences relating to the translation of the net assets and results of the Group's foreign currency denominated subsidiaries, from their functional currency into the Group's presentational currency, being Euro, are recognised directly in the translation reserve.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

22. Borrowings

	2019 €m	2018 €m
Bank loans	155.0	155.0
Private placement loan notes	50.0	50.0
Origination fees	(1.1)	(1.0)
Finance leases	-	1.0
	203.9	**205.0**
On demand or within one year	3.6	0.3
In the second year	15.3	3.9
In the third year	15.3	15.5
In the fourth year	15.3	15.4
Fifth year and after	154.4	169.9
	203.9	**205.0**
Less: Amount due for settlement within 12 months	(3.6)	(0.3)
Amount due for settlement after 12 months	**200.3**	**204.7**

Obligations under the Group borrowing facilities have been cross guaranteed by certain subsidiaries but are otherwise unsecured.

The currency profile of the Group's borrowings is set out in note 24 (iii).

Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2019 €m	2018 €m	2019 €m	2018 €m
Amounts payable under finance leases:				
Within one year	-	0.5	-	0.5
In the second to fifth years inclusive	-	0.6	-	0.5
	-	1.1	-	1.0
Less future finance charges	-	(0.1)	-	-
Present value of lease obligations	-	1.0	-	1.0
Less: amount due for settlement within 12months	-	(0.3)	-	(0.3)
Amount due for settlement after 12 months	**-**	**0.7**	**-**	**0.7**

22. Borrowings – continued

Amounts outstanding at 31 December 2018 were transferred to lease liabilities on the application of IFRS 16 Leases. The average effective borrowing rate for the financial year ended 31 December 2018 was 5.5%. Interest rates had been fixed at the contract date exposing the Group to fair value interest rate risk. All leases were on a fixed interest repayment basis.

Borrowing facilities

	2019 €m	2018 €m
Overdraft and trade guarantee facilities		
Amounts utilised – trade guarantee (note 37)	0.6	0.6
Amounts undrawn	15.4	15.4
Total committed overdraft facilities	**16.0**	**16.0**
Committed loan facilities		
Amounts drawn	205.0	205.0
Amounts undrawn	75.0	75.0
Total committed loan facilities	**280.0**	**280.0**
Uncommitted Facilities	**244.8**	**240.2**

At 31 December the Group had total committed loan and overdraft facilities of €296.0 million (2018: €296.0 million) which comprised of amounts utilised of €205.6 million (2018: €205.6 million) and amounts undrawn of €90.4 million (2018: €90.4 million). Uncommitted facilities relate to bank and private placement shelf agreements which are available for drawing at the discretion of the relevant lender. All borrowings at 31 December 2019 were unsecured and cross guaranteed by certain subsidiaries within the Group.

The Group's borrowing facilities comprise of the following;

(i) A bank overdraft and trade guarantee facility with permitted drawing amounts of €16.0 million. At 31 December 2019, €0.6 million (2018: €0.6 million) was utilised on this facility by way of trade guarantees and €nil was utilised as an overdraft. Interest rates are calculated by reference to the lender's prime rate plus a fixed margin. This facility, available for drawing by the Company and certain subsidiaries, is reviewed annually and is repayable on demand.

(ii) A multicurrency revolving credit facility with permitted drawing amounts of €75.0 million, which may be increased to €125.0 million in total at the discretion of the lenders on application. At 31 December 2019, €nil (2018: €nil) was drawn under this facility. Interest rates are arranged at floating rates, calculated by reference to EURIBOR or LIBOR settings depending on currency drawn plus an agreed margin which varies with the Group's net debt to EBITDA ratio, which creates a cash flow interest rate risk. This facility is available for drawing by the Company and certain subsidiaries and matures on 30 September 2024, having been extended by one year during 2019.

(iii) Amortising term loan facilities totalling €155.0 million made available by the European Investment Bank to fund the construction of two new cruise ferries one of which was delivered in December 2018 and the second being under construction. These facilities have been drawn in full and are repayable in equal instalments over a ten year period commencing December 2020 and ending during 2030. Interest rates are fixed for the duration of the term at rates ranging from 1.616% to 1.724%.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

22. Borrowings – continued

(iv) Multicurrency private placement loan note shelf agreements agreed with a number of investors with a potential drawing amount of €244.8 million. Loan notes for a total amount of €50.0 million with a maturity of 30 November 2024 at an interest rate of 1.40% have been issued under this facility. The remaining balance of €194.8 million total is available for drawing at the discretion of investors for an initial period up to 6 October 2020. Interest rates are set at each drawing date and maturity may extend for up to 15 years.

The weighted average interest rates paid during the financial year were as follows:

	2019	2018
Bank overdrafts	0.58%	0.63%
Bank loans	1.58%	1.55%

The average interest rates reflect the terms of the refinancing arrangements concluded in prior periods. No additional bank loans were drawn during 2019. Interest rates on all bank loans drawn in prior periods were fixed at date of drawdown. The Group's financing facilities contain provisions that where there is a change in control of the Company, lenders may cancel the facilities and declare all utilisations immediately due and payable. A change of control is where any person or Group of persons acting in concert becomes the owner of more than fifty per cent of the voting share capital of the Company.

In the opinion of the Directors, the Group and Company are in compliance with the covenants contained in its borrowing agreements as of 31 December 2019.

23. Lease liabilities

	2019 €m	2018 €m
At 31 December 2018	-	-
Initial application of IFRS 16	32.0	-
Liabilities created	12.5	-
Payments	(10.0)	-
Lease interest expense recognised in period	1.0	-
Currency Adjustment	0.5	-
At 31 December 2019	**36.0**	**-**
Analysed as:		
Current liabilities	8.4	-
Non-current liabilities	27.6	-
	36.0	**-**

The Group applied IFRS 16 Leases with effect from 1 January 2019 as set out at note 2 Accounting Policies. At initial application, the Group recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018. The impact of the application of IFRS 16 is set out at note 30.

23. Lease liabilities – continued

The maturity profile of lease liabilities is set out below.

	2019 €m	2018 €m
Committed lease obligations:		
Within one year	8.4	0.3
Between 1 and 2 years	2.9	0.7
Between 2 and 3 years	2.5	-
Between 3 and 4 years	2.3	-
Between 4 and 5 years	2.2	-
Greater than 5 years	17.7	-
	36.0	**1.0**

Outstanding lease terms vary from 1 to 7 years except in the case of leasehold land where the terms vary between 76 and 102 years. For the financial year ended 31 December 2019, the average incremental borrowing rate applying to lease liabilities was 3.1%. The incremental borrowing rate in the case of lease liabilities recognised on application of IFRS 16 was estimated at 1 January 2019 and in all other cases at the date of commencement of the lease. The incremental borrowing rate is estimated as that rate of interest available to the Group for borrowings over a similar term as the obligation to acquire a similar asset. The Group's obligations are secured by lessors' title to the leased assets.

All lease contracts relating to land and property contain market review clauses.

Lease obligations do not include any variable payments based on throughput of leased facilities, short term leases of less than 1 year or leases relating to low value assets. These are expensed as incurred and disclosed at note 9.

24. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks including market risk (such as interest rate risk, foreign currency risk, commodity price risk), liquidity risk and credit risk. The Group's funding, liquidity and exposure to interest and foreign exchange rate risks are managed by the Group's treasury and accounting departments. A combination of derivative financial instruments and treasury management techniques are used to manage these underlying risks.

(i) Categories of financial instruments

Financial assets and liabilities

2019	Loans and receivables at amortised cost €m	Financial liabilities at amortised cost €m	Carrying value €m	Fair value €m
Finance lease receivable	22.1	-	22.1	22.1
Trade and other receivables	89.7	-	92.4	92.4
Cash and cash equivalents	110.9	-	110.9	110.9
Borrowings	-	203.9	203.9	214.5
Lease liabilities	-	36.0	36.0	36.0
Trade and other payables	-	57.4	57.4	57.4

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

24. Financial instruments and risk management – continued

2018	Loans and receivables at amortised cost	Financial liabilities at amortised cost	Carrying value	Fair value
	€m	€m	€m	€m
Trade and other receivables	75.7	-	75.7	75.7
Cash and cash equivalents	124.7	-	124.7	124.7
Borrowings	-	205.0	205.0	205.2
Trade and other payables	-	49.7	49.7	49.7

Fair value hierarchy

The fair value of financial assets and financial liabilities that are carried in the Statement of Financial Position at fair value, are classified within Level 2 (2018: Level 2) of the fair value hierarchy as market observable inputs (forward rates and yield curves) which are used in arriving at fair values.

The Group has adopted the following fair value measurement hierarchy for financial instruments:

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

The following are the significant methods and assumptions used to estimate fair values of financial assets and financial liabilities:

Trade and other receivables / payables

For trade receivables and trade payables, with average settlement periods of 46 days (2018: 45 days) and 65 days (2018: 71 days) respectively, the carrying value less allowance for expected credit losses, where appropriate, is estimated to reflect fair value.

Cash and cash equivalents

For cash and cash equivalents, all with a maturity of three months or less, the nominal amount is estimated to reflect fair value.

Borrowings

The fair value of bank loans has been determined based on a discounted cash flow analysis with the most significant input being the discount rate reflecting the Group's own credit risk. For finance leases the Group considers that the incremental borrowing cost used to calculate the carrying value includes a fair estimate of counterparty risk and the carrying value approximates fair value.

Derivative financial instruments

There are no derivative financial instruments outstanding at 31 December 2019 and 31 December 2018.

(ii) Interest rate risk

At 31 December 2019, interest rates on short term bank deposits were contracted for terms of less than three months at average effective rates of 0.1% (2018: 0.0%).

24. Financial instruments and risk management – continued

The interest rates on all Group borrowings at 31 December 2019 comprising loan notes and term loans has been fixed at contracted rates at the date of drawdown with the relevant lender eliminating exposure to interest rate risk on borrowings. The average interest rate at 31 December 2019 was 1.60% (2018: 1.62%) for remaining terms of between 4.9 and 11 years. At 31 December 2018 borrowings also included finance leases where interest rates had been fixed at date of inception eliminating exposure to interest rate risk on finance leases.

The interest rates on all lease liabilities at 31 December 2019 were fixed at the incremental borrowing rate at the later of the IFRS 16 effective application date of 1 January 2019 or lease commencement date eliminating exposure to interest rate risk on lease liabilities. The average interest rate at 31 December 2019 on outstanding lease liabilities was 3.1% (2018: n/a) for remaining lease terms of between 11 months and 101 years.

Sensitivity to interest rates

As all of the Group's borrowings are fixed for the full remaining borrowing terms the Group has not prepared calculations to measure the estimated effect of changes in market interest rates on the Consolidated Income Statement and Equity Review.

(iii) Foreign currency risk management

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. Exchange rate exposures are managed within approved policy parameters. The Group did not utilise forward foreign exchange contracts during the year ended 31 December 2019 or 2018.

Sensitivity

The currency risk sensitivity analysis is set out below

Under the assumptions; (i) a 10% strengthening in Euro exchange rates against all currencies, profit before tax would have increased by €2.9 million (2018: increase of €0.7 million) and equity (before tax effects) would have increased by €0.7 million (2018: decrease of €1.3 million); (ii) a 10% weakening in Euro exchange rates against all currencies, profit before tax would have decreased by €3.5 million (2018: decrease of €0.9 million) and equity (before tax effects) would have decreased by €0.9 million (2018: increase of €1.6 million).

The currency profile of the carrying amounts of the Group's monetary assets and monetary liabilities at the statement of financial position date are as follows:

2019	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	39.0	4.3	-	43.3
Cash and cash equivalents	91.5	17.9	1.5	110.9
Total assets	**130.5**	**22.2**	**1.5**	**154.2**
Trade and other payables	39.7	12.3	5.4	57.4
Bank loans	203.9	-	-	203.9
Lease liabilities	22.8	12.7	0.5	36.0
Total liabilities	266.4	25.0	5.9	297.3
Net (liabilities)	**(135.9)**	**(2.8)**	**(4.4)**	**(143.1)**

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

24. Financial instruments and risk management – continued

2018	Euro €m	Sterling €m	US Dollar €m	Total €m
Trade receivables (net)	34.9	4.0	-	38.9
Cash and cash equivalents	105.4	18.5	0.8	124.7
Total assets	140.3	22.5	0.8	163.6
Trade and other payables	35.5	10.4	3.8	49.7
Bank loans	204.0	-	-	204.0
Finance leases	1.0	-	-	1.0
Total liabilities	240.5	10.4	3.8	254.7
Net (liabilities)/ assets	**(100.2)**	**12.1**	**(3.0)**	**(91.1)**

(iv) Commodity price risk

In terms of commodity price risk the Group's vessels consume heavy fuel oil (HFO), marine diesel / gas oil (MDO/ MGO) and lubricating oils, all of which continue to be subject to price volatility. The Group must also manage the risks inherent in changes to the specification of fuel oil which are introduced under international and EU law from time to time.

The Group's policy has been to purchase these commodities in the spot markets and to remain unhedged. In the Container & Terminal division movements in fuel costs are offset to a large extent by the application of prearranged price-adjustments with our customers. Similar arrangements are in place with freight customers in the Ferries division. In the passenger sector, changes in fuel costs are included in the ticket price to the extent that market conditions will allow.

(v) Liquidity risk

The Group and Company is exposed to liquidity risk which arises primarily from the maturing of short-term and long-term debt obligations and derivative transactions. The Group and Company's policy is to ensure that sufficient resources are available either from cash balances, cash flows or undrawn committed bank facilities, to ensure all obligations can be met as they fall due. To achieve this objective, the Group and Company:

- monitors credit ratings of institutions with which the Group and Company maintains cash balances;
- limits maturity of cash balances; and
- borrows the bulk of its debt needs under committed bank lines or other term financing and by policy maintains a minimum level of undrawn committed facilities.

At each year end, the Group's rolling liquidity reserve (which comprises cash and undrawn committed facilities and which represents the amount of available cash headroom in the Group funding structure) was as follows:

	2019 €m	2018 €m
Cash and cash equivalents	110.9	124.7
Committed undrawn facilities	90.4	90.4
Liquidity reserve	**201.3**	**215.1**

24. Financial instruments and risk management – continued

Management monitors rolling cash flow forecasts on an on-going basis to determine the adequacy of the liquidity position of the Group. This process also incorporates a longer-term liquidity review to ensure refinancing risks are adequately catered for as part of the Group's strategic planning.

Liquidity analysis

The following table sets out the maturity and liquidity analysis of the Group's financial liabilities into the relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date:

Liquidity Table 2019	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	Years	€m	€m	€m	€m	€m	€m
Liabilities							
Trade and other payables	-	57.4	57.4	57.4	-	-	-
Bank loans	5.9	203.9	223.3	7.0	18.6	104.1	93.6
Lease liabilities	41.0	36.0	81.2	9.4	3.7	9.2	58.9
Total liabilities		**297.3**	**361.9**	**73.8**	**22.3**	**113.3**	**152.5**

Liquidity Table 2018	Weighted average period until maturity	Carrying amount	Contractual amount	Less than 1 year	Between 1 – 2 years	Between 2 – 5 years	More than 5 years
	Years	€m	€m	€m	€m	€m	€m
Liabilities							
Trade and other payables	-	49.7	49.7	49.7	-	-	-
Bank loans	6.7	204.0	226.7	3.2	7.0	54.7	161.8
Finance leases	1.1	1.0	1.1	0.7	0.3	0.1	-
Total liabilities		**254.7**	**277.5**	**53.6**	**7.3**	**54.8**	**161.8**

(vi) Credit risk

The Group and Company monitors its credit exposure to its counterparties via their credit ratings (where applicable) and where possible limits its exposure to any one party to ensure that there are no significant concentrations of credit risk. Notwithstanding due to the nature of the underlying transaction there is a material exposure to a single counterparty in relation to the lease receivable. Mitigation of this exposure is explained at note 16. Credit risk in relation to trade and other receivables and cash and cash equivalents has been discussed in notes 18 and 19 respectively. The maximum exposure to credit risk is represented by the carrying amounts in the Statement of Financial Position.

(vii) Capital management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the overall cost of capital.

No changes were made in the objectives, policies or processes for managing capital during the financial years ended 31 December 2019 and 31 December 2018.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

24. Financial instruments and risk management – continued

The capital structure of the Group consists of net cash (borrowings as detailed in note 22 offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves and retained earnings as detailed in notes 20 and 21).

The Group is not subject to any externally imposed capital requirements.

In managing its capital structure, the primary focus of the Group is the ratio of consolidated net debt as a multiple of EBITDA. Maximum levels for this ratio are set under Board approved policy so as to ensure compliance with banking covenants under the Group's borrowing agreements. These policy requirements were achieved at 31 December 2019 and 31 December 2018. At 31 December 2019, the net debt position of the Group was €129.0 million (2018: net cash of €80.3 million). The ratio of consolidated net debt as a multiple of EBITDA (before non-trading items) in 2019 was 1.5 times (2018: 1.2 times).

(viii) Derivative financial instruments

The interest rate on Group borrowings outstanding at 31 December 2019 and throughout the period and the prior period had been fixed at contracted rates with the lenders. Consequently the Group did not utilise any interest rate swaps during 2019.

The Group and Company utilises currency derivatives to hedge short term future cash flows in the management of its exchange rate exposures. At 31 December 2019 and 31 December 2018, there were no outstanding forward foreign exchange contracts.

25. Deferred tax liabilities

The Company and its subsidiaries, where appropriate, have elected to be taxed under the Irish tonnage tax scheme in respect of all eligible shipping activities. Certain activities will not fall within the tonnage tax scheme 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 both the Group and the Company, taxable losses in excess of expected future reversing taxable temporary differences have been incurred that are available for offset against future taxable profits. 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. A deferred tax asset has not been recognised in respect of these losses where suitable taxable profits are not expected to arise. The Group estimates the probable amount of future taxable profits, using assumptions consistent with those employed in the Group's financial planning process, and taking into consideration applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference would be immaterial and will not reverse in the foreseeable future.

25. Deferred tax liabilities – continued

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

2019	Accelerated tax depreciation	Retirement benefit obligation	Total
	€m	€m	€m
At beginning of the financial year	0.4	0.2	0.6
Charge to the Consolidated Income Statement	0.1	-	0.1
At end of the financial year	**0.5**	**0.2**	**0.7**

2018	Accelerated tax depreciation	Retirement benefit obligation	Total
	€m	€m	€m
At beginning of the financial year	0.5	0.3	0.8
Credit to the Consolidated Income Statement	(0.1)	-	(0.1)
Credit to the Consolidated Statement of Comprehensive Income	-	(0.1)	(0.1)
At end of the financial year	**0.4**	**0.2**	**0.6**

Deferred tax is recognised in the Consolidated Statement of Comprehensive Income to the extent it arises on profits or losses recognised in that statement.

26. Trade and other payables

	2019	2018
Within 1 year	€m	€m
Trade payables and accruals	52.9	45.4
Payroll taxes	1.3	1.0
Social insurance cost	0.3	0.5
Value added tax	2.9	2.8
	57.4	**49.7**

Trade payables and accruals comprise amounts outstanding for trade purchases and on-going costs and are non-interest bearing. They also include deferred revenue amounts of €5.0 million (2018: €3.8 million) relating to cash received relating to performance obligations outstanding not yet complete by the Group.

The average trade credit period outstanding was 65 days at 31 December 2019 (2018: 71 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.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

27. Provisions

	2019 €m	2018 €m
Claims provision		
At beginning of the financial year	1.7	1.0
Utilisation of provision	-	(0.2)
Increase in provision	0.3	0.9
At end of the financial year	**2.0**	**1.7**
Analysed as follows:		
Current liabilities	1.3	1.3
Non-current liabilities	0.7	0.4
	2.0	**1.7**

The claims provision comprises (i) the insurance excess payable by the Group and Company in a number of potential compensation claims, arising in the normal course of business. No provision has been recognised for instances that may have been incurred prior to the financial year-end, but for which no claim has been received (ii) ex-gratia discounts which can be claimed by customers against future travel the timing and presentation of which are uncertain.

28. Commitments

	2019 €m	2018 €m
Commitments for the acquisition of property, plant and equipment – approved and contracted for not accrued		
Approved and contracted	185.1	136.3
Less accrued at 31 December (note 13)	(41.0)	-
Approved and contracted for not accrued	**144.1**	**136.3**

29. Operating lease obligations

	2019 €m	2018 €m
Within 1 year	1.6	9.5
In the second to fifth years	-	5.4
After 5 years	-	56.0
	1.6	**70.9**

Commitments at 31 December 2019 relate to short term vessel charter and container hire obligations. An expense of €6.7 million (2018: €15.5 million) was recognised in the period under operating leases where the related rights were not recognised as a right to use asset. The 2019 operating lease expense is analysed as follows;

29. Operating lease obligations – continued

	€m
Short term leases of terms of less than one year	6.1
Variable lease payments not included in the measurement of lease liabilities	0.6
	6.7

The Group applied IFRS 16 Leases, which replaced IAS 17, with effect from 1 January 2019 as set out at note 2 Accounting Policies. At initial application, the Group recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018. A reconciliation of previously reported operating lease commitments at 31 December 2018 is set out at note 30.

30. Impact of first time application of IFRS16: Leases

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

(i) Reconciliation of opening lease obligations

A reconciliation of the previously reported operating lease commitments of €70.9 million at 31 December 2018 to the opening lease obligations at Note 30 is set out below;

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

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

30. Impact of first time application of IFRS16: Leases – continued

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

The effects on the opening position as per the Consolidated Statement of Financial Position were as follows;

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

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

The effects of the reported result for the year ended 31 December 2019 from applying the new accounting policy compared to the previous policy are set out below.

	€m
Reduction in operating lease expenses included in other operating costs	(9.4)
Reduction in depreciation of property, plant and equipment	(0.5)
Increase in depreciation and amortisation expense arising from depreciation of right of use assets	9.1
Increase in finance costs	1.0
Net decrease in profit before tax in the period	**0.2**

The effect of the net decrease in profit before tax was to decrease 2019 basic earnings per share and diluted earnings per share by 0.1 cent.

(iv) Incremental borrowing rates at date of adoption

The incremental borrowing rates used to value lease liabilities relating to right to use assets recognised at the date of adoption of IFRS 16 are set out below.

	Lease terms of between 1 and 5 years	Lease terms of between 77 and 103 years
Euro	1.50%	4.10% to 4.25%
Sterling	2.65% to 2.72%	-
US Dollar	4.25% to 4.32%	-

There were no leases at the date of adoption with terms ending between 6 and 76 years.

31. Operating lease income

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

	2019	2018
	€m	€m
Within 1 year	2.7	0.2

The lease payments receivable relate to the charter of container vessels.

32. Share-based payments

The Group operates two equity settled share option schemes under which certain employees have been issued with share options as described below.

The Performance Share Plan ("PSP") is the active plan under which option awards may be granted. Details of the award and vesting conditions are set out in the Report of the Remuneration Committee. Vesting is contingent on market conditions such as total shareholder return and non-market conditions such as earnings per share, free cash flow and return on average capital employed. During the year 782,500 options were granted under the PSP with a vesting period of 3 years.

The 2009 Share Option Plan remains in place with respect to outstanding grants made prior to 2016 but no new grants will be made following the adoption of the PSP. During the year grants of second tier options over 152,500 ICG Units at an exercise price of €2.97 granted on 1 September 2014 were determined to have vested.

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 where the grantee ceases employment with the Group or Company unless retention, is permitted by the Remuneration Committee under good leaver rules. The Scheme Rules allow for the early exercise of outstanding options upon a change in control of the Company.

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

	2019 Number of share options	2019 Weighted average exercise price	2018 Number of share options	2018 Weighted average exercise price
		€		€
Outstanding at 1 January	5,144,285	1.86	4,852,500	2.11
Granted during the year	782,500	0.065	670,500	0.065
Exercised during the year	(55,000)	2.97	(270,000)	1.97
Forfeited during the year	-	-	(108,715)	1.68
Outstanding at 31 December	**5,871,785**	**1.61**	**5,144,285**	**1.86**
Exercisable at 31 December	2,496,500	2.40	2,399,000	2.41
Weighted average share price at date of exercise of options		4.67		4.45
Weighted average remaining contractual life of options outstanding at year-end		2.8 Years		3.9 Years

In settlement of the options exercised during the year the Company issued 55,000 (2018: 270,000) new ICG units with none sourced through market purchase.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

32. Share-based payments – continued

The exercise prices of options outstanding at 31 December are as follows:

	2019 Options	2018 Options	Price €
Exercisable:			
2009 Share Option Plan			
Vested Options	1,361,500	1,361,500	1.570
Vested Options	230,000	132,500	2.970
Vested Options	905,000	905,000	3.580
Exercisable at 31 December	**2,496,500**	**2,399,000**	
Not Yet Exercisable:			
2009 Share Option Plan			
Second Tier Options (1)	-	152,500	2.970
Second Tier Options (1)	905,000	905,000	3.580
Performance Share Plan (2)	2,470,285	1,687,785	0.065
Outstanding at 31 December	**5,871,785**	**5,144,285**	

Notes on vesting conditions

1. Second Tier Options under the 2009 Share Option Plan will vest and become exercisable from the fifth anniversary of grant once (i) Earnings Per Share growth over any period of five consecutive financial years commencing at the financial year immediately preceding the date of grant place the Company in the top quartile of companies either (a) listed on Euronext Dublin or (b) included in the London Stock Exchange FTSE 250, by reference to Earnings Per Share growth over the same period and (ii) over that period the Earnings Per Share growth is at least 10% above the increase in the Consumer Price Index compounded per annum over such period.
2. Vesting of options under the Performance Share Plan are contingent on the achievement of certain market and non-market performance hurdles set out in the Report of the Remuneration Committee.

Under Group equity-settled share based payment schemes the maximum life of a share option is ten years, these are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. Fair value was measured using the Binomial option pricing model for options granted prior to 31 December 2018. For options granted after 1 January 2019, fair value has been estimated using Monte-Carlo simulation modelling. The Directors consider the change in valuation technique better reflects the underlying features of the PSP. The effect of the change on the cumulative share option expense in prior periods represented by the share option reserve at 1 January 2019 has been estimated as not material and previous estimates of fair value have not been modified. 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.

Outstanding options had been granted on 26 March 2012, 1 September 2014, 5 March 2015, 23 May 2017, 9 March 2018 and 8 March 2019. The estimated fair values of the options are as follows:

Year of Grant	2019	2018	2017	2015	2015	2014	2014	2012	2012
Share Plan	PSP	PSP	PSP	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan	2009 Plan
	-	-	-	Basic Tier	Second Tier	Basic Tier	Second Tier	Basic Tier	Second Tier
Fair value of option	€3.53	€4.06	€3.67	€0.4528	€0.5581	€0.2992	€0.4449	€0.3240	€0.3680

32. Share-based payments – continued

The inputs into the model in the respective years of grant were as follows:

Year of Grant	2019	2018	2017	2015 Basic Tier	2015 Second Tier	2014 Basic Tier	2014 Second Tier	2012 Basic Tier	2012 Second Tier
At date of grant:									
Weighted average share price	€4.945	€5.860	€5.400	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Weighted average exercise price	€0.065	€0.065	€0.065	€3.580	€3.580	€2.970	€2.970	€1.570	€1.570
Expected volatility	27%	22%	22%	29%	31%	27%	30%	34%	33%
Expected life	3 years	8 years	8 years	7 years	9 years	7 years	9 years	7 years	9 years
Risk free rate	(0.498%)	0.023%	0.023%	0.090%	0.299%	0.439%	0.765%	1.323%	1.799%
Expected dividend yield	2.50%	4.39%	4.61%	5.16%	4.72%	5.83%	4.89%	4.97%	4.41%

Expected volatility was determined by calculating the historical volatility of the Company's share price. 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 2019, the share-based payment expense recognised in the Consolidated Income Statement was €2.1 million (2018: €2.4 million) and in the Income Statement of the Company was €1.0 million (2018: €1.0 million).

The share-based payment expense has been classified in the Consolidated Income Statement as follows:

	2019 €m	2018 €m
Employee benefits expense	2.1	2.4

Share-based payment expense of €901,000 (2018: €845,000) relates to the Directors of the Group. The balance on the share option reserve in the Consolidated Statement of Financial Position at 31 December 2019 is €5.9 million (2018: €3.8 million).

33. Retirement benefit schemes

The Group operates defined contribution pension schemes in all of its main operating locations. The Group also has defined benefit obligations as set out below. Scheme assets are held in separate trustee administered funds.

Defined Contribution Scheme

The Group operates a defined contribution pension scheme, which provides retirement and death benefits for all recently hired employees. The total cost charged in the Consolidated Income Statement of €0.4 million (2018: €0.2 million) represents employer contributions payable to the externally administered defined contribution pension scheme at rates specified in the rules of the scheme. There was €nil in outstanding contributions included in trade and other payables at 31 December 2019 (2018: €nil).

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

33. Retirement benefit schemes – continued

Defined Benefit Obligations

(i) Group sponsored schemes

The Group operates contributory defined benefit obligations, which provide retirement and death benefits for other employees who are not members of the defined contribution pension scheme. The defined benefit obligations provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary.

The assets of these schemes are held separately from those of the Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deed and the pension laws of the relevant jurisdiction. The trustees invest the funds in a range of assets with the objective of maximising the fund return whilst minimising the cost of funding the scheme at an acceptable risk profile. In assessing the risk profile the trustees take account of the nature and duration of the liabilities and review investment strategy regularly.

The pension contributions paid in the year ended 31 December 2019 amounted to €2.7 million (2018: €2.8 million) while the current service cost charged to the Consolidated Income Statement amounted to €1.5 million (2018: €1.7 million) as well as a curtailment gain of €0.1 million (2018: €0.5 million). At 31 December 2019, there were 751 pensioners in receipt of pension payments from the Group's schemes (2018: 766).

In 2014 the Group concluded a deficit funding agreement with the trustee of the Group's main defined benefit obligations, the Irish Ferries Limited Pension Scheme. Under the terms of the agreement the Company makes deficit payments to the scheme of €1.5 million per annum, adjusted for inflation, for a projected period up to 2023, or until the deficit is eliminated if earlier, with additional payments of €0.5 million per annum to an escrow account, the balance of which will also be payable to the scheme in certain circumstances.

The pension charges 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 31 March 2018 and 31 October 2018. 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 2019 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 credit, were measured using the projected unit credit method and assets have been valued at bid value.

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Group, the Group has obligations in respect of past service of certain employees who are members of the MNOPF, an industry wide multi-employer scheme and which is closed to future accrual. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2018 and disclosed a net past service deficit of GBP 9.0 million. The Group's share of the MNOPF obligations, as most recently advised by the trustees, is 1.53% (2018: 1.53%). The valuation at 31 December 2019 is based on the actuarial deficit contribution demands notified to the Group and which remains outstanding at the reporting date.

On this basis the share of the overall deficit in the MNOPF estimated by the Company attributable to the Group at 31 December 2019 is €nil (2018: €nil). During the year the Group made payments of €nil (2018: €nil) to the trustees.

33. Retirement benefit schemes – continued

(iii) Principal risks and assumptions

The Group is exposed to a number of actuarial risks as set out below:

Investment risk

The pension schemes hold investments in asset classes such as equities which are expected to provide higher returns than other asset classes over the long-term, but may create volatility and risk in the short-term. The present value of the defined benefit obligations liability is calculated using a discount rate by reference to high quality corporate bond yields; if the future achieved return on scheme assets is below this rate, it will create a deficit. IAS 19 Employee Benefits provides that the discount rate used to value retirement benefits should be determined by reference to market yields on high quality corporate bonds consistent with the duration of the liabilities. Due to a narrow bond universe the Group defines high quality bonds in the Eurozone as those rated AA or higher by at least one rating agency. In respect of Sterling schemes, corporate bonds must be rated AA, or higher, by at least two rating agencies.

Salary risk

The present value of the defined benefit liability is calculated by reference to the projected salaries of scheme participants at retirement based on salary inflation assumptions. As such, any variation in salary versus assumption will vary the schemes' liabilities.

Life expectancy risk

The present value of the defined benefit obligations liability is calculated by reference to the best estimate of the mortality of scheme participants both during and after their employment. An increase in the life expectancy of the scheme participants will change the scheme liabilities.

Inflation risk

A significant proportion of the benefits under the plans are linked to inflation with higher inflation leading to higher liabilities.

The Directors have taken independent actuarial advice on the key judgements used in the estimate of retirement benefit scheme assets and liabilities.

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

	Sterling Liabilities		Euro Liabilities	
	2019	2018	2019	2018
Discount rate	1.85%	2.65%	1.00%	1.80%
Inflation rate	3.20%	3.45%	1.30%	1.50%
Rate of annual increase of pensions in payment	2.95%	3.15%	0.40% - 0.50%	0.60% - 0.70%
Rate of increase of pensionable salaries	0.90%	1.00%	0.00% - 0.90%	0.00% - 1.00%

The Euro and Sterling discount rates have been determined in consultation with the Group's independent actuary, who has devised proprietary models referencing market yields at the balance sheet date on high quality corporate bonds consistent with the duration of the liabilities. For 31 December 2019 the high quality corporate bond population include those rated AA or higher by at least two rating agencies.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

33. Retirement benefit schemes – continued

The average life expectancy used in the principal Group schemes at age 60 is as follows:

	2019		2018	
	Male	Female	Male	Female
Irish Schemes				
Current retirees	26.4 years	29.3 years	26.3 years	29.2 years
Future retirees	28.8 years	31.4 years	28.7 years	31.3 years
UK Schemes				
Current retirees	27.7 years	29.2 years	27.0 years	29.2 years
Future retirees	29.2 years	30.7 years	28.8 years	31.2 years

Assumptions regarding life expectancies are set based on actuarial advice in accordance with published statistics and experience in each jurisdiction.

Sensitivity of pension liability judgemental assumptions

The Group's total obligation in respect of defined benefit obligations is calculated by independent, qualified actuaries, updated at least annually and totals €289.6 million at 31 December 2019 (2018: €266.0 million). At 31 December 2019, the Group also has scheme assets totalling €298.4 million (2018: €264.3 million), giving a net pension surplus of €8.8 million (2018: deficit of €1.7 million). The size of the obligation is sensitive to actuarial assumptions. The sensitivity analysis below are based on a change in an assumption while holding all other assumptions constant with the exception of the rate of inflation assumption which impacts other inflation linked assumptions. The sensitivity analysis intends to provide assistance in understanding the sensitivity of the valuation of pension liabilities to market movements on discount rates, inflation rates and mortality assumptions for scheme beneficiaries. The analyses are for illustrative purposes only as in practice assumptions rarely change in isolation. There has been no change from the prior year in the methods and assumptions used in preparing the sensitivity analyses below.

Assumption	Change in assumption	Impact on Euro schemes liabilities	Impact on Sterling scheme liabilities	Combined impact on liabilities
Discount rate	0.5% increase in discount rate	7.0% decrease in liabilities	8.4% decrease in liabilities	7.0% decrease in liabilities
Rate of inflation*	0.5% increase in price inflation	6.6% increase in liabilities	6.2% increase in liabilities	6.6% increase in liabilities
Rate of mortality	Members assumed to live 1 year longer	3.5% increase in liabilities	3.9% increase in liabilities	3.5% increase in liabilities

*The rate of inflation sensitivity includes its impact on the rate of annual increase of pensions in payment assumption and the rate of increase of pensionable salaries assumption as they are both inflation linked assumptions.

The size of the scheme assets which are also sensitive to asset return levels and the level of contributions from the Group are analysed by asset class in part (iv) of this note.

33. Retirement benefit schemes – continued

iv) Retirement benefit assets and liabilities

The amount recognised in the Consolidated Statement of Financial Position in respect of the Group's defined benefit obligations, including an apportionment in respect of the MNOPF is as follows:

	Schemes with liabilities in Sterling		Schemes with liabilities in Euro	
	2019	2018	2019	2018
	€m	€m	€m	€m
Equities	11.6	9.2	105.8	91.2
Bonds	13.0	13.4	102.7	93.3
Diversified funds	-	-	41.7	35.3
Property	0.3	0.3	19.2	19.4
Other	2.9	1.2	1.2	1.0
Fair value of scheme assets	27.8	24.1	270.6	240.2
Present value of scheme liabilities	(26.2)	(22.4)	(263.4)	(243.6)
Surplus/ (deficit) in schemes	**1.6**	**1.7**	**7.2**	**(3.4)**

Three of the defined benefit obligations accounted for by the Group are in a net surplus position and are shown in non-current assets in the Consolidated Statement of Financial Position. One of the defined benefit obligations accounted for by the Group are in a net deficit position and are shown in non-current liabilities.

The overall weighted average duration of the Group's defined benefit obligations is 16.2 years (2018: 16.1 years). The weighted average duration of Euro scheme obligations was 16 years (2018: 16 years) and of Sterling scheme obligations was 17 years (2018: 17 years).

The split between the amounts shown in each category is as follows:

	2019	2018
	€m	€m
Non-current assets – retirement benefit surplus	12.5	2.5
Non-current liabilities – retirement benefit obligation	(3.7)	(4.2)
Net surplus/ (deficit) in pension schemes	**8.8**	**(1.7)**

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

33. Retirement benefit schemes – continued

(v) Movements in retirement benefit assets

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

2019	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	24.1	240.2	264.3
Interest income	0.6	4.2	4.8
Actuarial gains	2.2	35.8	38.0
Exchange difference	1.3	-	1.3
Employer contributions	0.3	2.4	2.7
Contributions from scheme members	0.1	0.3	0.4
Benefits paid	(0.8)	(12.3)	(13.1)
At end of the financial year	**27.8**	**270.6**	**298.4**

2018	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	25.9	257.5	283.4
Interest income	0.6	4.6	5.2
Actuarial losses	(1.7)	(13.0)	(14.7)
Exchange difference	(0.2)	-	(0.2)
Employer contributions	0.3	2.5	2.8
Contributions from scheme members	0.1	0.3	0.4
Benefits paid	(0.9)	(11.7)	(12.6)
At end of the financial year	**24.1**	**240.2**	**264.3**

(vi) Movement in retirement benefit liabilities

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

2019	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	22.4	243.6	266.0
Service cost	0.3	1.2	1.5
Curtailment gain	-	(0.1)	(0.1)
Interest cost	0.6	4.2	4.8
Contributions from scheme members	0.1	0.3	0.4
Actuarial gain	2.5	26.5	29.0
Exchange difference	1.1	-	1.1
Benefits paid	(0.8)	(12.3)	(13.1)
At end of the financial year	**26.2**	**263.4**	**289.6**

33. Retirement benefit schemes – continued

2018	Schemes in Sterling €m	Schemes in Euro €m	Total €m
At beginning of the financial year	23.8	254.9	278.7
Service cost	0.3	1.4	1.7
Curtailment gain	-	(0.5)	(0.5)
Interest cost	0.6	4.5	5.1
Contributions from scheme members	0.1	0.3	0.4
Actuarial gain	(1.3)	(5.3)	(6.6)
Exchange difference	(0.2)	-	(0.2)
Benefits paid	(0.9)	(11.7)	(12.6)
At end of the financial year	**22.4**	**243.6**	**266.0**

(vii) Amounts recognised in the Consolidated Income Statement

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

	2019 €m	2018 €m
Charges to Employee benefits expense		
Current service cost	1.5	1.7
Curtailment gain	(0.1)	(0.5)
	1.4	**1.2**

	2019 €m	2018 €m
Charged to Finance costs		
Interest income on scheme assets	(4.8)	(5.2)
Interest on scheme liabilities	4.8	5.1
Net interest income on defined benefit obligations (notes 6 and 7)	**-**	**(0.1)**

The estimated amounts of employer contributions expected to be paid to the schemes during 2020 is €2.7 million based on current funding agreements.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

33. Retirement benefit schemes – continued

(viii) Amounts recognised in the Consolidated Statement of Comprehensive Income

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

Actuarial gains and losses

	2019 €m	2018 €m
Actual total return on scheme assets	42.8	(9.5)
Interest income on scheme assets	(4.8)	(5.2)
Return on scheme assets (excluding amounts included in net interest cost)	38.0	(14.7)
Remeasurement adjustments on scheme liabilities:		
Gains and (losses) arising from changes in demographic assumptions	0.1	(1.9)
(Losses) and gains arising from changes in financial assumptions	(25.8)	3.9
(Losses) and gains arising from experience adjustments	(3.3)	4.6
Actuarial gain/ (loss) recognised in the Consolidated Statement of Comprehensive Income	**9.0**	**(8.1)**

Exchange movement

	2019 €m	2018 €m
Exchange gain/ (loss) on scheme assets	1.3	(0.2)
Exchange (loss)/ gain on scheme liabilities	(1.1)	0.2
Net exchange gain recognised in the Consolidated Statement of Comprehensive Income	**0.2**	**-**

34. Related party transactions

During the financial year, Group entities incurred costs of €0.2 million (2018: €0.2 million) through provision of administration and accounting services to Irish Ferries Limited Pension Scheme and Irish Ferries (UK) Limited Pension Scheme, related parties that are not members of the Group. These related parties provide pension benefits to employees of the Group.

As at the statement of financial position date, Catherine Duffy, non-executive Director of the Company, is a partner at law firm A&L Goodbody ("ALG"). During the year ended 31 December 2019, expenses of €0.8 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director (2018: €0.4 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director) were incurred for services received from ALG in their capacity as legal advisors to the Group. All services have been provided on an arm's length basis at the standard commercial terms of ALG.

34. Related party transactions – continued

Compensation of key management personnel

The Group's key management comprise the Board of Directors and senior management having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of key management, including Directors, during the financial year was as follows:

	2019 €m	2018 €m
Short-term benefits	5.1	4.4
Post-employment benefits	0.2	0.2
Share-based payment expense	1.6	1.5
	6.9	**6.1**

Short-term benefits comprise salary, performance pay and other short-term employee benefits.

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

Share-based payment expense represents the cost charged in respect of equity-settled share-based payments.

The remuneration of Directors and key management is determined by the Remuneration Committee having regard to the performance of individuals, market trends and the performance of the Group and Company.

Details of the Remuneration of the Group's individual Directors, together with the number of ICG shares owned by them and their outstanding share options are set out in the Report of the Remuneration Committee and the Report of the Directors.

Dividends

Amounts received by key management, including Directors, arising from dividends are as follows:

	2019 €m	2018 €m
Dividends	4.0	3.7

Share options

Share options exercised by the Company's Directors are set out in the Report of the Remuneration Committee on pages 90 to 103.

Notes Forming Part of the Consolidated Financial Statements

For the year ended 31 December 2019 – continued

35. Net cash from operating activities

		2019 €m		2018 €m
Operating activities				
Profit for the year		60.2		57.8
Adjustments for:				
Finance costs (net)		3.4		0.8
Income tax expense		1.3		1.4
Retirement benefit obligations – current service cost	1.5		1.7	
Retirement benefit obligations – curtailment gain	(0.1)		(0.5)	
Retirement benefit obligations – payments	(2.7)		(2.8)	
Pension payments in excess of service costs		(1.3)		(1.6)
Depreciation of property, plant and equipment		27.5		21.9
Amortisation of intangible assets		0.2		0.2
Depreciation of right to use asset		9.1		-
Share-based payment expense		1.9		2.4
Gain on disposal of property, plant and equipment		(15.1)		(15.1)
Increase in provisions		0.3		0.7
Operating cash flows before movements in working capital		**87.5**		**68.5**
Decrease / (increase) in inventories	0.2		(0.6)	
Increase in receivables	(4.7)		(4.6)	
Increase in payables	6.5		1.4	
Working capital movements		2.0		(3.8)
Cash generated from operations		**89.5**		**64.7**
Income taxes paid		(1.2)		(2.2)
Interest paid		(3.5)		(1.0)
Net cash inflow from operating activities		**84.8**		**61.5**

36. Change in financing liabilities

The changes in liabilities arising from financing activities during the year ended 31 December 2019 were as follows;

	Bank Loans €m	Loan Notes €m	Origination Fees €m	Finance Leases €m	Lease Liabilities €m	Total €m
At 31 December 2018	155.0	50.0	(1.0)	1.0	-	205.0
Initial application of IFRS 16	-	-	-	(1.0)	32.0	31.0
At 1 January 2019	155.0	50.0	(1.0)	-	32.0	236.0
Changes from cashflows	-	-	(0.2)	-	(9.0)	(9.2)
Non Cashflow changes						
• Amortisation	-	-	0.1	-	-	0.1
• Right of use assets recognised	-	-	-	-	12.5	12.5
• Currency	-	-	-	-	0.5	0.5
At 31 December 2019	**155.0**	**50.0**	**(1.1)**	**-**	**36.0**	**239.9**

Capital repayments on the bank loans drawn during 2018 do not commence until 2020. The loan notes have bullet payment terms with repayment due in 2024. The initial application of IFRS 16 increased liabilities from financing activities by €31.0 million (note 30).

37. 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 €0.6 million (2018: €0.6 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 is warranted.

The Group is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Group's share of any deficit would be 1.53%. Should other participating employers' default on their obligations, the Group will be required to absorb a larger share of the scheme deficit. If the Group were to terminate their obligations to the fund, voluntarily or otherwise, the Group may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business the Group is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

Company Statement of Financial Position

for the financial year ended 31 December 2019

	Notes	2019 €m	2018 €m
Assets			
Non-current assets			
Property, plant and equipment	40	161.2	161.0
Intangible assets	41	0.2	0.3
Right of use assets	42	0.1	-
Investments in subsidiaries	43	14.6	13.4
Retirement benefit surplus	51 iv	0.8	0.7
		176.9	**175.4**
Current assets			
Inventories	44	-	0.6
Trade and other receivables	45	112.9	181.4
Cash and cash equivalents		22.6	26.4
		135.5	**208.4**
Total assets		**312.4**	**383.8**
Equity and liabilities			
Equity			
Share capital	46	12.2	12.4
Share premium		19.5	19.4
Other reserves		13.3	11.0
Retained earnings		139.4	170.4
Equity attributable to equity holders		**184.4**	**213.2**
Non-current liabilities			
Borrowings		-	0.1
		-	**0.1**
Current liabilities			
Borrowings	47	-	0.2
Lease liabilities	48	0.1	-
Trade and other payables	50	127.9	170.3
		128.0	**170.5**
Total liabilities		**128.0**	**170.6**
Total equity and liabilities		**312.4**	**383.8**

The Company reported a profit for the financial year ended 31 December 2019 of €6.5 million (2018: €47.8 million)

The financial statements were approved by the Board of Directors on 4 March 2020 and signed on its behalf by:

Eamonn Rothwell
Director

David Ledwidge
Director

Company Statement of Changes in Equity

For the financial year ended 31 December 2019

	Share Capital €m	Share Premium €m	Capital Reserve €m	Share Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2019	**12.4**	**19.4**	**7.2**	**3.8**	**170.4**	**213.2**
Profit for the financial year	-	-	-	-	6.5	6.5
Other comprehensive income	-	-	-	-	0.1	0.1
Total comprehensive income for the financial year	-	-	-	-	**6.6**	**6.6**
Share issue	-	0.1	-	-	-	0.1
Dividends	-	-	-	-	(24.7)	(24.7)
Share buyback	(0.2)	-	0.2	-	(12.9)	(12.9)
Employee share-based payments expense	-	-	-	0.9	-	0.9
Movement related to share options granted to employees in subsidiaries (note 43)	-	-	-	1.2	-	1.2
Reserve movements in the year	**(0.2)**	**0.1**	**0.2**	**2.1**	**(31.0)**	**(28.8)**
Balance at 31 December 2019	**12.2**	**19.5**	**7.4**	**5.9**	**139.4**	**184.4**

Company Statement of Changes in Equity

For the financial year ended 31 December 2018

	Share Capital €m	Share Premium €m	Share Capital Reserve €m	Options Reserve €m	Retained Earnings €m	Total €m
Balance at 1 January 2018	**12.3**	**18.9**	**7.2**	**1.5**	**146.0**	**185.9**
Profit for the financial year	-	-	-	-	47.8	47.8
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	**47.8**	**47.8**
Share issue	0.1	0.5	-	-	-	0.6
Dividends	-	-	-	-	(23.5)	(23.5)
Employee share-based payments expense	-	-	-	1.0	-	1.0
Transferred to retained earnings on exercise of share options	-	-	-	(0.1)	0.1	-
Movement related to share options granted to employees in subsidiaries (note 43)	-	-	-	1.4	-	1.4
Reserve movements in the year	**0.1**	**0.5**	**-**	**2.3**	**24.4**	**27.3**
Balance at 31 December 2018	**12.4**	**19.4**	**7.2**	**3.8**	**170.4**	**213.2**

Company Statement of Cashflows

For the financial year ended 31 December 2019

	Notes	2019 €m	2018 €m
Net cash inflow from operating activities	53	**40.1**	**44.9**
Cash flow from investing activities			
Dividend received from subsidiaries		-	51.0
Purchases of property, plant and equipment		(6.1)	(156.5)
Purchases of intangible assets		(0.1)	(0.1)
Net cash outflow from investing activities		**(6.2)**	**(105.6)**
Cash flow from financing activities			
Dividends paid to equity holders of the Company		(24.7)	(23.5)
Market buyback of equity		(12.9)	-
Repayment of finance lease obligations		-	(0.3)
Repayments of lease liabilities		(0.2)	-
Financing receivables		-	83.0
Proceeds on issue of ordinary share capital		0.1	0.6
Net cash (outflow) / inflow from financing activities		**(37.7)**	**59.8**
Net increase in cash and cash equivalents		(3.8)	(0.9)
Cash and cash equivalents at beginning of year		26.4	27.3
Cash and cash equivalents at end of year		**22.6**	**26.4**

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019

38 Company Statement of Accounting Policies

Basis of Preparation

The Company Financial Statements of Irish Continental Group plc ("the Company") were prepared under the historical cost convention, in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with the Companies Act 2014 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

As the Consolidated Financial Statements of the Group are prepared in accordance with IFRS as adopted by the EU and include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 2 Share-based Payments;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instruments: disclosures.

The accounting policies used in the preparation of the Company Financial Statements are consistent with the accounting policies used in the preparation of the Consolidated Financial Statements set out in the Summary of Accounting Policies at note 2 on pages 124 to 138. Unless otherwise stated, these have been applied consistently to all periods presented in these Company Financial Statements. The financial statements have been prepared in Euro and are rounded to the nearest million.

IFRS 16: Leases

IFRS 16 Leases was applied for the first time with a date of initial application of 1 January 2019. Details of the changes to lease accounting arising from implementation of IFRS 16 compared to the previous standard IAS 17 are set out pages 125 to 126 of the Consolidated Financial Statements. The Company has followed the same approach as used in preparing the Consolidated Financial Statements.

The effect on the Company from the first time application of IFRS 16 was as follows;

- A transfer of existing assets from property, plant and equipment which had been financed under finance leases in accordance with IAS 17 to right of use assets. These assets with a net book value of €0.3 million comprised cost of €2.6 million less accumulated depreciation of €2.3 million.
- There was no effect on net debt
- There was no effect on the income statement during the financial year.

Accounting policies applying only to the Company Financial Statements

Investments in subsidiaries

Investments in subsidiaries held by the Company are carried at cost less any accumulated impairment losses. Equity settled share based payments granted by the Company to employees of subsidiary companies are accounted for as an increase or decrease in the carrying value of the investment in subsidiary companies and the share options reserve.

39. Company profit for the period

The profit attributable to equity shareholders dealt with in the Financial Statements of the Company was €6.5 million (2018: €47.8 million). In accordance with section 304 of the Companies Act 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting and from filing it with the Registrar of Companies.

Company Auditors' remuneration:	€'000	€'000
Audit of the entity financial statements	17.0	17.0
Other assurance services	252.0	224.5
Tax advisory services	17.0	17.0
	286.0	**258.5**

Disclosure of Directors' emoluments as required by Section 305 of the Companies Act 2014, is given in the Report of the Remuneration Committee on pages 90 to 103 and is included within the financial statements by way of a cross reference.

There were no employees in the Company during the financial year ended 31 December 2019 (2018: nil). Costs of €4.3 million (2018: €4.4 million) were recharged to the Company from subsidiary companies in relation to management services.

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

40. Property, plant and equipment

Company	Assets under Construction €m	Vessels €m	Plant Equipment and Vehicles €m	Land and Buildings €m	Total €m
Cost					
At 1 January 2018	99.5	-	7.1	0.1	106.7
Additions	61.3	-	1.7	-	63.0
Disposals	-	-	(1.8)	-	(1.8)
At 31 December 2018	160.8	-	7.0	0.1	167.9
Adjustment on application of IFRS 16	-	-	(2.6)	-	(2.6)
Additions	2.2	3.4	0.5	-	6.1
Reclassification	(156.6)	156.6	-	-	-
Disposals	-	-	(1.6)	-	(1.6)
At 31 December 2019	**6.4**	**160.0**	**3.3**	**0.1**	**169.8**
Accumulated depreciation					
At 1 January 2018	-	-	6.7	0.1	6.8
Depreciation charge for the financial year	-	-	1.8	-	1.8
Eliminated on disposals	-	-	(1.7)	-	(1.7)
At 31 December 2018	-	-	6.8	0.1	6.9
Adjustment on application of IFRS 16	-	-	(2.3)	-	(2.3)
Depreciation charge for the financial year	-	5.5	0.1	-	5.6
Eliminated on disposals	-	-	(1.6)	-	(1.6)
At 31 December 2019	**-**	**5.5**	**3.0**	**0.1**	**8.6**
Carrying amount					
At 31 December 2019	**6.4**	**154.5**	**0.3**	**-**	**161.2**
At 31 December 2018	160.8	-	0.2	-	161.0

The Company has entered into a contract for the construction of a vessel of which the amount of €6.4 million represents the estimated value of work completed up to the period end. Contractual amounts paid in excess of this are classified as prepayments.

41. Intangible assets

	2019 €m	2018 €m
Cost		
At 1 January	9.9	9.8
Additions	0.1	0.1
At 31 December	**10.0**	**9.9**
Amortisation		
At 1 January	9.6	9.4
Charge for the financial year	0.2	0.2
At 31 December	**9.8**	**9.6**
Carrying amount		
At 1 January	0.3	0.4
At 31 December	**0.2**	**0.3**

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

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

42. Right of use assets

	Plant and Equipment €m
Cost	
At 31 December 2018	-
Transfer from property, plant and equipment	2.6
At 1 January 2019 and 31 December 2019	**2.6**
Accumulated depreciation	
At 31 December 2018	-
Transfer from property, plant and equipment	2.3
At 1 January 2019	**2.3**
Charge for period	0.2
At 31 December 2019	**2.5**
Carrying amount	
At 31 December 2018	-
At 1 January 2019	0.3
At 31 December 2019	**0.1**

The Company applied IFRS 16 Leases with effect from 1 January 2019 as is set out at note 38 Accounting Policies. At initial application, the Company recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018.

The impact of the application of IFRS 16 at 1 January 2019 resulted in the transfer of fixed assets with a net book value of €0.3 million to right of use assets. As these assets were held under finance leases there was no effect on opening lease obligations. There was a negligible effect on the profit before tax recognised in the Company Income Statement in the year ended 31 December 2019 arising from the change in accounting policy.

43. Investment in subsidiaries

	2019 €m	2018 €m
Investment in subsidiaries at beginning of the financial year	13.4	12.0
Movement related to share options allocated to employees in subsidiaries	1.2	1.4
Investment in subsidiaries at end of the financial year	**14.6**	**13.4**

The Company's principal subsidiaries at 31 December 2019 is as follows:

Name of subsidiary	Country of incorporation and operation	Principal activity
Irish Ferries Limited*	Ireland	Ferry operator
Eucon Shipping & Transport Limited*	Ireland	Container shipping services
Irish Continental Line Limited*	Ireland	Ship leasing
Irish Ferries Services Limited*	Ireland	Administration services
Belfast Container Terminal (BCT) Limited	Northern Ireland	Container handling
Irish Ferries (U.K.) Limited	United Kingdom	Shipping & forwarding agents
Eurofeeders Limited	United Kingdom	Shipping & forwarding agents
Irish Ferries (U.K.) Services Limited	United Kingdom	Administration services
Zatarga Limited	Isle of Man	Ship leasing
Contarga Limited*	Ireland	Ship leasing
Irish Ferries Finance DAC	Ireland	Administration services
ICG Shipping (W. B. Yeats) Limited	Ireland	Maritime transport
ICG Shipping (Hull 777) Limited	Ireland	Maritime transport

* Companies availing of Companies Act 2014 exemption under S357

The Company in all instances owns 100% of the issued share capital and voting rights attaching thereto in respect of all subsidiary companies.

The registered office for Irish Ferries Limited, Eucon Shipping & Transport Limited, Irish Continental Line Limited, Contarga Limited, Irish Ferries Services Limited, Irish Ferries Finance DAC, ICG Shipping (W.B. Yeats) Limited, and ICG Shipping (Hull 777) Limited is Ferryport, Alexandra Road, Dublin 1.

The registered office for Belfast Container Terminal (BCT) Limited is 1 Lanyon Place, The Soloist Building, Belfast BT1 3LP, Northern Ireland.

The registered office for Irish Ferries (U.K.) Limited and Irish Ferries (U.K.) Services Limited is The Plaza Suite 4D, 100 Old Hall Street, Liverpool L3 9QJ, England.

The registered office for Eurofeeders Limited is Collins House, Rutland Square, Edinburgh, Midlothian EH1 2AA, Scotland.

The registered office for Zatarga Limited is Merchants House, 24 North Quay, Douglas IM1 4LE, Isle of Man.

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

44. Inventories

	2019 €m	2018 €m
Fuel and lubricating oil	-	0.2
Catering and other stocks	-	0.4
	-	**0.6**

The Directors consider that the carrying amount of inventories approximated their replacement value.

45. Trade and other receivables

	2019 €m	2018 €m
Amounts due from subsidiary companies (note 52)	83.7	151.8
Prepayments	28.9	29.2
Other receivables	0.3	0.4
	112.9	**181.4**

Amounts due from subsidiary companies are interest free and repayable on demand. The reduction in amounts due from subsidiary companies of €68.5 million was partly applied in reducing amounts due to subsidiary companies (note 50). The Company has assessed credit losses as if the receivable had been demanded at the date of financial position. As all amounts are due from subsidiaries which were in a net asset position and the Company concluded that no provision for credit losses was required.

46. Share capital

Details of the Company's equity share capital are set out at Note 20 to the Consolidated Financial Statements.

47. Borrowings

At 31 December 2018 borrowings comprised exclusively of finance leases as set out below.

Finance Leases	Minimum lease payments		Present value of minimum lease payments	
	2019 €m	2018 €m	2019 €m	2018 €m
Amounts payable under finance leases:				
Within one year	-	0.2	-	0.2
In the second to fifth years inclusive	-	0.1	-	0.1
	-	0.3	-	0.3
Less future finance charges	-	-	-	-
Present value of lease obligations	-	0.3	-	0.3
Less: amount due for settlement within 12 months	-	(0.2)	-	(0.2)
Amount due for settlement after 12 months	**-**	**0.1**	**-**	**0.1**

Amounts outstanding at 31 December 2018 were transferred to lease liabilities on the application of IFRS 16 Leases. The average effective borrowing during 2018 was 5.5%.

48. Lease liabilities

	2019 €m	2018 €m
At 31 December 2018	-	-
Initial application of IFRS 16	0.3	-
Payments	(0.2)	-
Lease interest expense recognised in period	-	-
At 31 December 2019	**0.1**	**-**
Analysed as:		
Current liabilities	0.1	-

The Company applied IFRS 16 Leases with effect from 1 January 2019 as set out at note 38 Accounting Policies. At initial application, the Company recognised right of use assets and related lease liabilities by adjusting the opening balances brought forward from the Statement of Financial Position reported at 31 December 2018. The impact of the application of IFRS 16 is set out at note 38.

The Company's obligations are secured by lessors' title to the leased assets.

49. Deferred tax liabilities

There are no deferred tax liabilities and assets recognised by the Company during the current and prior reporting periods. The Company's taxable income was fully taxable within the Irish tonnage tax system.

The estimated value of deferred tax assets not recognised is €0.1 million (2018: €0.1 million). Deferred tax assets are not recognised as it is not probable that taxable profits will be available against which deductible temporary differences can be utilised.

50. Trade and other payables

	2019	2018
Within 1 year	€m	€m
Amounts due to subsidiary companies (note 52)	126.1	164.7
Other payables	1.8	5.6
	127.9	**170.3**

The amounts owed by the Company to its subsidiaries is represented as follows;

	2019 €m	2018 €m
Trading balances	19.1	57.7
Financing balances	107.0	107.0
	126.1	**164.7**

Amounts owed to subsidiary companies are repayable on demand with no fixed payment schedule. The decrease in trading balances of €38.6 million was funded through collection of receivables from other subsidiaries (note 45). Interest is payable on financing balances at agreed fixed rates comprising funding cost and a margin. The average interest rate paid on borrowings advanced during the year was 1.78% (2018: 1.71%) and the average interest rate payable on financing balances outstanding at 31 December 2019 was 1.78% (2018: 1.80%).

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

51. Retirement benefit schemes

(i) Company sponsored / Group affiliated schemes

Certain former employees of the Company were members of a defined benefit scheme which is sponsored by another Group Company, Irish Ferries Limited. The stated policy between the sponsoring entity and the Company does not require the Company to recognise the net defined benefit in its individual financial statements. Detailed information in respect of this scheme is given in note 33 to the Consolidated Financial Statements. Other former employees were members of the Ex Merchant Navy Officers Pension Fund (Ex MNOPF), of which the Company is the sponsoring employer.

The contributory defined benefit schemes sponsored by the Company and the Group companies provide retirement and death benefits for former employees. The defined benefit schemes provide benefits to members in the form of a guaranteed level of pension payable for life, the level of the benefits depend on the member's length of service and salary. The assets of these schemes are held separately from those of the Company and Group in schemes under the control of trustees. The trustees are responsible for ensuring the schemes are run in accordance with the applicable trust deeds and the pension laws of the relevant jurisdiction. The pensions charge and payments in respect of the schemes are in accordance with the advice of professionally qualified actuaries.

The latest actuarial valuation report for the Ex MNOPF Scheme, which is not available for public inspection, is dated 29 June 2018. The valuation employed for disclosure purposes has been based on the most recent funding valuations for the schemes adjusted by the independent actuaries to allow for the accrual of liabilities up to 31 December 2019 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 credit, were measured using the projected unit credit method and assets have been valued at bid value.

(ii) Merchant Navy Officers Pension Fund (MNOPF)

In addition to the pension schemes operated by the Company, certain former employees are members of the MNOPF, an industry wide multi-employer scheme. The latest actuarial valuation of the scheme, which is available for public inspection, is dated 31 March 2018. The Company's share of the MNOPF obligations, as most recently advised by the trustees, is 0.51% (2018: 0.51%).

The valuation at 31 December 2019 is based on the actuarial deficit contribution demands notified to the Company and which remains outstanding at the reporting date.

The share of the overall deficit in the MNOPF apportioned to the Company is €nil at 31 December 2019 (2018: €nil). During the year the Company made payments of €nil (2018: €nil) to the Trustees.

(iii) Principal risks and assumptions

The principal risks and assumptions used for the purpose of the actuarial valuations are set out in note 33 (iii) of the Consolidated Financial Statements.

The Company's total obligation in respect of the defined benefit schemes is calculated by independent, qualified actuaries, updated at least annually and totals €0.9 million at 31 December 2019 (2018: €0.7 million). At 31 December 2019, the Company also has scheme assets totalling €1.7 million (2018: €1.4 million) giving a net pension surplus of €0.8 million (2018: €0.7 million). The size of the obligation is sensitive to actuarial assumptions.

51. Retirement benefit schemes – continued

(iv) Retirement benefit assets and liabilities

The amount recognised in the Statement of Financial Position in respect of the Company's defined benefit schemes, is as follows:

	2019 €m	2018 €m
Equities	1.2	1.0
Bonds	0.3	0.3
Property	0.1	0.1
Other	0.1	-
Fair value of scheme assets	1.7	1.4
Present value of scheme liabilities	(0.9)	(0.7)
Surplus in schemes	**0.8**	**0.7**

The retirement benefit scheme sponsored by the Company is in a net surplus position. In addition, the Company's share of the deficit in the industry wide scheme, the MNOPF, based on the last actuarial valuation as at 31 March 2018 is €nil (2018: €nil). The total surplus of €0.8 million (2018: €0.7 million) is shown under non-current assets in the Statement of Financial Position.

The Company is exposed to a number of actuarial risks, 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 scheme assets is also sensitive to asset return levels and the level of contributions from the Company.

(v) Movement in retirement benefit assets

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

	€m
2019	
At beginning of the financial year	1.4
Actuarial gains	0.3
At end of the financial year	**1.7**

2018	
At beginning of the financial year	1.7
Actuarial losses	(0.3)
At end of the financial year	**1.4**

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

51. Retirement benefit schemes – continued

(vi) Movement in retirement benefit liabilities

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

	€m
2019	
At beginning of the financial year	0.7
Actuarial losses	0.2
At end of the financial year	**0.9**
2018	
At beginning of the financial year	0.9
Actuarial gains	(0.2)
At end of the financial year	**0.7**

The present value of scheme liabilities at the financial year ended 31 December 2019 and 31 December 2018 relate to wholly funded plans.

(vii) Amounts recognised in the Company Income Statement

There were no amounts recognised in the Company Income Statement in respect of the defined benefit obligations in the period (2018: €nil).

The estimated amounts of contributions expected to be paid by the Company to the schemes during 2020 is €nil based on current funding agreements.

(viii) Amounts recognised in the Company Statement of Comprehensive Income

Amounts recognised in the Company Statement of Comprehensive Income in respect of the defined benefit obligations are as follows:

Actuarial gains and losses

	2019 €m	2018 €m
Actual return on scheme assets	0.3	(0.3)
Interest income on scheme assets	-	-
Return on scheme assets (excluding amounts included in net interest cost)	0.3	(0.3)
Remeasurement adjustments on scheme liabilities:		
(Losses)/ gains arising from changes in financial assumptions	(0.2)	0.2
Actuarial gain/ (loss) recognised in Statement of Comprehensive Income	**0.1**	**(0.1)**

52. Related party transactions

As at the statement of financial position date, Catherine Duffy, non-executive Director of the Company, is a partner at law firm A&L Goodbody ("ALG"). During the year ended 31 December 2019, expenses of €0.8 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director (2018: €0.4 million of which €50,000 relates to Catherine's remuneration for her role as non-executive Director) were incurred for services received from ALG in their capacity as legal advisors to the Company. All services have been provided on an arm's length basis at the standard commercial terms of ALG.

The Company chartered a vessel to a subsidiary Company during the year. It also advanced and received funds to and from certain subsidiaries. Net funds received from subsidiaries during the financial year amounted to €29.5 million (2018: €44.2 million advanced subsidiaries). The Company has provided Letters of Financial Support for certain of its other subsidiaries.

During the financial year the Company received dividends of €nil million (2018: €51.0 million) from subsidiary companies.

At 31 December the following amounts were due to or from the Company by its subsidiaries:

	2019 €m	2018 €m
Amounts due from subsidiary companies (note 45)	83.7	151.8
Amounts due to subsidiary companies (note 50)	(126.1)	(164.7)
	(42.4)	**(12.9)**

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. There are no set terms and conditions attached to the amounts outstanding.

Notes Forming Part of the Company Financial Statements

For the year ended 31 December 2019 – continued

53. Net cash from operating activities

	2019	2018
Company	€m	€m
Operating activities		
Profit for the financial year	6.5	74.4
Adjustments for:		
Finance costs (net)	0.8	0.1
Dividend income	-	(75.0)
Depreciation of property, plant and equipment	5.6	2.4
Depreciation of right to use assets	0.2	-
Amortisation of intangible assets	0.2	0.3
Share-based payment expense	-	0.4
Decrease in provisions	-	(0.2)
Operating cash flows before movements in working capital	**13.3**	**2.4**
Decrease/ (increase) in inventories	0.6	(0.1)
Decrease/ (increase) in receivables	67.1	(23.2)
Decrease in payables	(40.1)	(42.0)
Cash generated by operations	**40.9**	**(62.9)**
Interest paid	(0.8)	(0.1)
Net cash inflow/ (outflow) from operating activities	**40.1**	**(63.0)**

54. Contingent liabilities

The Company is a participating employer in the Merchant Navy Officer Pension Fund (MNOPF), a multi-employer defined benefit pension scheme. The MNOPF is closed to future accrual. Under the rules of the fund all employers are jointly and severally liable for any past service deficit of the fund. The last notification from the trustees showed that the Company's share of any deficit would be 0.51%. Should other participating employers' default on their obligations, the Company will be required to absorb a larger share of the scheme deficit. If the Company were to terminate their obligations to the fund, voluntarily or otherwise, the Company may incur a statutory debt under Section 75 of the United Kingdom Pensions Act 1995 amended by the Pensions Act 2004. The calculation of such statutory debt is prescribed in legislation and is on a different basis from the current deficit calculations. This would likely be a greater amount than the net position included in these financial statements and the Directors consider that this amount is not quantifiable unless and until such an event occurs.

In the ordinary course of business the Company is exposed to legal proceedings from various sources including employees, customers, suppliers and regulatory authorities. It is the opinion of the Directors that losses, if any, arising in connection with these matters will not be materially in excess of provisions made in the financial statements.

54. Contingent liabilities – continued

The Company acts as guarantor to lending arrangements concluded by certain of its subsidiaries. The Company has also guaranteed the liabilities and commitments of its Irish subsidiaries for the financial year ended 31 December 2019 pursuant to the provision of Section 357 of the Companies Act 2014. The Company has treated these guarantees as insurance arrangements and each contract is treated as a contingent liability until as such time it becomes probable that the Company will be required to make a payment under the guarantee. The Company has carried out review based on the latest financial information available regarding these subsidiaries, all of which are in a net asset position, and assessed that as at 31 December 2019 it was not probable that the Company would be required to make a payment under any of these guarantees. Details of the Company's principal subsidiaries have been included in note 42.

55. Events after the Reporting Period

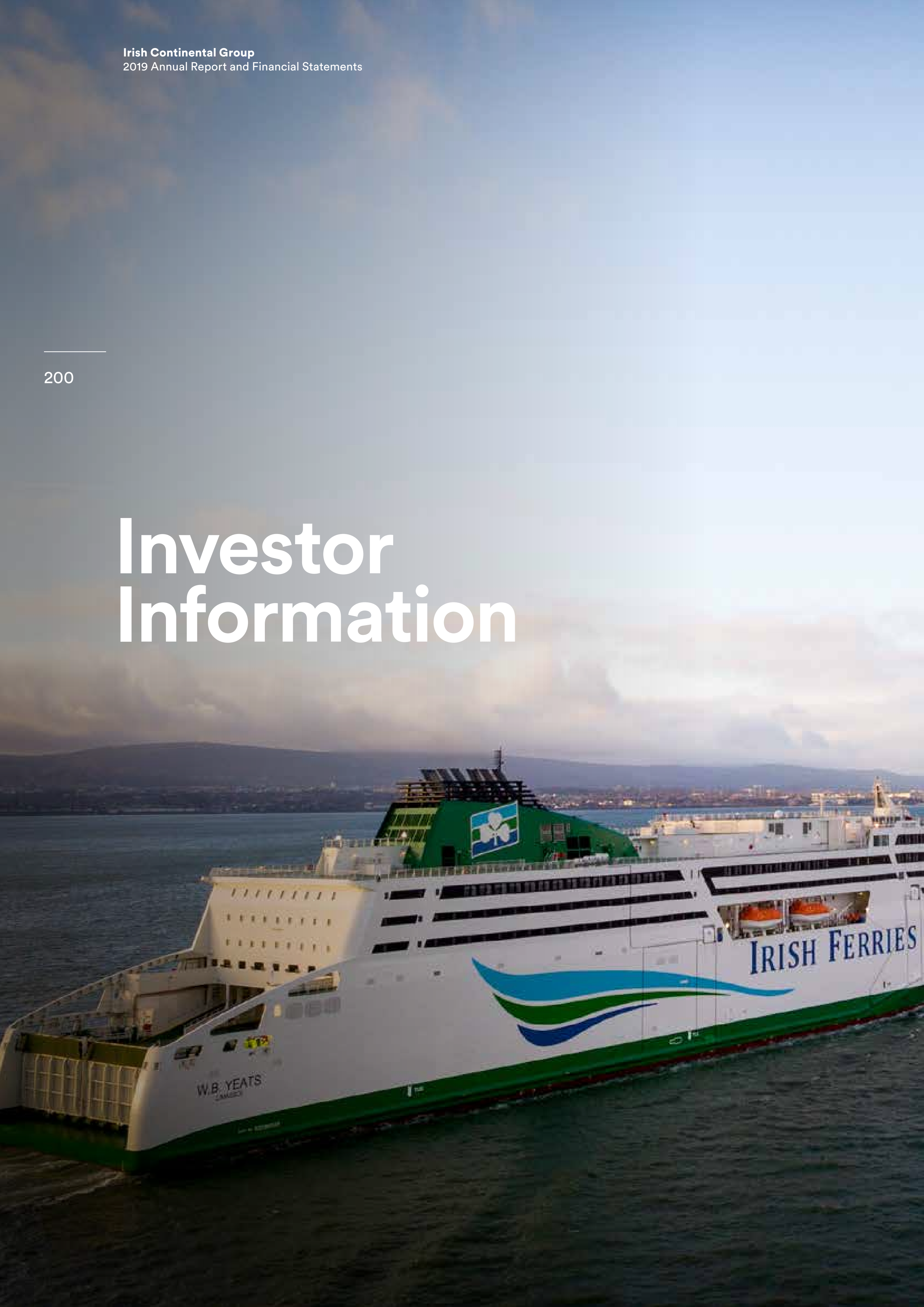
The Board is proposing a final dividend of 8.99 cent per ICG Unit in respect of the results for the financial year ended 31 December 2019.

There have been no other material events affecting the Company or Group since 31 December 2019.

56. Approval of financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 4 March 2020.

Investor Information



Strategic short sea RoRo routes operated by Irish Ferries providing a seamless connection from Ireland to the UK and Continental motorway network for the 313,200 RoRo units carried in 2019.

Investor Information

ICG Units

An ICG Unit consists of one Ordinary Share and nil Redeemable Shares at 31 December 2019 and 31 December 2018. The shares comprising a unit are not separable for sale or transfer purposes.

The number of Redeemable Shares comprised in an ICG Unit at any particular time will be displayed on the Irish Continental Group plc. website www.icg.ie. The redemption of redeemable shares is solely at the discretion of the Directors.

At 4 March 2020, an ICG Unit consisted of one Ordinary share and nil Redeemable shares.

Payments to Shareholders

Shareholders are offered the option of having any distributions paid in Euro or Sterling and made by way of cheque payment or electronic transfer. Shareholders should contact the Company's Registrar for further information.

The Company is obliged to deduct Dividend Withholding Tax (DWT) at the standard rate of income tax in Ireland (currently 20%) from dividends paid to its shareholders, unless a shareholder is entitled to an exemption from DWT and has returned a declaration form to the Company's Registrar claiming such entitlement.

ICG Unit price data (€)

	High	Low	Year end
Year ended 31 December 2019	5.20	3.71	4.84
Year ended 31 December 2018	6.00	4.20	4.25

Share listings

ICG Units are quoted on the official lists of both Euronext Dublin and the UK Listing Authority.

ICG's ISIN code is IE00BLP58571.

ICG is a member of the CREST share settlement system. Shareholders may choose to hold paper share certificates or hold their shares in electronic form.

Investor Relations

Please address investor enquiries to:
Irish Continental Group plc
Ferryport
Alexandra Road
Dublin 1

Telephone: +353 1 607 5628
Fax: +353 1 855 2268
Email: investorrelations@icg.ie

Registrar

The Company's Registrar deals with all administrative queries about the holding of ICG Units.

Shareholders should contact the Registrar in order to:

- Register to receive shareholder information electronically;
- Elect to receive any distributions from the Company by bank transfer; and
- Amalgamate accounts where shareholders have multiple accounts in their name, to avoid duplicate sets of Company mailings being sent to one shareholder.

The registrar also offers a share dealing service to shareholders.

The Company's registrar is:
Computershare Investor Services (Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
D24 AK82

Telephone: +353 1 447 5483
Fax: +353 1 447 5571
Email: webqueries@computershare.ie

Financial calendar 2020

Announcement of Preliminary Statement of Results to 31 December 2019	5 March 2020
Annual General Meeting	to be announced*
Proposed final dividend payment date	to be announced*
Half year results announcement	30 August 2020

* on 25 March 2020 the Company announced that it would postpone its Annual General Meeting from its original scheduled date of 12 May 2020. All business normally conducted at the Annual General Meeting, including approval of the final dividend, will be deferred to the later date which will be advised to shareholders.

Travel discounts for Shareholders

Registered shareholders of 1,000 or more ICG shares can avail of a discount when travelling with Irish Ferries. The availability of the discount, the conditions applicable and the level of discount are subject to review and are varied from time to time. The principal features of the scheme at 4 March 2020 are:

- 20% discount on passenger and car ferry services between Ireland and Britain;
- 10% discount on passenger and car ferry services between Ireland and France (direct sailings only); and
- 5% discount on Irish Ferries inclusive package holidays (incorporating travel with Irish Ferries).

To qualify for the discount the person travelling must be the beneficial owner of the shares, book online at www.irishferries.com, and apply for the discount at the time of booking. The discount is not available in conjunction with any other discount scheme.

For further information and full details of the current terms and conditions please contact Irish Ferries by email at shareholders@irishferries.com.

Investor Information

Continued

Other information

Registered office	Ferryport Alexandra Road Dublin 1, Ireland.
Solicitors	A&L Goodbody, Dublin
Auditors	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Earlsfort Terrace, Dublin 2
Principal bankers	AIB Group plc, Dublin Bank of Ireland Group plc, Dublin
Stockbrokers	Investec Stockbrokers, Dublin Goodbody Stockbrokers, Dublin
Registrars	Computershare Investor Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82
Website	www.icg.ie
Email	info@icg.ie

	Euronext Dublin	London Stock Exchange
Reuters	IR5B_u.I	ICG_u.L
Bloomberg	IR5B	ICGC
ISE Xetra	IR5B	

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