IRISH CONTINENTAL GROUP

PRELIMINARY STATEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2004

Highlights		**2004**	**2003**
*	**Turnover**	**€293.3 million**	**€304.3 million**
*	**EBITDA***	**€51.5 million**	**€53.4 million**
*	**EBIT***	**€26.5 million**	**€28.9 million**
*	**Exceptional Charges**	**€11.9 million**	**€4.8 million**
*	**Adjusted EPS***	**84.7c**	**91.4c**

*** pre exceptional charges**

Comment

In comment, Chairman, John B. McGuckian stated,

"ICG has had a resilient performance in 2004 in the face of extremely difficult competitive conditions. We have taken resolute action to reduce our costs in this increasingly competitive market place. We are committed to addressing our cost base going forward. This has cost us both in terms of exceptional charges and income lost through industrial action. Nevertheless we see this as a start in reducing our future cost base to give us the ability to compete effectively in 2005 and beyond".

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PRELIMINARY STATEMENT OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2004

RESULTS

Irish Continental Group plc ("ICG" or the "Group") today reports its results for the year to 31 December 2004. The results are significantly influenced by the costs incurred in our restructuring programme and the loss of revenue arising from the industrial dispute in December 2004.

Turnover for the year amounted to €293.3 million (2003: €304.3 million) while operating profit before tax and before exceptional charges amounted to €26.5 million (2003: €28.9 million). Adjusted EPS (i.e. before exceptional items and goodwill amortisation) amounted to 84.7cent (2003: 91.4 cent).

The interest charge fell from €6.4 million to €5.4 million arising from our strong cash flow.

There were exceptional restructuring charges of €11.9 million (2003: €4.8 million) comprising the redundancy cost in respect of the crew of the Ireland-France vessel, "Normandy" of €8.2 million and other restructuring costs of €3.7 million in shore side activities. The Normandy is now crewed by a third party manning agency at significantly lower cost.

Basic EPS, after taking account of such exceptional charges, was 34.0 cent (2003: 71.6 cent).

REDEMPTION

The Board has decided to redeem one Redeemable Share per ICG unit for a cash consideration of 17.25 cent per Redeemable Share. In November 2004 one redeemable share per ICG unit was redeemed for a consideration of 8.625 cent per share. This amounts to a total payment to shareholders of 25.875 cent per Redeemable Share compared with 22.5 cent in the preceding 12 months.

FERRIES DIVISION

The Ferries division comprises Irish Ferries, the leading ferry operator to the Republic of Ireland, the Group's ship chartering activities, and travel and holiday services.

Turnover in the division was €164.3 million (2003: €170.2 million) while operating profit, before exceptional charges, was €24.0 million (2003: €25.3 million). Exceptional charges relating to the restructuring of Irish Ferries amounted to €9.9m.

Passenger Revenue

Overall passenger numbers were affected by difficult market conditions and by the effects of industrial disputes in February and December, the latter dispute being more significant. Market conditions reflected significant additional airline competition, including low cost carriers.

Total passenger numbers fell 7.4% to 1.59 million while car numbers fell by 5.7% to 383,000. The total number of sailings operated fell by 7% to 4,662 which partially offset the revenue loss.

Freight Revenue

In the Roll on Roll off freight market we achieved a record volume of traffic, up 1.5% to 204,000 trucks carried (with 3% fewer sailings of our conventional Irish Sea vessels).

During the year we benefited from the closure of P&O's Dublin Mostyn service (in April) although this was offset by the full year effect of additional competing capacity on Dublin Holyhead.

Costs

In the light of the prevailing competitive conditions we focussed our attentions during the year on cost reductions.

In the first half of the year we successfully concluded our "Benchmarking" programme on the Irish Sea routes. This was achieved within the budgeted cost of €4.8 million (which had been provided for in financial year 2003). This is generating tangible savings in excess of €2 million per annum.

On the overnight route to France, where staff costs are proportionally much higher, due to the nature of the route we were unable to continue the route with the existing crew structure. Consequently we have employed a third party crewing agency to crew the ship and we offered the existing crew relocation to the Irish Sea or a voluntary severance package. 90% of the staff have left the group under voluntary severance, which has cost approximately €8.2 million, with the balance transferring to the Irish Sea. In December 2004 we lost 10 days sailings due to industrial action on the Irish Sea which was initiated subsequent to the successful implementation of the severance programme.

Chartering

Both the Pride of Bilbao and Pride of Cherbourg remained on charter to P&O during the period. P&O sub-chartered the Pride of Cherbourg to Stena Line subsequent to the year end and the vessel is now named "Stena Challenger" and currently trading in the Baltic. Both charters to P&O are firm until 2007, with charterer's options to extend.

CONTAINER AND TERMINAL DIVISION

The division includes our intermodal freight services Eucon, Feederlink and Eurofeeders as well as our strategically located container port in Dublin (DFT).

Turnover in the division was €129.8 million compared with €134.8 million in 2003 while operating profit was €2.5 million (2003: €3.6 million).

Overall container volumes shipped rose by 3.3% to 501,000 teu while units handled at our terminal in Dublin, DFT, rose 10.9% to 145,300 lifts.

Overall however the results were disappointing due to intensely competitive pricing combined with rising costs for chartered vessels, rising fuel costs and the late completion of the development of our new berth by Dublin Port.

There were exceptional charges on the Division of €1.6m relating to the restructuring of work practices to comply with the Working Time Directive and the termination of a maintenance contract, arising from the re-equipping of our terminal at DFT.

The expansion programme at DFT was completed in June and this has provided us with additional capacity with which to grow the port business in 2005.

FINANCE

EBITDA before restructuring charges for the year was €51.5 million (2003: €53.4 million). Our interest payments were €6.3 million and tax payments amounted to €0.5 million. Capital expenditure was €13.5 million while restructuring payments (including those provided for in 2003) totalled €12.2 million.

We returned €5.5 million (2003: €5.0 million) to shareholders via redemption of redeemable shares while we also bought back €7.9 million of equity (2003: €9.1 million the previous year).

As a result of our strong cash flow, net debt at year end was down to €117.9 million. (2003: €125 million).

IFRS

As required by the EU we will be reporting from 1 January 2005 in accordance with International Financial Reporting Standards (IFRS) rather than GAAP.

The principal area of divergence between IFRS and GAAP is in the accounting for retirement benefits and pensions. Under IFRS the charge for pension benefits for current service would have been Euro 2.2 million higher in 2004 than under SSAP24.

BOARD

There were a number of changes to the Board during the year. In March, Bernard Somers was co-opted to the Board and he was elected at the following AGM. In April I succeeded Tom Toner as Chairman upon his retirement. The Board thanks him for his committed chairmanship from its flotation in 1988.

In May the untimely death took place of Alex Mullin, non-executive director, who had retired from his executive position in the Group in 2001. Alex was instrumental in the development of the Group in the 1980's and 1990's particularly by way of his involvement in the acquisition of B&I Line in 1992. He will be missed.

CURRENT TRADING

The markets in which we operate, passenger and freight transport, remain extremely competitive. Our task is to ensure both our cost base and our capital base are appropriate to the markets in which we compete. We are adjusting our pricing in the passenger market more closely to the airline model, with simplified "per person" fares and no restrictions on length of stay.

In the freight markets, both RoRo and LoLo, increased prices are necessary to reflect the increasing external costs such as fuel, ship chartering and port costs.

While trading in the seasonally weaker early months of the year is not significant in the context of performance of the year as a whole, trading in the first 2 months of the financial year has been in line with last year.

John B. McGuckian,
Chairman,
March 7th 2005

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CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2004

	Notes	2004 Before Exceptional items €m	2004 Exceptional items €m	2004 Total €m	2003 Total €m
Turnover	1	293.3	-	293.3	304.3
Operating costs	2	(266.8)	(11.9)	(278.7)	(280.2)
Operating profit		26.5	(11.9)	14.6	24.1
Net interest payable		(5.4)	-	(5.4)	(6.4)
Profit on ordinary activities before taxation		21.1	(11.9)	9.2	17.7
Taxation		(1.2)	-	(1.2)	(0.3)
Profit retained for the year		19.9	(11.9)	8.0	17.4
Basic earnings per share	4			**34.0c**	71.6c
Diluted earnings per share	4			**33.9c**	71.3c
Adjusted earnings per share	4			**84.7c**	91.4c

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2004

	2004 €m	2003 €m
Profit attributable to shareholders of Irish Continental Group plc.	8.0	17.4
Exchange translation adjustment	(2.3)	(8.9)
Total recognised gains for the year	5.7	8.5

CONSOLIDATED BALANCE SHEET
at 31 December 2004

	Notes	2004 €m	2003 €m
Fixed Assets			
Tangible assets		**320.4**	334.5
		320.4	334.5
Current assets			
Stocks		**0.6**	0.7
Debtors		**46.5**	51.6
Cash at bank and in hand		**9.2**	12.2
		56.3	64.5
Creditors			
(Amounts falling due within one year)			
Bank loans and overdrafts		**39.0**	25.5
Trade and other creditors		**56.2**	61.2
Obligations under finance leases		**4.3**	3.4
Taxation and social welfare		**5.5**	5.5
		105.0	95.6
Net current liabilities		**(48.7)**	(31.1)
Total assets less current liabilities		**271.7**	303.4
Creditors			
(Amounts falling due after more than one year)			
Bank loans		**75.3**	98.1
Obligations under finance leases		**8.5**	10.2
Provision for liabilities and charges		**11.3**	11.6
		95.1	119.9
Capital and reserves			
Called up share capital		**15.8**	15.7
Share premium account		**39.6**	38.9
Capital reserves		**0.1**	0.1
Capital redemption reserve		**2.1**	2.1
Profit and loss account		**119.0**	126.7
Shareholders' funds (equity interests)	5	**176.6**	183.5
		271.7	303.4

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2004

	Notes	**2004 €m**	2003 €m
Operating activities			
Net cash inflow from operating activities	6	39.5	54.4
Servicing of finance			
Net interest paid		(6.3)	(6.0)
Net cash outflow from servicing of finance		(6.3)	(6.0)
Taxation			
Net corporation tax paid		(0.5)	(0.3)
Capital expenditure			
Purchase of fixed assets		(13.5)	(8.9)
Sale of fixed assets		0.2	0.1
Net cash outflow from investing activities		(13.3)	(8.8)
Equity dividends paid		-	(3.2)
Net cash inflow before financing		19.4	36.1
Financing			
Issue of ordinary share capital		0.8	0.7
Repurchase of ordinary share capital		(7.9)	(9.8)
Redemption of redeemable shares		(5.5)	(1.8)
Drawdown of loans		17.0	-
Inception of finance leases		3.0	2.8
Repayment of amounts borrowed		(25.0)	(25.4)
Capital element of finance lease payments		(3.8)	(2.5)
Net cash outflow from financing		(21.4)	(36.0)
(Decrease) / increase in cash	7	(2.0)	0.1

1. **Segmental information**

Analysis by class of business

	Turnover		Profit Before Tax		Net Assets	
	2004	2003	**2004**	2003	**2004**	2003
	€m	€m	**€m**	€m	**€m**	€m
Ferries and Travel	164.3	170.2	24.0	25.3	268.2	290.0
Container and Terminal	129.8	134.8	2.5	3.6	30.9	30.5
Intersegment turnover	(0.8)	(0.7)	-	-	-	-
	293.3	304.3	26.5	28.9	299.1	320.5
Exceptional items & goodwill	-	-	(11.9)	(4.8)	-	-
Net interest/debt	-	-	(5.4)	(6.4)	(117.9)	(125.0)
Unallocated liabilities	-	-	-	-	(9.3)	(12.0)
Construction in progress	-	-	-	-	4.7	-
	293.3	304.3	9.2	17.7	176.6	183.5

Analysis by origin

	2004	2003
	€m	€m
Ireland	123.3	123.8
United Kingdom	93.4	101.9
Continental Europe	76.6	78.6
	293.3	304.3

2. **Operating costs**

Included in operating costs are the following amounts in respect of exceptional items.

	2004	2003
	€m	€m
Restructuring costs	11.9	4.8

2004

During 2004, a review of the profitability of the Ireland-France route was undertaken which showed that the route could not be viably operated using the existing crewing structure. Following this review a third party crewing agency was employed to crew the vessel operating on this route, with redundancy or redeployment to the Irish Sea offered to existing staff. In addition the decision was taken on 23 February 2005 to close our remaining two UK travel agency shops and an impairment review was performed on the assets.

Restructuring also took place in our terminal division where changes in work practices were agreed to comply with the Working Time Directive. There was a restructuring in maintenance services arising from the re-equipping of the container terminal.

2003
In December 2003 Irish Ferries entered into a process of consultation with its employees in order to generate savings in payroll costs through changes in work practices. The 2003 restructuring charge represents the estimated cost of proposed changes as at 31 December 2003.

3. Redemption of redeemable shares

The company has decided to redeem one redeemable share per ICG unit on 20 May 2005, to shareholders on the register at 22 April 2005, for a cash consideration of 17.25 cent per redeemable share. Accordingly no dividend will be paid.

4. Earnings per share

The calculation of basic earnings per share is based on a profit of €8.0m (2003: €17.4m) and 23.5 million shares (2004: 24.3 million) being the weighted average number of shares in issue during the period.

Diluted earnings per share is computed in accordance with FRS 14 and is based on diluted weighted average shares in issue of 23.6 million (2003: 24.4 million).

Adjusted earnings per share is based on profit attributable to shareholders before exceptional items.

5. Reconciliation of movement in shareholder's funds

	2004	2003
	€m	€m
Total recognised gains relating to the period	5.7	8.5
Capital introduced	0.8	0.7
Capital repurchased	(7.9)	(9.8)
Capital redeemed – premium paid on redemption	(5.5)	(1.8)
Net decrease in Shareholders' Funds	(6.9)	(2.4)
Shareholders' Funds at beginning of year	183.5	185.9
Shareholders' Funds at end of year	176.6	183.5

6. Reconciliation of operating profit to cash inflow from operating activities

	2004	2003
	€m	€m
Operating profit	14.6	24.1
Depreciation charges	25.2	24.8
Movement in restructuring provision	(0.3)	4.8
Net grant receipt / (amortisation)	0.1	(0.3)
(Profit) / loss on disposal of assets	(0.1)	0.1
Decrease in prepayment of pension contributions	(0.5)	(1.6)
Movement in working capital:		
Decrease in stocks	0.1	0.1
Decrease / (increase) in debtors	5.8	(1.3)
(Decrease) / increase in creditors	(5.4)	3.7
Net cash inflow from operating activities	39.5	54.4

7. Reconciliation of net cash flow to movement in net debt

	2004	2003
	€m	€m
Decrease in cash	(2.4)	(1.4)
Decrease in overdraft	0.4	1.5
Decrease in debt	8.8	25.1
Change in net debt resulting from cash flows	6.8	25.2
Translation adjustment	0.3	7.2
Net movement	7.1	32.4
Opening net debt	(125.0)	(157.4)
Closing net debt	(117.9)	(125.0)

8. Analysis of net debt

	Cash €m	Overdrafts €m	Bank loans €m	Leases €m	Total €m
At 1 January 2004					
Current assets	12.2	-	-	-	12.2
Creditors due within one year	-	(0.7)	(24.8)	(3.4)	(28.9)
Creditors due after one year	-	-	(98.1)	(10.2)	(108.3)
Cash inflow/(outflow) from financing	(2.4)	0.4	8.0	0.8	6.8
Foreign exchange rate changes	(0.6)	-	0.9	-	0.3
At 31 December 2004	9.2	(0.3)	(114.0)	(12.8)	(117.9)
Analysed as:					
Current assets	9.2	-	-	-	9.2
Creditors due within one year	-	(0.3)	(38.7)	(4.3)	(43.3)
Creditors due after one year	-	-	(75.3)	(8.5)	(83.8)
At 31 December 2004	9.2	(0.3)	(114.0)	(12.8)	(117.9)