DÚN LAOGHAIRE HARBOUR COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2010

ANNUAL REPORT
for the year ended 31 December 2010

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COMPANY INFORMATION

DIRECTORS	Sean Costello ◆ - Chairman Gerry Dunne – Chief Executive Victor Boyhan ◆ Betty Coffey Patrick Cowhey* Jane Dillon Byrne Seighin Lennon Donald McManus Gerry Nagle ◆ Eithne Scott Lennon* Carrie Smyth*

* Member of Audit Committee
◆ Member of Remuneration Committee

SECRETARY	Adele O'Connell
REGISTERED OFFICE	Harbour Lodge, Crofton Road, Dún Laoghaire, Co. Dublin.
REGISTERED NUMBER OF INCORPORATION	262366
SOLICITORS	Dillon Eustace Solicitors, 33 Sir John Rogerson Quay, Dublin 2. Mason Hayes Curran Solicitors, South Bank House, Barrow Street, Dublin 4. Felton McKnight Solicitors, Church Road, Greystones, Co Wicklow.

COMPANY INFORMATION (Continued)

BANKERS	Bank of Ireland, Dún Laoghaire, Co. Dublin.
	Investec Bank (UK) Limited, The Harcourt Building, Harcourt Street, Dublin 2.
AUDITORS	Deloitte & Touche, Chartered Accountants and Registered Auditors Deloitte & Touche House, Earlsfort Terrace, Dublin 2.

CHAIRMAN'S REPORT
for the year ended 31 December 2010

INTRODUCTION

As Chairman of the company, I am pleased to present the company's fourteenth Annual Report.

COMPANY OPERATIONS, PROFITABILITY AND STATE OF AFFAIRS

Total revenue for the year at €10,676,205 decreased by 0.4% on the previous year.

Shipping turnover increased by 0.3% in 2010. However, revenue, from sources other than shipping, decreased by 2% during the year. Revenue from parking fees decreased by 16%.

Operating expenditure excluding exceptional expenditure decreased from €7,310,954 in 2009 to €6,482,809 in 2010, a decrease of 11%.

Operating profit increased by 38% in 2010.

Profit before taxation was €1,363,964 in 2010. This compares with a profit before tax of €671,208 in 2009.

Profit after tax amounted to €301,923.

After adding the profit after tax for 2010 and adding an actuarial gain in respect of the Company's pension fund (net of deferred taxation) of €1,222,375 and a movement in the revaluation of investment property of €1,002,264, the company has Profit and Loss and Revaluation reserves of €32,490,382 carried forward to 2011.

COMMERCIALLY SIGNIFICANT DEVELOPMENTS DURING 2010

In 2010, the Company continued discussions with Stena and it is expected that the new Ferry Contract to replace the existing contract will be executed imminently. The Company continues discussions with other Ferry operators with a view to securing Contracts.

The Company is also committed to attracting Cruise business to the Harbour and has recently received Planning Permission for a proposed tendering facility in the old Harbour.

Introduction of the voluntary reduction scheme/cost reduction scheme This procedure is ongoing but close to completion bringing about at this point a €791,712 nett saving in current operating costs.

SIGNIFICANT FUTURE DEVELOPMENTS

The significant future developments include;

(a) Attracting and securing new Ferry Contracts with other Ferry operators.
(b) Development of Cruise business to the Harbour including investment in Cruise facilities.
(c) Completion of restructuring/cost reduction plan.

CHAIRMAN'S REPORT
for the year ended 31 December 2010 (Continued)

Affirmation of Procedures

I confirm that all appropriate procedures for financial reporting, internal audit, travel, procurement and asset disposals have been complied with.

I confirm that the requirements of the Harbours Acts 1996-2009 or any other enactment in relation to the accounts of the company and statements as to the financial affairs of the company have been complied with.

SYSTEM OF INTERNAL FINANCIAL CONTROL

I confirm compliance with Appendix V of the Code of Practice for the Governance of State Bodies as follows:

1. I acknowledge that the Board is responsible for the company's system of internal financial control;

2. Such a system can provide only reasonable and not absolute assurance against material error;

3. The following key procedures have been put in place by the Board, designed to provide effective internal financial control:

    a. establishment of a clearly defined management structure
    b. business risks are identified as part of the business planning process. Where appropriate, based on the advice of the Chief Executive, independent professional advisors are employed to advise the Board on the management of the risks identified
    c. annual business plan submitted to, and approved by, the Board
    d. establishment of authorisation limits for expenditure
    e. regular review of the financial results at Board level
    f. assessment of results versus budgets previously approved by the Board on a quarterly basis
    g. approval of major contracts at Board level
    h. establishment of an audit committee to independently review the financial results of the company and to meet independently with the external auditors of the company.

4. I confirm that there has been a review of the effectiveness of the system of internal financial control.

5. I confirm that the company has engaged appropriate external expertise to carry out its internal audit function, which operates in accordance with the Framework Code of Best Practice set out in Appendix II of the Code.

6. I confirm that the requirements for procurement, in accordance with Section 15 of the Code, have been fulfilled.

7. I confirm that this statement of internal financial control has been reviewed by external auditors.

CHAIRMAN'S REPORT
for the year ended 31 December 2010 (Continued)

Codes of Conduct

I confirm that the Codes of Conduct for Directors and Employees fully comply with section 5 and Appendix II of the Code, that these Codes have been put in place and adhered to and that these are available upon request with a copy of each such code being accessible through the company's web site.

I confirm that each board member and each person holding a designated position of employment in the company has complied with the statutory obligations imposed by the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 2001.

Remuneration

I confirm that:

- Government and Departmental policy on the pay of Chief Executives and all State body employees are being complied with; and
- Government guidelines on the payment of Directors' fees are being complied with.

I confirm that as per section 7.7 of the Code, a schedule of the fees and aggregate expenses paid to each of the Directors is included with this report.

CHAIRMAN'S & DIRECTORS' FEES
During the year fees of €21,600 were paid to the chairman and fees of €126,000 were paid to the other members of the Board. The fees were paid in accordance with Government Guidelines.

A schedule of fees and aggregate expenses paid to each director is set out below:

	FEES	EXPENSES
S. Costello	€21,600	-
G Dunne	€12,600	€3,778
V. Boyhan	€12,600	-
B. Coffey	€12,600	-
P. Cowhey	€12,600	-
J. Dillon Byrne	€12,600	-
S. Lennon	€12,600	€427
D. McManus	€12,600	-
G. Nagle	€12,600	€10,250
E. Scott Lennon	€12,600	-
C. Smyth	€12,600	-

CHAIRMAN'S REPORT
for the year ended 31 December 2010 (Continued)

TRAVEL AND SUBSISTENCE
The company complies with circulars and instructions issued by the Department of Finance concerning travel, subsistence and associated expenses as set out in Circular 11/1982 (Circular 18/20006 and Circular letter 31/3/1998 also refer) and any amendments thereto.

I would like to conclude by thanking my fellow Directors, Management and Staff for their commitment, hard work and dedication, which has delivered a strong set of financial results for the company in 2010.

Sean Costello
Chairman

Date 5th April 2011

DIRECTORS' REPORT
for the year ended 31 December 2010

The Directors present herewith their report and audited financial statements for the year ended 31 December 2010.

LEGAL STATUS
Dún Laoghaire Harbour Company is a limited liability company established pursuant to the Harbour's Act, 1996.

REVIEW OF THE DEVELOPMENT OF THE BUSINESS AND ITS PRINCIPAL ACTIVITIES
The company is engaged in the management, control, operation and development of Dún Laoghaire Harbour. The review of activities is contained in the Chairman's report.

RESULTS FOR THE YEAR AND STATE OF AFFAIRS AT 31 DECEMBER 2010
The profit and loss account for the year ended 31 December 2010 and the balance sheet at that date are set out on pages 15 and 17 respectively. A commentary on the results for the year and state of affairs is included in the Chairman's Report.

RESULTS AND DIVIDENDS
The Directors of the company do not propose the payment of a dividend for the year. The profit for the year of €301,923 has been carried forward to reserves.

DIRECTORS
A list of the current Directors is shown on Page 2.

DIRECTORS' AND SECRETARY'S INTERESTS IN SHARES
None of the Directors or Secretary or their immediate families holds shares in the company at the 31 December 2010 and the 1 January 2010.

SHAREHOLDING
The Minister for Transport beneficially holds all the share capital of the company.

POLITICAL DONATIONS
The company did not make any political donations during the year.

GOING CONCERN
The Directors are satisfied that the company has adequate resources to continue in business for the foreseeable future. For this reason, the financial statements are prepared on a going concern basis.

PROMPT PAYMENTS OF ACCOUNTS ACT, 1997
The Directors are satisfied that procedures are in place to ensure that the company is compliant with the Prompt Payment of Accounts Act, 1997 in all material respects.

TAXATION STATUS
The taxation status of the company is dealt with in the Chairman's report under "Company Operations and Profitability".

FUTURE DEVELOPMENTS OF THE BUSINESS
The significant development plans expected in the forthcoming years are set out in the Chairman's report.

DIRECTORS' REPORT
for the year ended 31 December 2010 (Continued)

CORPORATE GOVERNANCE
The Directors are committed to maintaining the highest standards of corporate governance as set out in the Code of Practice for the Governance of State Bodies issued by the Department of Finance in May 2010. The main areas covered by this are as follows:

Reporting Arrangements and Requirements
It is the company's aim, at all times, to comply with the agreed reporting requirements of the Department of Transport and other government departments as required on a timely and accurate basis.

Audit Committee
The audit committee is a sub committee of the main Board and normally comprises three members. The main function of the audit committee is to review and monitor the financial reporting process, including audit activities, so as to give additional assurance regarding the reliability of the company's financial information.

FINANCIAL REPORTING
All appropriate procedures for financial reporting both to the Board and to the Shareholders are being carried out.

INTERNAL AUDIT
Noel Ryan & Associates. Public Certified Accountants, act as internal auditors to the company. The purpose of the internal audit function is to evaluate whether internal controls are adequate and operating effectively.

Noel Ryan & Associates reports to the Audit Committee.

PUBLIC PROCUREMENT
The company is fully committed to best practice in relation to the regulations governing public procurement procedures. The requirements for procurement, in accordance with Section 15 of the Code of Practice for the Governance of State Bodies have been fulfilled.

DISPOSAL AND ACQUISITION OF ASSETS
All appropriate procedures in relation to asset disposals and acquisitions are being carried out. The company complies with the requirements of Section 18 of the Code of Practice for the Governance of State Bodies with regard to the 'Disposal of Assets and Access to Assets by Third Parties' and with the provision of Section 15 of the Act relating to land transactions.

ESTABLISHMENT OF SUBSIDIARIES, PARTICIPATION IN JOINT VENTURES AND THE ACQUISITION OF SHARES BY STATE BODIES
We can confirm that no such transactions took place in the year ending 31st December 2010.

DIVERSIFICATION
We can confirm that the company did not engage in any diversification in the year ending 31st December 2010.

DISCLOSURE OF DIRECTORS OF CERTAIN INTERESTS
We can confirm that the company complies with Section 32 of the Harbour Act 1996, which contains detailed provisions regarding disclosure by directors of certain interests.

DIRECTORS' REPORT
for the year ended 31 December 2010 (Continued)

CORPORATE GOVERNANCE (Continued)

NUMBER OF EMPLOYEES
The average number of employees that are expected to be employed during 2011 is 28.

SIGNIFICANT POST BALANCE SHEET EVENTS
There are no significant post balance sheet events.

CAPITAL INVESTMENT
The company complies with the Guidelines for the Appraisal and Management of Capital Expenditure Proposals.

REPORTING ARRANGEMENTS
The company complies with the reporting requirements of Section 10 of the code of practice for the Governance of State Bodies during 2010.

STATEGIC AND CORPORATE PLANNING
The company submitted an annual rolling five year business and financial plan to the Department in the first six months of the 2010.

TAX COMPLIANCE
The company has complied with its obligations under tax law.

OFFICIAL LANGUAGES ACT 2003
The company is in a position to publish its annual report and audited accounts simultaneously in both official languages, in accordance with the provisions of section 10 (b) and (c) of the Official Languages Act 2003.

RISK ANALYSIS
The directors consider that the following are the principal risk factors that could materially and adversely affect the company's future operating profits or financial position. The company has controls in place to limit each of these potential exposures and management and the board regularly review, reassess and proactively limit the associated risks:

- Damage to, or loss of, the company's fixed assets.
- Legal actions by third parties.
- Loss of contract revenues from ferry operator.
- Loss of other revenues.
- Overruns on capital projects.

The controls in place to limit exposure to the above risks include:

- Insurance cover in place to protect against damage to or loss of the company's fixed asset.
- Insurance cover in place to protect the company against Legal actions by third parties
- We have a parent company guarantee in respect of the revenue from ferry operator.
- We use the government form of contract in order to protect against any overruns on capital projects.

INFORMATION RELEVANT TO ENVIRONMENTAL MATTERS
The company is committed to protecting the environment. The company have in place a Pollution Emergency Plan which is periodically tested and updated.

DIRECTORS' REPORT
for the year ended 31 December 2010 (Continued)

CORPORATE GOVERNANCE (Continued)

INFORMATION RELEVANT TO EMPLOYEE MATTERS
Employee numbers have decreased from 42 in 2009 to 40 in 2010. The company complies with employment legislation. The company also complies with health and safety legislation and has both accident investigation and staff safety training programmes in place.

ENERGY EFFICIENCY
The company is continually examining ways to improve energy efficiency.

BOOKS AND ACCOUNTING RECORDS
The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 202 of the Companies Act, 1990, are kept by the company. To achieve this, the Directors have appointed appropriate accounting personnel including a professionally qualified accountant, in order to ensure compliance with these requirements.

The books and accounting records are maintained at Harbour Lodge, Crofton Road, Dun Laoghaire, Co. Dublin.

HARBOURS ACTS 1996-2010
The company complies with the requirements of the Harbour Acts 1996-2010 in relation to the accounts of the company and statements as to the financial affairs of the company.

AUDITORS
The auditors, Deloitte & Touche, Chartered Accountants, continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

Sean Costello
Director

Gerry Dunne
CEO

Date 5th April 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit of the company for that period. In preparing those financial statements, the directors are required to:

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

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with Irish statute comprising the Companies Acts, 1963 to 2009. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUN LAOGHAIRE HARBOUR COMPANY

We have audited the financial statements of Dun Laoghaire Harbour Company for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. 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 auditors' 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.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Annual Report, including as set out in the Statement of Directors' Responsibilities, the preparation of the financial statements in accordance with applicable law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility, as independent auditor, is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2010. We also report to you whether in our opinion: proper books of account have been kept by the company; whether, at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all information and explanations necessary for the purpose of our audit and whether the balance sheet and profit and loss account are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DUN LAOGHAIRE HARBOUR COMPANY

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements. The other information comprises only the Directors' Report and the Chairman's Statement. Our responsibilities do not extend to other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the affairs of the company as at 31 December 2010 and of the profit for the year then ended; and

- have been properly prepared in accordance with the Companies Acts, 1963 to 2009.

We have obtained all the information and explanations we considered necessary for the purpose of our audit. In our opinion proper books of account have been kept by the company. The company's balance sheet and its profit and loss account are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

The net assets of the company, as stated in the balance sheet are more than half the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2010 a financial situation which, under Section 40(1) of the Companies (Amendment) Act, 1983, would require the convening of an extraordinary general meeting of the company.

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

Date: 13th April 2011

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2010

	Note	2010 €	2009 €
Turnover – continuing operations	3	10,676,205	10,720,983
Operating expenditure			
- normal		(6,482,809)	(7,310,954)
- exceptional	4	(2,332,926)	(2,059,903)
Operating profit – continuing operations		1,860,470	1,350,126
Sale of leasehold interests		–	(31,607)
Interest receivable and similar income	5	81,009	43,829
Interest payable and similar charges	6	(414,515)	(446,140)
Other finance expense		(163,000)	(245,000)
Profit on ordinary activities before taxation	7	1,363,964	671,208
Tax (charge)/credit on profit on ordinary activities	8	(1,062,041)	(466,137)
Profit for the year	22	301,923	205,071
		========	========

Approved by the Board on 5th April 2011 and signed on its behalf by:

Sean Costello	Gerry Dunne
Director	CEO

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2010

	Note	*2010*	*2009*
		€	€
Profit for the year		301,923	205,071
Actuarial gain recognised on retirement benefit schemes	16	1,397,000	1,140,000
Deferred tax effect of FRS 17	16	(174,625)	(142,500)
Transfer of investment property revaluation deficit to the Profit and Loss account	9,16	1,002,264	(4,555,004)
Total recognised gains and losses for the year		2,526,563	(3,352,433)

BALANCE SHEET
As at 31 December 2010

	Note	*2010* €	*2009* €
FIXED ASSETS			
Tangible assets	9	58,320,913	61,817,999
CURRENT ASSETS			
Debtors	10	5,302,181	6,163,492
Cash at bank and in hand		4,169,772	1,849,268
		9,471,953	8,012,760
CREDITORS (amounts falling due within one year)	11	(3,257,695)	(5,564,084)
NET CURRENT ASSETS		6,214,258	2,448,676
TOTAL ASSETS LESS CURRENT LIABILITIES		64,535,171	64,266,675
CREDITORS (amounts falling due after more than one year)	12	(6,338,211)	(6,983,103)
GOVERNMENT AND EU GRANTS	13	(8,848,586)	(9,127,906)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(83,764)	(98,993)
NET ASSETS EXCLUDING PENSION LIABILITY		49,264,610	48,056,673
PENSION AND POST RETIREMENT LIABILITY	20	(2,004,625)	(3,323,250))
NET ASSETS		47,259,985	44,733,423
CAPITAL AND RESERVES			
Called up share capital	15	14,540,010	14,540,010
Capital conversion reserve fund		229,593	229,593
Revaluation reserves	22	–	(1,002,268)
Profit and loss account	22	32,490,382	30,966,088
Shareholders' funds	16	47,259,985	44,733,423

Approved by the Board on 5th April 2011 and signed on its behalf by:

Sean Costello — Director

Gerry Dunne — CEO

CASH FLOW STATEMENT
for the year ended 31 December 2010

	Note	2010 €	2009 €
Net cash inflow from operating activities	17	4,214,330	2,937,465
Returns on investments and servicing of finance			
Interest paid		(206,246)	(447,694)
Interest received		79,302	41,379
		(126,944)	(406,315)
Taxation paid		(524,610)	(753,962)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(597,303)	(723,032)
Sale of leasehold interest		–	(31,607)
		(597,303)	(754,639)
Net cash inflow before financing		2,965,473	1,022,549
Financing			
Long term loans repaid		(313,859)	(592,524)
Increase in cash for the year	18, 19	2,651,614	430,025

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010

1. ACCOUNTING POLICIES

(a) Basis of Preparation

The Financial Statements have been prepared in accordance with Accounting Standards generally accepted in Ireland, and Irish Statute comprising the Companies Act 1963 to 2009. Account Standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the accounting standards board.

(b) Basis of Accounting

The financial statements are prepared under the historical cost convention.

(c) Turnover

Turnover represents the value of all services provided to third parties, exclusive of value added tax.

(d) Investment Properties

Investment properties are held at open market value and are not depreciated. Where the valuation indicates a permanent diminution in the value of property, to a value below cost, the permanent diminution is charged to the profit and loss account. All other fluctuations are transferred to the revaluation reserve. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required by SSAP 19 "Accounting for Investment Properties".

(e) Fixed Assets

Depreciation

Depreciation is calculated on a straight line basis to write off the cost of tangible fixed assets, excluding land which is not depreciated, over their expected useful lives as follows:

Buildings and harbour infrastructure	3 to 120 years
Fixtures and fittings	8 years
Plant and equipment	6.66 years
Motor vehicles	5 years
Computer equipment	3 years

The carrying values of tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with FRS 11 "Impairment of Fixed assets and Goodwill" and where deemed appropriate carrying values are written down.

Assets under construction

Assets in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees. Upon completion of construction the assets are transferred to fixed assets. Depreciation of these assets, on the same basis as other property and infrastructure, commences when the assets are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

1. ACCOUNTING POLICIES (Continued)

(f) Government and European Union grants

Government and European Union grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the useful life of the asset to which they relate.

(g) Pension costs

The company operates a defined benefit contributory pension scheme for employees. The scheme is administered by trustees and is independent of the company's finances. Contributions are paid to the scheme in accordance with the recommendations of independent actuaries to enable the trustees to meet from the scheme the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the company's defined pension scheme expected to arise from employee service in the year is charged to operating profit. The expected return on the scheme's assets and the increase during the year in the present value of the scheme's liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

The pension scheme's surplus, to the extent that it is considered recoverable, or deficit is recognised in full and presented on the face of the balance sheet net of the related deferred tax.

(h) Taxation

Current taxation is provided on the company's taxable profits at amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at the balance sheet date that result in an obligation to pay more tax or a right to pay less tax in the future

Timing differences are differences between profit as computed for taxation purposes and profit as stated in the financial statements which arise because certain items of revenue and expenditure in the financial statements are dealt with in different years for taxation purposes.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

1. ACCOUNTING POLICIES (Continued)

(i) *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date and revenues, costs and non-monetary assets at the exchange rate ruling at the date of the transaction.

All exchange gains and losses are accounted for through the profit and loss account. Monetary assets are money held and amounts to be received in money and all other assets are non-monetary assets.

(j) *Dredging*

The cost of routine or ongoing dredging projects is charged to the profit and loss account as incurred. Capital dredging which enhances port access or infrastructure is capitalised as part of the related fixed asset and depreciated over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

2. EMPLOYEES

The average number of persons employed by the company during the year was as follows:

	2010 *Number*	*2009* *Number*
Administration	9	10
Operations and maintenance	31	32
	40	42

	2010 €	*2009* €
The staff costs comprise:		
Salaries	2,367,162	2,603,814
Social welfare costs	242,421	247,236
Other pension costs	237,031	258,026
	2,846,614	3,109,076

Staff costs include an exceptional write back of €968,052 as a result of overprovision of rationalisation costs (note 4).

3. TURNOVER

The turnover by activity has not been disclosed as, in the opinion of the Directors; the disclosure of such information would be prejudicial to the interests of the company.

All turnover arises in the Republic of Ireland.

4. EXCEPTIONAL COSTS

	2010 €	*2009* €
Rationalisation programme	(968,052)	2,059,903
Revaluation of Investment property (refer note 9)	1,807,264	–
Impairment of Berth 5 (refer note 9)	1,493,714	–
	2,332,926	2,059,903

The rationalisation programme, which has continued in 2010, included a voluntary redundancy scheme of which the staff were advised. An over-provision for rationalisation costs of €968,052 (net of costs during 2010) as at the year end 31st December 2010 was credited to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2009 (Continued)

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	*2010* €	*2009* €
	Bank interest	81,009	43,829

6.	INTEREST PAYABLE AND SIMILAR CHARGES	*2010* €	*2009* €
	Interest payable on bank loans repayable within five years	414,515	446,140

7.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	*2010* €	*2009* €
	The profit on ordinary activities before taxation is stated after charging/(crediting):		
	Loss on sale of Fixed Assets	–	4,710
	Auditors' remuneration	22,724	24,108
	Depreciation	1,795,675	1,843,529
	Amortisation of EU and government grants	(279,320)	(457,252)

Directors' remuneration 2010

	Executive Directors	*Non-executive*	
	Gerry Dunne	*Directors*	*Total*
	€	€	€
Basic salary	136,000	47,136	203,136
Fees	12,600	135,000	147,600
Benefits in kind	–	–	–
Other	20,000	–	–
Total – 2010	168,600	182,136	350,736

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

Directors' remuneration 2009

	Executive Directors			
	Michael Hanahoe	*Gerry Dunne*	*Non-executive Directors*	*Total*
	€	€	€	€
Basic salary	85,291	122,891	47,796	255,978
Fees	3,567	10,096	144,458	158,121
Benefits in kind	18,479	–	–	18,479
Performance related bonus	58,877	–	–	58,877
Total – 2009	166,214	132,987	192,254	491,455

Pension entitlements
The company made an aggregate contribution of 25%. (€34,000) of basic salary in relation to the executive Directors in 2010 (2009: 25%, €39,590). Included in the non-executive Directors is an employee Director who receives a salary.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES	2010	2009
	€	€
(a) Analysis of charge in year:		
Current tax:		
Corporation tax on profits of the year at 12.5% (2009: 12.5%)	1,041,451	455,932
Adjustments in respect of previous years	22,070	–
Total current tax charge (see reconciliation below)	1,063,521	455,932
Deferred tax:		
Origination and reversal of timing differences *(note 14)*	(15,229)	9,705
Pension adjustment	13,749	500
Total deferred tax (credit)/charge	(1,480)	10,205
Tax charge on profit on ordinary activities	1,062,041	466,137

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

8. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Reconciliation of the expected tax charge at the standard tax rate to the actual tax charge at the effective rate.

The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland of 12.5% (2009: 12.5%). The differences are explained below:

	2010	2009
	€	€
Profit on ordinary activities before tax	1,363,964	671,208
Profit on ordinary activities multiplied by standard rate of tax of 12.5% (2009: 12.5%)	170,496	83,901
Effects of:		
Expenses not deductible for tax purposes	287,722	89,312
Depreciation for year in excess of capital allowances	330,266	129,807
Pension adjustments	9,274	(11,552)
Higher tax rates on rental and other income	216,142	193,730
Profit on disposal of fixed asset	(49,759)	(48,306)
Adjustment to tax charge in respect of Other years	(47,087)	(49,434)
Chargeable Gains	124,397	74,100
Relief for Trading Losses	–	(5,626)
Current tax charge for year (note 8(a))	1,041,451	455,932

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NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

9. Tangible Fixed Asset continued

Due to the deterioration of the value of the commercial property Block 2 Harbour Square, in 2010 the property has been revalued at €7,640,000. This was on the basis of a revaluation carried out by Lisney in December 2010 on an open market basis. The unrealised loss of €1,002,264 was transferred from the STRLG to the Profit & Loss and increased the total of €805,000, to €1,807,264 (refer note 4).

The revaluation of the investment property and the resulting loss has been recognised on the basis that the Directors are not satisfied that the value will recover over time.

The remaining balance of the cost of Berth 5 has been written off in 2010, as the structure is only suitable for use by the HSS Explorer, which may not be in use for 2011 onwards. The total amount written off to the Profit & Loss was €1,493,714.

10. DEBTORS

	2010	2009
	€	€
Amounts falling due within one year		
Trade debtors	4,015,515	4,265,603
Value added tax	–	20,405
Corporation tax	–	346,051
PAYE and PRSI	77,335	–
Other debtors	1,209,331	1,531,433
	5,302,181	6,163,492

11. CREDITORS (amounts falling due within one year)

	2010	*2009*
	€	€
Bank overdraft	–	331,110
Bank term loan (*note 21)*	644,892	313,859
Trade creditors	205,086	223,606
VAT	25,911	–
PAYE and PRSI	–	88,217
Corporation tax	192,860	–
Accruals and deferred income	2,188,946	4,607,292
	3,257,695	5,564,084

12. CREDITORS (amounts falling due after more than one year)

	2010	*2009*
	€	€
Bank term loan (*note 21)*	6,338,211	6,983,103

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

13. GOVERNMENT AND EU GRANTS

	2010	2009
	€	€
Received		
At beginning and end of year	12,908,157	12,908,157
Amortisation		
At beginning of year	3,780,251	3,322,999
Amortisation for year	279,320	457,252
At end of year	4,059,571	3,780,251
Net book amounts		
At end of year	8,848,586	9,127,906

14. PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred tax	2010	2009
	€	€
Accelerated capital allowances	83,764	100,122

Movement for the year		
Provision at beginning of year	98,993	89,288
Deferred tax (credit)/charge in profit and loss account (note 8)	(15,229)	9,705
Provision at end of year	83,764	98,993

15. CALLED UP SHARE CAPITAL

	2010	2009
	€	€
Authorised		
27,000,000 Ordinary shares of €1.25 each (2009: €1.25 each)	33,750,000	33,750,000
Allotted, called up and fully paid		
11,632,008 Ordinary shares of €1.25 each (2009: €1.25 each)	14,540,010	14,540,010

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	*2010* €	*2009* €
Shareholders' funds at beginning of year		
As previously reported	44,733,423	48,085,856
Profit for the year	301,923	205,071
Actuarial gain recognised on retirement		
Benefits schemes	1,397,000	1,140,000
Deferred tax effect of FRS 17 adjustments	(174,625)	(142,500)
Revaluation of investment property	1,002,264	(4,555,004)
Shareholders' funds at end of year	47,259,985	44,733,423

17. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	*2010* €	*2009* €
Operating profit	1,697,470	1,105,126
Depreciation	1,795,675	1,843,529
Grants amortised	(279,320)	(457,252)
Decrease /(Increase) in debtors	863,019	(1,627,162)
(Decrease)/Increase in creditors	(3,053,492)	1,830,949
Revaluation of Investment Property	1,807,264	–
Write off of capitalised items	1,493,714	246,275
Non cash movement on pensions	(110,000)	(4,000)
Net cash inflow from operating activities	4,214,330	2,937,465

18. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	*2010* €	*2009* €
Increase in cash for year	2,651,614	430,025
Decrease in debt for the year	313,859	592,524
Movement in net debt for the year	2,965,473	1,022,549
Net debt at beginning of the year	(5,778,804)	(6,801,353)
Net debt at end of the year	(2,813,331)	(5,778,804)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

19. ANALYSIS OF CHANGE IN NET DEBT

	At 1/1/2010	*Cash flows*	*Other changes*	*At 31/12/2010*
	€	€	€	€
Cash at bank and in hand	1,849,268	2,320,504	–	4,169,772
Overdraft	(331,110)	331,110	–	–
	1,518,158	2,651,614	–	4,169,772
Debt due:				
Within one year	(313,859)	313,859	(644,892)	(644,892)
After one year	(6,983,103)	–	644,892	(6,338,211)
	(5,778,804)	2,965,473	–	(2,813,331)

20. PENSION COMMITMENTS

The company operates a defined benefit pension scheme for their employees, which is funded by the payment of contributions to a separately administered fund. The contributions to the scheme are determined with the advice of independent actuaries.

The most recent actuarial valuation was as at 31 December 2010. The valuation used the projected unit credit method and was carried out by Willis, professionally qualified actuaries. The last full actuarial report, based on a valuation as at 1 January 2010, was issued by the actuaries, Willis, professionally qualified actuaries. The actuarial reports are not available for public inspection.

The major assumptions used in this valuation were future expected investment return of 6.7%, pensionable salary inflation of 3.5% and rate of pension increases of 3.5%.

According to the report issued as at 1 January 2010, the scheme did not satisfy the minimum funding standard provided for in the Pensions Act, 1990.

The company implemented FRS 17 in the preparation of its account for the year ended 31 December 2006 and comparative figures are restated.

The life expectancies associated with the mortality table used in our FRS 17 report:

Year of attaining age 65	2010	2030	2050
Life Expectancy – Male	87.0	89.7	91.6
Life Expectancy – Female	88.5	90.7	92.6

The major assumptions used by the actuaries in determining the present value of scheme liabilities at 31 December were:

	2010	*2009*	*2008*
Rate of increase in salaries	3.5%	3.5%	3.5%

Rate of increase in pensions	3.5%	3.5%	3.5%
Discount rate	5.40%	5.75%	5.75%
Inflation assumption	2%	2%	2%

20. PENSION COMMITMENTS (Continued)

The fair value of the assets in the scheme, the present value of the liabilities in the scheme and the expected rate of return at the balance sheet date were:

	Long-term rate of return expected at 31 December 2010 %	*Value at 31 December 2010 €'000*	*Long-term rate of return expected at 31 December 2009 %*	*Value at 31 December 2009 €'000*	*Long-term rate of return expected at 31 December 2008 %*	*Value at 31 December 2008 €'000*
Equities	7.5%	5,746	7.75%	4,441	7.75%	3,331
Bonds	3.5%	1,455	3.5%	1,606	3.5%	1,401
Property	6.25%	261	6.25%	252	6.25%	362
Total market value of assets		7,462		6,299		5,094
Present value of scheme liabilities		(9,753)		(10,097)		(10,036)
Deficit in the scheme		(2,291)		(3,798)		(4,942)
Related deferred tax asset		286		475		618
Net pension liability		(2,005)		(3,323)		(4,324)

An analysis of the defined benefit cost for the year ended 31 December 2010, is as follows:

	2010 €'000	*2009 €'000*
Charged to operating profit:		
Current service cost	(203)	(231)
Past service cost	–	–
	(203)	(231)

	2010 €'000	*2009 €'000*
Charged to other finance expense:		
Interest on scheme liabilities	(585)	(579)
Expected return on scheme assets	422	334

	(163)	(245)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

20. PENSION COMMITMENTS (Continued)

The following amounts have been recognised in the Statement of Total Recognised Gains and Losses:

	2010	*2009*
	€'000	*€'000*
Actual return less expected return on scheme assets	498	821
Experience gains and losses on scheme liabilities	426	319
Changes in assumptions underlying the present value of scheme liabilities	473	–
Actuarial gain	1,397	1,140
Deferred tax credit	(175)	(143)
Actuarial gain recognised in the Statement of Total Recognised Gains and Losses	1,222	997

Movement in deficit during the year	2010	2009
	€'000	*€'000*
Deficit in scheme at beginning of year	(3,798)	(4,942)
Movement in year:		
Current service cost	(203)	(231)
Contributions paid	476	480
Past Service Costs	–	–
Other finance income	(163)	(245)
Actuarial gain	1,397	1,140
Deficit in scheme at end of year	(2,291)	(3,798)

History of experience gains and losses:	*2010*	*2009*	*2008*	*2007*	*2006*
	€	€	€	€	€
Difference between expected and actual return on assets					
Amount (€'000)	498	821	(3,375)	(781)	448
% of scheme assets	6.7%	13%	(66.3%)	(10.3%)	6%
Experience gains and losses on scheme liabilities					
Amount (€'000)	426	319	(68)	365	(85)
% of scheme liabilities	4.4%	3.2%	(0.7%)	3.5%	(0.8%)
Changes in assumptions underlying the present value of scheme liabilities					
Amount (€'000)	473	–	1,368	862	(12)
% of scheme liabilities	4.8%	–	13.6%	8.2%	(0.1%)
Total actuarial gain/(loss)					
Amount (€'000)	1,397	1,140	(2,075)	446	351
% of scheme liabilities	14.3%	11.3%	(20.7%)	4.2%	3.2%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

21. BANK LOANS

Loan maturity analysis

	2010	*2009*
	€	€
Bank and other loans comprise amounts repayable:		
In one year or less, or on demand	644,892	313,859
Between one and two years	566,627	644,892
Between two and five years	1,491,230	1,531,553
After more than five years	4,280,349	4,806,658
	6,983,098	7,296,962

22. RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT

	2010	*2009*
	€	€
Profit for the year	301,923	205,071
Actuarial gain recognised on pension schemes	1,397,000	1,140,000
Deferred tax effect of FRS 17	(174,625)	(142,500)
Revaluation of investment property	1,002,264	(4,555,004)
Total recognised gains and losses for the year	2,526,562	(3,352,433)
Profit and loss at beginning of year		
As previously reported	29,963,820	33,316,253
Profit and loss at end of year	32,490,382	29,963,820

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

23. CAPITAL COMMITMENTS

At the balance sheet date the company had entered into contracts for future capital expenditure amounting to:

	2010	*2009*
	€	€
Contracted	1,178,000	793,000

24. CONTINGENT LIABILITIES

There are contingent liabilities, arising in the ordinary course of business, in respect of litigation, for which the directors believe adequate provisions have been made in the accounts. .

25. RELATED PARTY TRANSACTIONS

There were no material transactions in the year between the company and its Directors other than fees for services as Directors.

The immediate and ultimate controlling party of the company is the Department of Transport.

THE FOLLOWING INFORMATION

DOES NOT FORM PART OF THE

STATUTORY FINANCIAL STATEMENTS

SUPPLEMENTARY ANALYSIS OF OPERATING COSTS
for the year ended 31 December 2010

	2010	*2009*
	€	€
Operating, maintenance, dredging and related costs		
Repairs and maintenance	230,198	175,175
Repairs and maintenance projects	–	3,819
Office administration	96,166	102,774
Motor and travel	38,482	43,369
Cleaning/waste disposal	48,128	50,956
Postage, stationery and telephone	54,420	50,276
Advertising and promotion	57,493	42,287
Audit and accounting fees	44,996	64,331
Consultancy fees	229,910	269,919
Directors' fees (including employer's PRSI)	147,600	158,121
Insurance	93,438	181,623
Light and heat	152,045	132,038
Staff costs	2,846,614	3,109,076
Security Costs	1,713	20,578
Service charges Block 2	27,693	131,489
Water rates	(1,347)	44,815
Depreciation	1,795,675	1,843,529
Grants amortised	(279,320)	(457,252)
Corporate Governance	4,500	–
Bad debts	23,938	39,937
Rates	531,216	796,434
Write off of capitalised items	–	347,081
New Revenue Development Fund	339,251	160,579
	6,482,809	7,310,954

NOTES TO THE FINANCIAL STATEMENTS
31 December 2010 (Continued)

9. TANGIBLE FIXED ASSETS

	Investment Property	*Land*	*Buildings and harbour infrastructure*	*Plant and equipment*	*Computer equipment*	*Fixtures and fittings*	*Motor vehicles*	*Assets under construction*	*Total*
	€	€	€	€	€	€	€	€	€
Cost									
At 1 January 2010	8,445,000	425,188	67,058,201	1,457,805	262,074	1,262,278	109,805	279,566	79,299,917
Additions	–	4,268	520,714	17,986	16,420	6,547	–	31,368	597,303
Revaluation	(805,000)	–	–	–	–	–	–	–	(805,000)
Transfer	–	–	279,566	–	–	–		(279,566)	–
At 31 December 2010	7,640,000	429,456	67,858,481	1,475,791	278,494	1,268,825	109,805	31,368	79,092,220
Depreciation									
At 1 January 2010	_	–	15,093,648	1,138,014	233,780	942,270	74,206	–	17,481,918
Charge for year	–	–	1,545,687	113,723	22,209	102,818	11,238	–	1,795,675
Write off	–	–	1,493,714	–	–	–		–	1,493,714
At 31 December 2010	_	–	18,133,049	1,251,737	255,989	1,045,088	85,444	–	20,771,307
Net book amounts									
At 31 December 2010	7,640,000	429,456	49,725,432	224,054	22,505	223,737	24,361	31,368	58,320,913
At 31 December 2009	8,445,000	425,188	51,964,553	319,791	28,294	320,008	35,599	279,566	61,817,999