

DÚN LAOGHAIRE HARBOUR COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2005

ANNUAL REPORT
for the year ended 31 December 2005

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	2
CHAIRMAN'S REPORT	4
DIRECTORS' REPORT	7
INDEPENDENT AUDITORS' REPORT	11
PROFIT AND LOSS ACCOUNT	13
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES	14
RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT	14
BALANCE SHEET	15
CASH FLOW STATEMENT	16
NOTES TO THE FINANCIAL STATEMENTS	17
 <i>NON STATUTORY - SUPPLEMENTARY INFORMATION</i>	
SUPPLEMENTARY ANALYSIS OF OPERATING COSTS	36

COMPANY INFORMATION

DIRECTORS

Paddy McMahon – Chairman ♦
Victor Boyhan
Sean Costello*
Jane Dillon Byrne
Tony Fox*
Michael Hanahoe – Chief Executive
Donal Marren ♦
Gerry Nagle ♦
Thomas Quinn
Eithne Scott Lennon*
Don McManus
Patrick Hand

* Member of Audit Committee

♦ Member of Remuneration Committee

SECRETARY

Michael Hanahoe

REGISTERED OFFICE

Harbour Lodge,
Crofton Road,
Dún Laoghaire,
Co. Dublin.

REGISTERED NUMBER OF INCORPORATION

262366

SOLICITORS

L. K. Shields and Company,
39/40 Upper Mount Street,
Dublin 2.

COMPANY INFORMATION (Continued)

BANKERS

Ulster Bank Limited,
Dún Laoghaire,
Co. Dublin.

Bank of Ireland
Dún Laoghaire,
Co. Dublin.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

CHAIRMAN'S REPORT

for the year ended 31 December 2005

INTRODUCTION

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

COMPANY OPERATIONS, PROFITABILITY AND STATE OF AFFAIRS

Overall turnover for the year was €10,436,325 compared to €10,435,761 in 2004, an increase of 0.01%.

Shipping turnover decreased by 3.6% in 2005 reflecting reduced traffic volumes on the Dun Laoghaire to Holyhead route.

Revenue from other sources increased by 10.2% during the year. Factors contributing to the increase include higher revenues from both the Marina and Pay and Display Parking.

Operating expenditure increased from €6,421,944 in 2004 to €7,047,938 in 2005 reflecting an increased level of expenditure on repair projects during the year, and the exceptional write off of Carlisle Pier expenditure of €503,381.

Operating profit before exceptional items decreased by 3% in 2005.

Profit before taxation declined from €3,618,236 in 2004 to €2,740,697 in 2005, a decrease of 24%. Profit after taxation fell from €2,850,764 in 2004 to €2,123,042 in 2005; a decrease of 25.5%.

The profit for the year has been added to reserves and after deducting the actuarial loss (net of deferred taxation) of €660,000 the Company has reserves of €16,813,234 carried forward.

SIGNIFICANT DEVELOPMENTS DURING 2005

Full planning permission was granted for the development of the Harbour Yard in September 2004 and construction commenced in 2005. Under the terms of the development agreement for the site the Company has agreed to sell the majority of the site to the Earlsfort Development Group and Christopher Bennett & Sons Limited in return for financial consideration which includes minimum licence payments of €2.5 million during the planning and construction phases of the development and ownership of an office building in the completed development. The rental income from the building is guaranteed by the developers for five years at a minimum of €940,000 per annum. Licence fee income payments commenced on 15 September 2002.

In July 2003 the Company commenced a design and build competition for the redevelopment of the Carlisle Pier. A shortlist of four proposals was identified in October 2003 and in March 2004 a decision was made to award preferred bidder status to the Urban Capital Consortium.

In September 2005 preferred bidder status was withdrawn from the Urban Capital Consortium following its failure to meet the agreed timetable for the submission of a planning application for the competition winning Heneghan Peng design.

CHAIRMAN'S REPORT

for the year ended 31 December 2005 (Continued)

SIGNIFICANT DEVELOPMENTS DURING 2005 (Continued)

The Company commenced work on the resurfacing of the lower level of the East Pier in September 2004 and the Pier was reopened to the public in August 2005. The total cost of this work is expected to be in the region of €3 million.

In August 2005 the Company submitted a planning application for an amended version of an already approved scheme for Phase 2 of the very successful marina in Dun Laoghaire Harbour. The amended scheme will also cater for two hundred additional boats but will be more operationally efficient than the original scheme and will make better use of available space.

Planning permission for the revised scheme was granted by Dun Laoghaire Rathdown County Council in December 2005 but was appealed to An Bord Pleanála and a decision is expected by mid-year 2006.

SIGNIFICANT FUTURE DEVELOPMENTS

The Company propose to repair the concrete pile structure supporting the HSS terminal in Dun Laoghaire Harbour. This work is estimated to cost in the region of €1.5 million.

The Company will also be actively pursuing its options for the construction of the competition winning Heneghan Peng design for the Carlisle Pier.

SYSTEM OF INTERNAL FINANCIAL CONTROL

The board of directors is responsible for the system of internal controls, which operate in the company.

The key procedures which have been put in place to provide effective internal financial control are:

- establishment of a clearly defined management structure
- 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
- establishment of authorisation limits for expenditure
- annual business plan submitted to, and approved by, the Board
- regular review of the financial results at Board level
- assessment of results versus budgets previously approved by the Board on a quarterly basis
- approval of major contracts at Board level
- 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.

CHAIRMAN'S REPORT

for the year ended 31 December 2005 (Continued)

CHAIRMAN'S & DIRECTORS' FEES

During the year fees of €15,237 were paid to the chairman and fees of €111,737 were paid to the other members of the Board. The fees were paid in accordance with Government Guidelines.

PUBLIC PROCUREMENT

The company is fully committed to best practice in relation to the regulations governing public procurement procedures.

CODE OF PRACTICE FOR THE GOVERNANCE OF STATE COMPANIES

The company complies with the Code of Practice for the Governance of State Bodies issued by the Department of Communications, Marine & Natural Resources in November 2001.

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 2005.

PATRICK J. McMAHON
Chairman

4 April 2006

DIRECTORS' REPORT

for the year ended 31 December 2005

The Directors present herewith their report and audited financial statements for the year ended 31 December 2005.

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 2005

The profit and loss account for the year ended 31 December 2005 and the balance sheet at that date are set out on pages 13 and 15. A commentary on the results for the year and state of affairs is included in the Chairman's Report.

DIVIDENDS

The Directors of the company do not propose the payment of a dividend for the year. The profit for the year of €2,123,042 has been carried forward to reserves.

DIRECTORS

A list of the Directors is shown on Page 2. There have been no changes to the Directors in 2005.

DIRECTORS' INTERESTS IN SHARES

None of the Directors or their immediate families holds shares in the company.

SHAREHOLDING

The Minister for Communications, Marine and Natural Resources beneficially holds all the share capital of the company.

POLITICAL DONATIONS

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

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.

DIRECTORS' REPORT

for the year ended 31 December 2005 (Continued)

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.

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 October 2001. The main areas covered by this are as follows:

Directors' code of conduct

It is the company's aim to ensure that all Directors are aware of, and in compliance with, the code of conduct for Directors.

Reporting arrangements and requirements

It is the company's aim, at all times, to comply with the agreed reporting requirements of the Department of Communications, Marine and Natural Resources 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 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.

Internal audit

The Company has appointed Ryan Casey & Co. as internal auditors. The internal auditors report to the Audit Committee of the Board.

Procurement procedures, advertising and award of contracts

All material contracts entered into during the year comply with government guidelines regarding procurement procedures, advertising and award of contracts.

Chief Executive's remuneration

The Chief Executive's salary and benefits package is ratified by the Board of Directors and the Department of Communications, Marine and Natural Resources.

Investment appraisal procedures

All investments of a material nature are ratified by the Board of Directors.

Procedure for the disposal of fixed assets

All asset disposals of a material nature are ratified by the Board of Directors.

DIRECTORS' REPORT

for the year ended 31 December 2005 (Continued)

CORPORATE GOVERNANCE (Continued)

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.

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.

The Company is also working to implement an Environmental Management System certified to ISO 14001 and this project is expected to be completed in May 2006.

INFORMATION RELEVANT TO EMPLOYEE MATTERS

Employee numbers have remained the same as in the previous year. 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 5 Adelaide Street, Dun Laoghaire, Co. Dublin.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

DIRECTORS' REPORT

for the year ended 31 December 2005 (Continued)

*STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS (Continued)*

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 or loss 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 that disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2005. 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.

AUDITORS

The auditors, Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On behalf of the Directors

PATRICK J. McMAHON

MICHAEL HANAHOE

Directors

4 April 2006

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

We have audited the company's financial statements of Dún Laoghaire Harbour Company for the year ended 31 December 2005 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Profit and Loss Accounts, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 26. 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 auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and Accounting Standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) as set out in the Statement of Directors' Responsibilities.

Our responsibility 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 and are properly prepared in accordance with the Companies Acts, 1963 to 2005. We also report to you our opinion as to: whether proper books of account have been kept by the company; whether at the balance sheet date, there exists a financial situation which may require 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 the information and explanations necessary for the purposes of our audit and whether the financial statements 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 other transactions is not disclosed and, where practicable, include such information in our report.

We review whether the Board's Corporate Governance Statement on internal financial control on pages 8 and 9 reflects the company's compliance with the Code of Practice for the Governance of State Bodies and we report if it does not. We are not required to consider whether the board's statement on financial control cover all risks and controls, or form an opinion on the effectiveness of the company's corporate governance procedures or its risk and control procedures.

Continued /...

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
DUN LAOGHAIRE HARBOUR COMPANY (Continued)**

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report and Chairman's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any 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 judgements 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 also 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 affairs of the company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The financial statements are in agreement with the books of account.

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

In our opinion the balance sheet does not disclose 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.

Ernst & Young,
Registered Auditors

Dublin

10 April 2006

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

		2005	2004
			(as restated)
	Note	€	€
Turnover –			
continuing operations	3	10,436,325	10,435,761
Operating, maintenance, dredging and related costs			
– normal		(6,544,557)	(6,421,944)
– exceptional	4	(503,381)	–
Operating profit – continuing operations		3,388,387	4,013,817
Sale of leasehold interests		–	290,000
Interest receivable and similar income	5	15,382	31,075
Interest payable and similar charges	6	(561,072)	(664,656)
Other finance expense		(102,000)	(52,000)
Profit on ordinary activities before taxation	7	2,740,697	3,618,236
Tax on profit on ordinary Activities	8	(617,655)	(767,472)
Retained profit for the financial year		2,123,042	2,850,764

Approved by the Board on 4 April 2006

PATRICK J. McMAHON
MICHAEL HANAHOE
Directors

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2005

		2005	2004 (as restated)
	Note	€	€
Profit for the financial year		2,123,042	2,850,764
Actuarial (loss) / gain recognised on retirement benefit schemes		(754,000)	(1,490,000)
Deferred tax effect of FRS 17		92,000	173,000
Recycled from profit and loss account		2,000	13,000
		<hr/>	<hr/>
Total recognised gains and losses for the year		1,463,042	1,546,764
			<hr/>
Prior year adjustment	9	(3,290,940)	
		<hr/>	
Total gains and losses recognised since the last financial statements		(1,827,898)	
		<hr/>	

RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2005

		2005	2004 (as restated)
	Note	€	€
Profit for the financial year		2,123,042	2,850,764
Actuarial (loss) recognised on pension schemes		(754,000)	(1,490,000)
Deferred tax effect of FRS 17		92,000	173,000
Recycled from profit and loss account		2,000	13,000
		<hr/>	<hr/>
Total recognised gains and losses for the year		1,463,042	1,546,764
		<hr/>	<hr/>
Profit and loss at beginning of year			
As previously reported		18,641,132	15,903,731
Prior year adjustment	9	(3,290,940)	(2,100,303)
		<hr/>	<hr/>
As restated		15,350,192	13,803,428
		<hr/>	<hr/>
Profit and loss at end of year		16,813,234	15,350,192
		<hr/>	<hr/>

BALANCE SHEET
at 31 December 2005

		2005	2004
		€	(as restated) €
ASSETS EMPLOYED	<i>Note</i>		
FIXED ASSETS			
Tangible assets	10	53,909,439	52,942,296
		<hr/>	<hr/>
CURRENT ASSETS			
Debtors	11	2,140,302	1,233,108
Cash at bank and in hand		1,573,389	2,191,080
		<hr/>	<hr/>
		3,713,691	3,424,188
CREDITORS (amounts falling due within one year)	12	(2,399,607)	(2,449,627)
		<hr/>	<hr/>
NET CURRENT ASSETS		1,314,084	974,561
		<hr/>	<hr/>
CREDITORS (amounts falling due after more than one year)	13	(9,240,339)	(9,738,235)
GOVERNMENT AND EU GRANTS	14	(10,423,120)	(10,702,441)
PROVISIONS FOR LIABILITIES AND CHARGES	15	(378,926)	(399,085)
PENSION AND POST RETIREMENT LIABILITIES	21	(3,598,301)	(2,957,301)
		<hr/>	<hr/>
NET ASSETS		31,582,837	30,119,795
		<hr/>	<hr/>
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	16	14,540,010	14,540,010
Capital conversion reserve fund		229,593	229,593
Profit and loss account	22	16,813,234	15,350,192
		<hr/>	<hr/>
Shareholders' funds – equity interests	17	31,582,837	30,119,795
		<hr/>	<hr/>

Approved by the Board on 4 April 2006

PATRICK J. McMAHON
 MICHAEL HANAOE
 Directors

CASH FLOW STATEMENT

for the year ended 31 December 2005

		2005	2004
		€	(as restated) €
	Note		
Net cash inflow from operating activities	18	3,839,121	5,083,311
<i>Returns on investments and servicing of finance</i>			
Interest paid		(566,883)	(1,019,711)
Interest received		18,873	33,135
		(548,010)	(986,576)
Taxation		(851,928)	(812,772)
<i>Capital expenditure and financial investment</i>			
Purchase of tangible fixed assets		(2,482,695)	(1,631,910)
Sales of leasehold interests		—	290,000
		(2,482,695)	(1,341,910)
Net cash inflow before financing		(43,512)	1,942,053
<i>Financing</i>			
Long term loans repaid		(484,389)	(2,482,579)
(Decrease)/Increase in cash	19, 20	(527,901)	(540,526)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1. ACCOUNTING POLICIES

(a) *Accounting convention*

The financial statements are prepared under the historical cost convention.

(b) *Turnover*

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

(c) *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:

Marina Development Project	120 years
Buildings and Harbour infrastructure	5 to 50 years
Dredging	5 years
Dolphin moorings	23 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.

(d) *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.

(e) *Pension costs*

The company implemented FRS 17 – Retirement Benefits in the preparation of its accounts for the year ended 31 December 2005 and comparative figures are restated.

The company operates a defined benefit pension scheme which is funded. A full actuarial valuation is undertaken every three years and is updated to reflect current conditions in the intervening periods. Scheme assets are valued at market value. Scheme liabilities are measured on an actuarial basis, using the 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. Any surplus is shown as an asset on the balance sheet net of the deferred tax impact. Any deficit is shown on the balance sheet as a liability net of the deferred tax impact. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses. The current service cost and past service cost of the defined benefit schemes is charged to operating profit and the expected return on assets net of change in the present value of the scheme liabilities arising from the passage of time, is credited to other finance income.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

1. ACCOUNTING POLICIES (Continued)

(f) *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 periods 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 periods 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.

(g) *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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

1. ACCOUNTING POLICIES (Continued)

(h) *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.

2. EMPLOYEES

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

	2005 Number	2004 Number
Administration	10	10
Operations and maintenance	39	39
	<u>49</u>	<u>49</u>

	2005 €	2004 €
--	-----------	-----------

The staff costs comprise:

Salaries	2,389,176	2,405,928
Social welfare costs	229,691	243,946
Other pension costs	316,999	428,663
	<u>2,935,866</u>	<u>3,078,537</u>

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 is in the Republic of Ireland.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

4.	EXCEPTIONAL ITEMS	2005 €	2004 €
	Carlisle Pier Project write off	<u>(503,381)</u>	<u>—</u>

Following the withdrawal of the licence to develop the Carlisle Pier, any expenditure on the project which had been previously capitalised was written off to the Profit and Loss in 2005.

5.	INTEREST RECEIVABLE AND SIMILAR INCOME	2005 €	2004 €
	Bank interest	<u>15,382</u>	<u>31,075</u>

6.	INTEREST PAYABLE AND SIMILAR CHARGES	2005 €	2004 €
	Bank overdraft	1,821	1,655
	Bank loans repayable by instalments within five years	—	76,560
	Bank loans repayable otherwise than by instalments within five years	559,251	586,441
		<u>561,072</u>	<u>664,656</u>

7.	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2005 €	2004 €
----	---	-----------	-----------

The profit on ordinary activities before taxation is stated after charging (crediting):

	Auditors' remuneration	28,583	20,569
	Depreciation	1,515,554	1,424,672
	Amortisation of EU and government grants	<u>(279,321)</u>	<u>(279,321)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

7. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

Directors' remuneration 2005

	Executive Directors		Non-executive Directors	Total
	Michael Hanahoe €	Tom Quinn €		
Basic salary	149,132	41,005	–	190,137
Fees	10,158	10,158	106,658	126,974
Benefits in kind	12,241	–	–	12,241
Performance related bonus	33,920	–	–	33,920
Total – 2005	<u>205,451</u>	<u>51,163</u>	<u>106,658</u>	<u>363,272</u>

Directors' remuneration 2004

	Executive Directors		Non-executive Directors	Total
	Michael Hanahoe €	Tom Quinn €		
Basic salary	141,083	41,016	–	182,099
Fees	10,158	10,158	104,648	124,964
Benefits in kind	12,241	–	–	12,241
Performance related bonus	32,603	–	–	32,603
Total – 2004	<u>196,085</u>	<u>51,174</u>	<u>104,648</u>	<u>351,907</u>

Pension entitlements

The company made an aggregate contribution of 23.5% (€42,415) of basic salary plus allowances in relation to the executive Directors in 2005 (2004: 23.5%, €42,793).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES	2005	2004 (as restated)
	€	€
(a) Analysis of charge in year:		
Current tax:		
Republic of Ireland corporation tax on profits of the year at 12.5% (2004: 12.5%)	343,162	617,223
Adjustments in respect of previous periods	–	(284)
Total current tax (see reconciliation below)	<u>343,162</u>	<u>616,939</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

8.	TAX ON PROFIT ON ORDINARY ACTIVITIES (Continued) 2005	2004 (as restated)
	€	€
Deferred tax:		
Origination and reversal of timing differences	274,493	150,533
Total deferred tax (note 15)	274,493	150,533
Tax on profit on ordinary activities	617,655	767,472

- (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 period is higher than the standard rate of corporation tax in the Republic of Ireland of 12.5% (2004: 12.5%). The differences are explained below:

	2005 €	2004 (as restated) €
Profit on ordinary activities before tax	2,740,697	3,618,236
Profit on ordinary activities multiplied by standard rate of tax of 12.5% (2004: 12.5%)	342,587	452,279
Effects of:		
Expenses not deductible for tax purposes	63,102	134,139
Capital allowances for year in excess of depreciation	(223,806)	(133,383)
Pension adjustments	(1,754)	(12,587)
Higher tax rates on rental and other income	163,033	176,775
Adjustments to tax charge in respect of prior years	—	(284)
Current tax charge for period (note 8(a))	343,162	616,939

The tax charge in future periods will be affected by any changes to the corporation tax rate and whether future capital expenditure programmes are allowable as a deduction against taxable profits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

9. PRIOR YEAR ADJUSTMENT

The company has adopted FRS 17 effective from 1 January 2004. Under FRS 17 the difference between the market value of the assets of the pension benefit scheme and the present value of accrued liabilities is reported on the balance sheet as a pension liability, net of related deferred taxation.

The effect of the adoption of the standard is that the company has recognised a pension liability of €3,598,301 in relation to the current year. The 2004 figures have been restated to include a pension liability of €2,957,301.

In accordance with the requirements of the standard the results of previous years have been restated. The profit for the year ended 31 December 2004 has been increased by €113,363 and the statement of total recognised gains and losses has shown an increase of €1,190,037 as a result of the change in accounting policy.

Analysis of prior year adjustment

	€
Adjustment to opening shareholders' funds at 1 January 2004	(2,100,303)
Adjustment to profit and loss account for the year ended 31 December 2004	113,363
Adjustment to statement of total recognised gains and losses for the year ended 31 December 2004	(1,304,000)
	<hr/>
Adjustments to opening shareholders' funds at 1 January 2005	(3,290,940)
	<hr/> <hr/>

The comparative figures have been restated as follows:

*Balance sheet**Pension liability (Net of deferred tax)*

	€
2004 reported	—
Application of FRS 17	2,957,301
	<hr/>
2004 restated	2,957,301
	<hr/> <hr/>
<i>Debtors</i>	€
2004 reported	1,566,747
Application of FRS 17	(333,639)
	<hr/>
2004 restated	1,233,108
	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

9. PRIOR YEAR ADJUSTMENT (Continued)

Profit and loss account

€

2004 reported	2,737,401
Application of FRS 17	113,363

2004 restated	<u>2,850,764</u>
---------------	------------------

Statement of Recognised Gains and Losses

€

2004 reported	2,737,401
Profit and loss adjustments	113,363
Statement of total recognised gains and losses adjustments	(1,304,000)

2004 restated	<u>1,546,764</u>
---------------	------------------

DÚN LAOGHAIRE HARBOUR COMPANY

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

10.	TANGIBLE FIXED ASSETS	Land infrastructure	Buildings and harbour infrastructure	Dredging	Plant and equipment	Computer equipment	Fixtures and fittings	Motor vehicles	Dolphin moorings	Marina development	Total
		€	€	€	€	€	€	€	€	€	€
	<i>Cost</i>										
	At 1 January 2005	3,067,489	36,230,469	254,813	892,719	122,985	901,600	136,707	3,227,639	17,063,963	61,898,384
	Additions	81,143	2,658,762	—	113,535	9,693	122,945	—	—	—	2,986,078
	Transfers	—	—	—	54,972	—	(54,972)	—	—	—	—
	Disposals/(write off)	(503,381)	—	—	—	—	—	—	—	—	(503,381)
	At 31 December 2005	2,645,251	38,889,231	254,813	1,061,226	132,678	969,573	136,707	3,227,639	17,063,963	64,381,081
	<i>Depreciation</i>										
	At 1 January 2005	—	6,580,806	78,709	408,524	97,967	325,215	67,534	874,987	522,346	8,956,088
	Charge for year	—	890,591	50,963	141,378	16,516	110,796	20,009	143,158	142,143	1,515,554
	Depreciation on transfers	—	—	—	2,664	—	(2,664)	—	—	—	—
	At 31 December 2005	—	7,471,397	129,672	552,566	114,483	433,347	87,543	1,018,145	664,489	10,471,642
	<i>Net book amounts</i>										
	At 31 December 2005	2,645,251	31,417,834	125,141	508,660	18,195	536,226	49,164	2,209,494	16,399,474	53,909,439
	At 31 December 2004	3,067,489	29,649,663	176,104	484,195	25,018	576,385	69,173	2,352,652	16,541,617	52,942,296

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

11.	DEBTORS	2005	2004 (as restated)
		€	€
	<i>Amounts falling due within one year</i>		
	Trade debtors	1,515,690	1,084,602
	Value added tax	2,850	(4,564)
	Other debtors	621,762	153,070
		<u>2,140,302</u>	<u>1,233,108</u>
12.	CREDITORS (amounts falling due within one year)	2005	2004
		€	€
	Trade creditors	49,185	139,413
	Bank overdraft	17,734	107,524
	Bank term loan	252,472	238,965
	Corporation tax	30,471	246,583
	PAYE and PRSI	92,451	-
	Accruals and deferred income	1,957,294	1,717,142
		<u>2,399,607</u>	<u>2,449,627</u>
13.	CREDITORS (amounts falling due after more than one year)	2005	2004
		€	€
	Bank term loan	9,240,339	9,738,235
	Repayable within one year (<i>note 12</i>)	252,472	238,965
	Repayable within one to two years	522,019	497,894
	Repayable within two to five years	1,735,215	1,645,773
	Repayable after five years	6,983,105	7,594,568
	Repayable after more than one year	9,240,339	9,738,235
	Bank term loan	9,492,811	9,977,200

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

13.	CREDITORS (amounts falling due after more than one year) (Continued)	2005 €	2004 €
	Loans repayable by instalment within five years	1,898,244	1,804,465
	Loans repayable by instalment some of which falls due after five years	7,594,567*	8,172,735
		<u>9,492,811</u>	<u>9,977,200</u>

*Instalments falling due after five years = €6,983,105

14.	GOVERNMENT AND EU GRANTS	2005 €	2004 €
	<i>Received</i>		
	At beginning and end of year	12,908,157	12,908,157
	<i>Amortisation</i>		
	At beginning of year	2,205,716	1,926,395
	Amortisation for year	279,321	279,321
	At end of year	2,485,037	2,205,716
	<i>Net book amounts</i>		
	At end of year	<u>10,423,120</u>	<u>10,702,441</u>

15. PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred tax	2005 €	2004 €
Accelerated capital allowances	628,094	350,022
Other timing differences	(249,168)	49,063
	<u>378,926</u>	<u>399,085</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

15.	PROVISION FOR LIABILITIES AND CHARGES (Continued)	2005 €	2004 €
	Provision at beginning of year	399,085	261,552
	Deferred tax charge in profit and loss account (note 8)	274,493	150,533
	Transferred to statement of total recognised gains and losses	(2,000)	(13,000)
	Deferred Capital Gains Tax	(292,652)	—
		<u>378,926</u>	<u>399,085</u>
16.	CALLED UP SHARE CAPITAL	2005 €	2004 €
	<i>Authorised</i>		
	Ordinary shares of €1.25 each (2004: €1.25 each)	33,750,000	33,750,000
		<u>33,750,000</u>	<u>33,750,000</u>
	<i>Allotted, called up and fully paid</i>		
	Ordinary shares at €1.25 each (2004: €1.25 each)	14,540,010	14,540,010
		<u>14,540,010</u>	<u>14,540,010</u>
17.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2005 €	2004 (as restated) €
	Shareholders' funds at beginning of year		
	As previously reported	33,410,735	30,673,334
	Prior year adjustment	(3,290,940)	(2,100,303)
		<u>30,119,795</u>	<u>28,573,031</u>
	As restated	30,119,795	28,573,031
	Profit attributable to shareholders	2,123,042	2,850,764
	Actuarial (loss) gain recognised on retirement Benefits schemes	(754,000)	(1,490,000)
	Deferred tax effect of FRS 17 adjustments	92,000	173,000
	Deferred tax recycled from profit and loss account	2,000	13,000
		<u>31,582,837</u>	<u>30,119,795</u>
	Shareholders' funds at end of year	<u>31,582,837</u>	<u>30,119,795</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

18.	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2005 €	2004 (as restated) €		
	Operating profit	3,286,392	4,013,817		
	Depreciation	1,515,553	1,424,672		
	Grants amortised	(279,321)	(279,321)		
	(Increase)/decrease in debtors	(910,693)	243,146		
	Increase/ (decrease) in creditors	248,190	(166,304)		
	Non cash movement on pensions	(21,000)	(152,699)		
		<hr/>	<hr/>		
	Net cash inflow from operating activities	<u>3,839,121</u>	<u>5,083,311</u>		
19.	RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2005 €	2004 €		
	(Decrease) in cash for year	(527,901)	(540,526)		
	Decrease in debt for the year	484,389	2,482,579		
		<hr/>	<hr/>		
	Movement in net debt for year	(43,512)	1,942,053		
	Net debt at beginning of year	(7,893,644)	(9,835,697)		
		<hr/>	<hr/>		
	Net debt at end of year	<u>(7,937,156)</u>	<u>(7,893,644)</u>		
20.	ANALYSIS OF CHANGE IN NET DEBT	At 1/1/2005 €	Cash flows €	Other changes €	At 31/12/2005 €
	Cash at bank and in hand	2,191,080	(617,691)	—	1,573,389
	Overdraft	(107,524)	89,790	—	(17,734)
		<hr/>	<hr/>	<hr/>	<hr/>
		2,083,556	(527,901)	—	1,555,655
	Debt due:				
	Within one year	(238,965)	484,389	(497,896)	(252,472)
	After one year	(9,738,235)	—	497,896	(9,240,339)
		<hr/>	<hr/>	<hr/>	<hr/>
		(7,893,644)	(43,512)	—	(7,937,156)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

21. PENSION COMMITMENTS

The company operates a defined benefit pension scheme for its 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 2005. The valuation used the projected unit method and was carried out by Coyle Hamilton Willis, professionally qualified actuaries. The last full actuarial report, based on a valuation as at 1 January 2003, was issued by the actuaries, Mercer Limited, 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 4.25%, pensionable salary inflation of 3.5% and rate of pension increases of 3.5%.

According to the report issued as at 1 January 2003, the scheme did not satisfy the minimum funding standard provided for in the Pensions Act, 1990. A funding proposal has been submitted to the Pensions Board which is proposed to satisfy the funding standard as at 30 June 2006.

The company implemented FRS 17 in the preparation of its account for the year ended 31 December 2005 and comparative figures are restated.

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

	2005	2004	2003
Rate of increase in salaries	3.5%	4.0%	4.0%
Rate of increase in pensions	3.5%	3.5%	3.5%
Discount rate	4.25%	4.8%	5.25%
Inflation assumption	2.0%	2.25%	2.25%

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

21. 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:

	<i>Long-term rate of return expected at 31 December 2005 %</i>	<i>Value at 31 December 2005 €'000</i>	<i>Long-term rate of return expected at 31 December 2004 %</i>	<i>Value at 31 December 2004 €'000</i>	<i>Long-term rate of return expected at 31 December 2003 %</i>	<i>Value at 31 December 2003 €'000</i>
Equities	7.00%	4,968	6.8%	3,636	7.75%	2,428
Bonds	3.50%	878	3.8%	693	4.75%	584
Property	6%	380	4.8%	330	5.75%	220
Cash		0	2.25%	196	3.75%	868
		<u> </u>		<u> </u>		<u> </u>
Total market value of assets		6,226		4,855		4,100
Present value of scheme liabilities		(10,338)		(8,234)		(6,090)
		<u> </u>		<u> </u>		<u> </u>
Deficit in the scheme		(4,112)		(3,379)		(1,990)
Related deferred tax asset		514		422		249
		<u> </u>		<u> </u>		<u> </u>
Net pension liability		<u>(3,598)</u>		<u>(2,957)</u>		<u>(1,741)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

21. PENSION COMMITMENTS (Continued)

An analysis of the defined benefit cost for the year ended 31 December 2005, is as follows:

	2005 €'000	2004 €'000
<i>Charged to operating profit:</i>		
Current service cost	(313)	(238)
Past service cost	(4)	—
	<u>(317)</u>	<u>(238)</u>
	2005 €'000	2004 €'000
<i>(Charged)/credited to other finance income:</i>		
Interest on scheme liabilities	(406)	(324)
Expected return on scheme assets	304	272
	<u>(102)</u>	<u>(52)</u>

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

	2005 €'000	2004 €'000
Actual return less expected return on scheme assets	836	150
Experience gains and losses on scheme liabilities	(132)	(1,023)
Changes in assumptions underlying the present value of scheme liabilities	(1,458)	(617)
	<u>(754)</u>	<u>(1,490)</u>
Deferred tax credit	94	186
	<u>(660)</u>	<u>(1,304)</u>
<i>Movement in surplus /(deficit) during the year</i>	2005 €'000	2004 €'000
Deficit in scheme at beginning of year	(3,379)	(1,990)
Movement in year:		
Current service cost	(313)	(238)
Contributions paid	440	391
Past Service Costs	(4)	—
Other finance income	(102)	(52)
Actuarial loss	(754)	(1,490)
	<u>(4,112)</u>	<u>(3,379)</u>
Deficit in scheme at end of year		

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

21. PENSION COMMITMENTS (Continued)

History of experience gains and losses:	2005	2004	2003	2002
	€	€	€	€
Difference between expected and actual return on assets				
Amount (€'000)	836	150	91	(963)
% of scheme assets	13%	3%	2%	(31)%
Experience gains and losses on scheme liabilities				
Amount (€'000)	(132)	(1,023)	(794)	(4)
% of scheme liabilities	(1)%	(12)%	(13)%	(0)%
Changes in assumptions underlying the present value of scheme liabilities				
Amount (€'000)	(1,458)	(617)	(265)	(415)
% of scheme liabilities	(14)%	(7)%	(4)%	(9)%
Total actuarial gain/(loss)				
Amount (€'000)	(754)	(1,490)	(968)	(1,382)
% of scheme liabilities	(7)%	(18)%	(16)%	(30)%

22. RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT

	2005	2004
	€	(as restated)
Note	€	€
Profit for the financial year	2,123,042	2,850,764
Actuarial (loss) recognised on pension schemes	(754,000)	(1,490,000)
Deferred tax effect of FRS 17	92,000	173,000
Recycled from profit and loss account	2,000	13,000
Total recognised gains and losses for the year	1,463,042	1,546,764
Profit and loss at beginning of year		
As previously reported	18,641,132	15,903,731
Prior year adjustment	9 (3,290,940)	(2,100,303)
As restated	15,350,192	13,803,428
Profit and loss at end of year	16,813,234	15,350,192

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

23. CAPITAL COMMITMENTS

The Board of Directors has authorised capital expenditure of €nil (2005: €2.5m) for the year ended 31 December 2006.

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. The company are disputing the final contract price in relation to the resurfacing of the East Pier.

25. RELATED PARTY TRANSACTIONS

There were no 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 Communications, Marine and Natural Resources.

26. APPROVAL OF FINANCIAL STATEMENTS

The Directors approved the financial statements and authorised them for issue on 4 April 2006

THE FOLLOWING INFORMATION
DOES NOT FORM PART OF THE
STATUTORY FINANCIAL STATEMENTS

SUPPLEMENTARY ANALYSIS OF OPERATING COSTS
for the year ended 31 December 2005

	2005 €	2004 €
<i>Operating, maintenance, dredging and related costs</i>		
Repairs and maintenance	275,015	268,952
Repairs and maintenance projects	68,998	(6,731)
Office administration	122,186	143,589
Motor and travel	67,106	41,071
Cleaning/waste disposal	128,418	98,813
Postage, stationery and telephone	70,434	68,360
Advertising and promotion	83,524	69,875
Audit and accounting fees	55,211	44,131
Consultancy fees	158,523	214,593
Directors' fees (including employer's PRSI)	126,974	126,387
Insurance	284,391	381,996
Light and heat	178,538	153,408
Staff costs	2,935,866	3,078,537
Security Costs	66,145	46,665
Water rates	16,570	10,047
Depreciation	1,515,554	1,424,672
Grants amortised	(279,321)	(279,321)
Bad debts	(9,479)	40,657
Rates	679,904	674,606
Carlisle Pier write off	503,381	—
	<u>7,047,938</u>	<u>6,600,307</u>