DÚN LAOGHAIRE HARBOUR COMPANY

ANNUAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2007

ANNUAL REPORT
for the year ended 31 December 2007

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COMPANY INFORMATION

DIRECTORS	Sean Costello *υ - Chairman Victor Boyhan υ Jane Dillon Byrne Michael Hanahoe – Chief Executive Gerry Nagle υ Seighin Lennon Eithne Scott Lennon* Don McManus* Patrick Hand Betty Coffey Patrick Cowhey Carrie Smyth

* Member of Audit Committee
υ Member of Remuneration Committee

SECRETARY	Michael Hanahoe
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.

COMPANY INFORMATION (Continued)

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

CHAIRMAN'S REPORT
for the year ended 31 December 2007

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

COMPANY OPERATIONS, PROFITABILITY AND STATE OF AFFAIRS
Revenue, from sources other than shipping, increased by 15% during the year. Marina Revenue grew by 29% while revenue from parking fees increased by 29% Non-shipping revenue has grown by an average of 21% over the last five years and now accounts for more than 40% of total revenue.
Shipping turnover fell by 2% in 2007. Passenger numbers through the port again declined during the year but the decline, at 2.5%, was less steep than in previous years. Accompanied car traffic increased by 5% testifying to the continuing popularity of Dun Laoghaire for tourist traffic.
Total revenue for the year at €10,755,272 an increased by 4% on the previous year.

Operating expenditure increased from €7,010,187 in 2006 to €7,181,776 in 2007 an increase of 2.4%.

Operating profit increased by 8% in 2007.

Profit after tax amounted to €8,123,220. However, this figure included profit after tax on the disposal of land to Earlsford Development Group and Christopher Bennett & Sons Limited amounting to €5,720,495.

Profit before taxation excluding the profit on the sale of land increased by 12% from €2,784,013 in 2006 to €3,106,095 in 2007. Profit after taxation again excluding the land sale increased from €2,102,617 in 2006 to €2,402,725 in 2007 a gain of 14%.

The profit for the year has been added to reserves and after adding the actuarial gain in respect of the pension fund (net of deferred taxation) of €390,250 and the unrealised gain for the investment property of €9,808,386 the company has Profit and loss reserves of €37,544,832 carried forward.

SIGNIFICANT DEVELOPMENTS DURING 2007

An additional 230 berths were installed in the public marina in Dun Laoghaire Harbour. The marina can now accommodate 830 leisure craft and is the largest public marina in the country. A hoist and supporting equipment for disabled sailors was also installed in the marina in 2007.

Work was completed on the re-development of the Harbour Yard site during 2007. Under the terms of the development agreement for the site the company agreed to sell the majority of the site to the Earlsford Development Group and Christopher Bennett & Sons Limited in return for financial consideration which included licence payments totalling €4.59 million during the planning and construction phases of the development and the ownership of an office building in the completed development. The building also comes with rental guarantees from the developers totalling €2.76 million.

CHAIRMAN'S REPORT
for the year ended 31 December 2007 (Continued)

SIGNIFICANT DEVELOPMENTS DURING 2007 continued

Work commenced on the restoration and extension of Harbour Lodge the company's headquarters in 2007 and is expected to be completed at a cost of €1.6 million in April 2008. The Lodge which was built in 1820 is a protected structure and has been associated with the administration of Dun Laoghaire Harbour for almost 200 years

Work also commenced on the resurfacing of the upper level of the East Pier at a cost of €2.3 million and is expected to be completed in June 2008. Resurfacing work on the lower level was completed in 2006 at a cost of €3.1 million.

The company has also carried out trial repair works to the to the harbour wall of the East Pier. The purpose of the pilot work, which was carried out in two location at a cost €300,000 using lime mortars and traditional masonry building techniques, was to understand the full extent of the damage to the Pier and to formulate effective repair methods using best conservation practice.

While the results of the pilot works confirmed both that substantial repair work is necessary and that traditional mortar techniques produced the best results, further work on a larger scale will be required to determine the overall cost of future repair works to both the East and West Piers.

Repair work to the concrete pile structure supporting the HSS terminal was completed in April 2007 at a cost of €1.8 million.

Operational planning and training for the implementation of environmental standard ISO 14001 was completed in 2007 and the Company was certified as ISO 14001 compliant in March 2008. Dun Laoghaire is the first commercial port in Ireland to achieve ISO 14001 compliance.

The Board has offered the Chief Executive Michael Hanahoe a new rolling 12 month contract of employment.

SIGNIFICANT FUTURE DEVELOPMENTS

The Company has appointed the RPS Group to carry out a detailed design study and financial evaluation of a proposed new 1200 berth public marina in the East Bight, Dun Laoghaire Harbour. The study will build on the findings of an earlier study carried out for the Company by Fisher & Associates which identified the need for an additional 1700 berths in the Harbour over the next 20 years if expected future demand is to be met. Following the completion of the study, which is expected to take six months, the Board will decide whether to submit a planning application for the project.

The Company is currently in negotiations with Stena Line on the terms of a new operating agreement to replace the current one which finishes in April 2011. The negotiations are expected to conclude in 2008.

The Company will continue to actively pursue its options for the construction of the competition winning Heneghan Peng design for the Carlisle Pier.

CHAIRMAN'S REPORT
for the year ended 31 December 2007 (Continued)

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 & DIRECTORS' FEES

During the year fees of €19,787 were paid to the chairman and fees of €136,465 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	€19,787	-
V. Boyhan	€12,115	-
J. Dillon Byrne	€12,141	-
T. Fox	€4,423	-
M. Hanahoe	€14,000	€8,767
D. Marren	€2,372	-
G. Nagle	€12,115	€3,663
T. Quinn	€12,993	-
E. Scott Lennon	€12,115	-
P. Hand	€14,000	-
D. McManus	€14,000	-
C Smyth	€9,731	-
B Coffey	€7,693	-
P Cowhey	€7,693	-
S Lennon	€1,074	-

PUBLIC PROCUREMENT

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

CHAIRMAN'S REPORT
for the year ended 31 December 2007 (Continued)

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

INTERNAL AUDIT
Ryan Casey & Co. Chartered 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.

Ryan Casey & Co. reports to the Audit Committee.

CAPITAL EXPENDITURE
Government guidelines on capital expenditure are fully complied with.

ASSET DISPOSAL
All appropriate procedures in relation to asset disposals are being carried out.

CHIEF EXECUTIVE AND EMPLOYEE REMUNERATION
Government policy in relation to the remuneration of the Chief Executive and other employees is strictly adhered to.

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.

Written codes of conduct have been put in place for Directors, Managers and employees. The codes have been published on the company's website.

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 2007.

Chairman Sean Costello

Date 1st April 2008

DIRECTORS' REPORT
for the year ended 31 December 2007

The Directors present herewith their report and audited financial statements for the year ended 31 December 2007.

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 2007
The profit and loss account for the year ended 31 December 2007 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.

DIVIDENDS
The Directors of the company do not propose the payment of a dividend for the year. The profit for the year of €8,123,220 has been carried forward to reserves.

DIRECTORS
A list of the current Directors is shown on Page 2.
The following changes in directorships took place during 2007 and to date:

The five year term of office of Sean Costello as director of the board for 4 years and as acting chairman of the board for 1 year expired on 24 April 2007. The five year term of office of Victor Boyhan, Gerry Nagle, Eithne Scott Lennon, and Tony Fox as directors of the board also expired on 24 April 2007. The five year term of office of Jane Dillon Byrne and Donal Marren as directors of the board expired on 2 March 2007. The five year term of office of Tom Quinn as director of the board expired on 4 December 2007.

Jane Dillon Byrne was reappointed by the Minister for the Marine and Natural Resources as director of the company from 20 April 2007 for a further five year term. Sean Costello was appointed by the minister for the Marine and Natural Resources as chairman of the company from 13 June 2007, for a five year term. Victor Boyhan, Gerry Nagle and Eithne Scott Lennon were reappointed by the Minister for the Marine and Natural Resources as directors of the company from 13 June 2007 for a further five year term. Carrie Smyth was appointed as a director of the company for a five year term from 20 April 2007. Betty Coffey and Patrick Cowhey were appointed as directors of the company for a five year term from 13 June 2007. Seighin Lennon was appointed as a director of the company for a five year term from 4 December 2007.

Michael Hanahoe, Patrick Hand and Don McManus have served throughout the year.

DIRECTORS' REPORT
for the year ended 31 December 2007 (Continued)

DIRECTORS' INTERESTS IN SHARES
None of the Directors or their immediate families holds shares in the company at the 31 December 2007 and the 1 January 2007.

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.

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 Transport and other government departments as required on a timely and accurate basis.

DIRECTORS' REPORT
for the year ended 31 December 2007 (Continued)

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.

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 Transport.

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.

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 2007 (Continued)

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.

POST BALANCE SHEET EVENTS
No significant events have occurred after the year end.

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

On behalf of the Directors

Directors Sean Costello Michael Hanahoe

Date 1st April 2008

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 or loss of the company for that year. 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;
- 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 2006. 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 2007 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 24. 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 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 auditors, 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 2006. 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 purposes of our audit and whether the company's 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.

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.

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

We review whether the Board's Corporate Governance Statement on internal financial control on pages 9 and 10 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.

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 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 2007 and of the profit for the year then ended; and

- have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

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 2007 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
Deloitte & Touche
Chartered Accountants and Registered Auditors

10 April 2008

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2007

		2007	*2006*
	Note	€	€
Turnover – continuing operations	3	10,755,272	10,317,502
Operating costs - normal		(7,181,776)	(7,010,187)
Operating profit – continuing operations		3,573,496	3,307,315
Sale of leasehold interests		12,500	–
Profit on disposal of fixed assets	8	6,013,147	–
Interest receivable and similar income	4	56,921	51,484
Interest payable and similar charges	5	(504,822)	(535,786)
Other finance expense		(32,000)	(39,000)
Profit on ordinary activities before taxation	6	9,119,242	2,784,013
Tax on profit on ordinary Activities	7	(996,022)	(681,396)
Retained profit for the financial year	21	8,123,220	2,102,617

Approved by the Board on 1st April 2008

Directors: Sean Costello Michael Hanahoe

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 December 2007

	Note	*2007*	*2006*
		€	€
Profit for the financial year		8,123,220	2,102,617
Actuarial gain recognised on retirement benefit schemes	15	446,000	351,000
Deferred tax effect of FRS 17	15	(55,750)	(43,875)
Revaluation of investment property	15	9,808,386	–
Total recognised gains and losses for the year		18,321,856	2,409,742

BALANCE SHEET
As at 31 December 2007

		2007	2006
ASSETS EMPLOYED	*Note*	€	€
FIXED ASSETS			
Tangible assets	8	70,967,269	53,905,353
CURRENT ASSETS			
Debtors	9	5,573,722	2,092,108
Cash at bank and in hand		1,649,453	3,158,350
		7,223,175	5,250,458
CREDITORS (amounts falling due within one year)	10	(4,603,294)	(2,767,513)
NET CURRENT ASSETS		2,619,881	2,482,945
TOTAL ASSETS LESS CURRENT LIABILITIES		73,587,150	56,388,298
CREDITORS (amounts falling due after more than one year)	11	(8,172,733)	(8,718,320)
GOVERNMENT AND EU GRANTS	12	(9,864,479)	(10,143,799)
PROVISIONS FOR LIABILITIES AND CHARGES	13	(605,131)	(362,478)
NET ASSETS EXCLUDING PENSION LIABILITY		54,944,807	37,163,701
PENSION AND POST RETIREMENT LIABILITY	19	(2,630,372)	(3,171,122)
NET ASSETS		52,314,435	33,992,579
FINANCED BY			
CAPITAL AND RESERVES			
Called up share capital	14	14,540,010	14,540,010
Capital conversion reserve fund		229,593	229,593
Revaluation reserves	21	9,808,386	–
Profit and loss account	21	27,736,446	19,222,976
Shareholders' funds	15	52,314,435	33,992,579

Approved by the Board on 1st April 2008

Directors: Sean Costello Michael Hanahoe

CASH FLOW STATEMENT
for the year ended 31 December 2007

	Note	*2007* €	*2006* €
Net cash inflow from operating activities	16	3,635,816	4,585,682
Returns on investments and servicing of finance			
Interest paid		(508,149)	(535,458)
Interest received		65,630	40,030
		(442,519)	(495,428)
Taxation paid		(849,952)	(697,325)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(9,025,606)	(1,646,100)
Sale of land		6,013,147	–
Sale of leasehold interest		12,500	–
		(2,999,959)	(1,646,100)
Net cash (outflow)/ inflow before financing		(656,614)	1,746,829
Financing			
Long term loans repaid		(532,070)	(510,190)
(Decrease)/Increase in cash for the year	17, 18	(1,188,684)	1,236,639

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007

1. ACCOUNTING POLICIES
Basis of Preparation

(a) *Accounting convention*
The financial statements are prepared under the historical cost convention.

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

(c) *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".

(d) *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. Costs include 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.

(e) *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.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

1. ACCOUNTING POLICIES (Continued)

(f) *Pension costs*

The company operates a contributory pension scheme, of the defined benefit type, 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 recognized 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.

(g) *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 2007 (Continued)
1. ACCOUNTING POLICIES (Continued)

(h) *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.

(i) *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 2007 (Continued)

2. EMPLOYEES

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

	2007 *Number*	*2006* *Number*
Administration	10	10
Operations and maintenance	38	39
	48	49

	2007 €	*2006* €
The staff costs comprise:		
Salaries	2,580,920	2,598,160
Social welfare costs	236,776	244,409
Other pension costs	370,528	365,000
	3,188,224	3,207,569

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 2007 (Continued)

4. INTEREST RECEIVABLE AND SIMILAR INCOME	*2007* €	*2006* €
Bank interest	56,921	51,484

5. INTEREST PAYABLE AND SIMILAR CHARGES	*2007* €	*2006* €
Bank overdraft	–	1,056
Bank loans repayable otherwise than by instalments within five years	504,822	534,730
	504,822	535,786

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	*2007* €	*2006* €
The profit on ordinary activities before taxation is stated after charging/(crediting):		
Profit on sale of Fixed Assets	6,014,843	10,308
Auditors' remuneration	26,250	25,267
Depreciation	1,772,080	1,650,186
Amortisation of EU and government grants	(279,320)	(279,321)

Directors' remuneration 2007

	Executive Directors			*Non-executive Directors*	
	Michael Hanahoe €	*Tom Quinn* €	*Seighin Lennon* €	€	*Total* €
Basic salary	151,248	25,467	44,868	–	221,583
Fees	14,000	12,993	1,074	128,185	156,252
Benefits in kind	12,741	–	–	–	12,741
Performance related bonus	36,894	–	–	–	36,894
Total – 2007	214,883	38,460	45,942	128,185	427,470

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION (Continued)

Directors' remuneration 2006

	Executive Directors			
	Michael Hanahoe	*Tom Quinn*	*Non-executive Directors*	*Total*
	€	€	€	€
Basic salary	139,299	37,936	–	177,235
Fees	14,000	14,000	150,000	178,000
Benefits in kind	12,549	–	–	12,549
Performance related bonus	34,945	–	–	34,945
Total – 2006	200,793	51,936	150,000	402,729

Pension entitlements

The company made an aggregate contribution of 24.3% (€45,319) of basic salary plus allowances in relation to the executive Directors in 2007 (2006: 24.3%, €33,850).

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2007	2006
	€	€
(a) Analysis of charge in year:		
Current tax:		
Corporation tax on profits of the year at 12.5% (2006: 12.5%)	740,533	680,030
Other	292,652	–
Adjustments in respect of previous years	(8,664)	689
Total current tax (see reconciliation below)	1,024,521	680,719
Deferred tax:		
Origination and reversal of timing differences *(note 13)*	(49,999)	(16,448)
Pension adjustment	21,500	17,125
Total deferred tax	(28,499)	677
Tax on profit on ordinary activities	996,022	681,396

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

7. 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% (2006: 12.5%). The differences are explained below:

	2007 €	*2006* €
Profit on ordinary activities before tax	9,119,242	2,784,013
Profit on ordinary activities multiplied by standard rate of tax of 12.5% (2006: 12.5%)	1,139,905	348,002
Effects of:		
Expenses not deductible for tax purposes	24,248	10,204
Depreciation/(capital allowances) for year in excess of capital allowances/(depreciation)	180,350	81,232
Pension adjustments	(24,539)	(17,125)
Higher tax rates on rental and other income	275,101	257,717
Profit on disposal of fixed asset	(561,880)	–
Adjustment to tax charge in respect of Other years	(8,664)	689
Current tax charge for year (note 7(a))	1,024,521	680,719

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

8. 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 2007	–	2,699,541	60,607,954	1,210,667	182,799	1,101,302	150,281	46,256	65,998,800
Additions	8,191,614	(11,422)	1,759,419	149,736	45,363	87,617	37,420	948,955	11,208,702
Revaluation	9,808,386								9,808,386
Disposals/(write off)	–	(2,178,265)	–	–	(1,827)	1,827	(30,488)	–	(2,208,753)
At 31 December 2007	18,000,000	509,854	62,367,373	1,360,403	226,335	1,190,746	157,213	995,211	84,807,135
Depreciation									
At 1 January 2007	–	–	10,618,185	706,833	133,219	559,314	75,896	–	12,093,447
Charge for year	–	–	1,416,270	167,774	29,239	135,657	23,140	–	1,772,080
Depreciation on Disposals	–	–	–	–	(304)	304	(25,661)	–	(25,661)
At 31 December 2007	–	–	12,034,455	874,607	162,154	695,275	73,375	–	13,839,866
Net book amounts									
At 31 December 2007	18,000,000	509,854	50,332,918	485,796	64,181	495,471	83,838	995,211	70,967,269
At 31 December 2006	–	2,699,541	49,989,769	503,834	49,580	541,988	74,385	46,256	53,905,353

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

8. Tangible Fixed Asset continued

During 2002, the company entered into a property exchange transaction with a third party property developer. Under the terms of the contract, the company granted a licence to the developer to develop apartments and commercial office buildings on the former harbour yard site.

As part of the transaction, the company transferred title of the lands used in the development of the apartments and commercial buildings to the property developer in exchange for a completed office block built on a portion of the site which has been retained by the company. The completed office block and the land retained by the company have been accounted for as an investment property in accordance with SSAP 19 'Accounting for Investment Properties' and has been valued by Jones Lang La Salle during March 2007 on an open market basis at €18,000,000.

The cost of the building has been determined as the actual construction cost in addition to other directly attributable costs incurred in relation to the transaction by the company, which amounted to €8,191,614. The revaluation surplus arising of €9,808,386 has been recognised in the statement of total recognised gains and losses as a revaluation surplus.

As the harbour yard was carried at a nil cost in the books of the company, the disposal of the land to the developer has resulted in a profit on disposal of fixed assets of €6,013,147. The profit on disposal has been determined as the proceeds received, which is deemed to be the construction cost of the building, less other costs incurred by the company in making the site available for development.

9. DEBTORS

	2007	*2006*
	€	€
Amounts falling due within one year		
Trade debtors	1,673,401	1,372,423
Value added tax	261,384	95,568
Corporation tax	104,217	–
Other debtors	3,534,720	624,117
	5,573,722	2,092,108

10. CREDITORS (amounts falling due within one year)

	2007	*2006*
	€	€
Trade creditors	329,633	43,371
Bank overdraft	45,843	366,056
Bank term loan (*note 20*)	277,820	264,301
Corporation tax	-	13,865
PAYE and PRSI	77,662	75,365
Accruals and deferred income	3,872,336	2,004,555
	4,603,294	2,767,513

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

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

	2007 €	2006 €
Bank term loan *(note 20)*	8,172,733	8,718,320

12\. GOVERNMENT AND EU GRANTS

	2007 €	2006 €
Received		
At beginning and end of year	12,908,157	12,908,157
Amortisation		
At beginning of year	2,764,358	2,485,037
Amortisation for year	279,320	279,321
At end of year	3,043,678	2,764,358
Net book amounts		
At end of year	9,864,479	10,143,799

13\. PROVISION FOR LIABILITIES AND CHARGES

Provision for deferred tax	2007 €	2006 €
Accelerated capital allowances	605,131	656,877
Other timing differences	–	(294,399)
	605,131	362,478
Movement for the year		
Provision at beginning of year	362,478	378,926
Deferred tax (credit)/charge in profit and loss account (note 8)	(49,999)	(16,448)
Reverse of Deferred Capital Gains Tax	292,652	–
Provision at end of year	605,131	362,478

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

14. CALLED UP SHARE CAPITAL	2007 €	2006 €
Authorised		
27,000,000 Ordinary shares of €1.25 each (2006: €1.25 each)	33,750,000	33,750,000
Allotted, called up and fully paid		
11,632,008 Ordinary shares of €1.25 each (2006: €1.25 each)	14,540,010	14,540,010

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2007 €	2006 €
Shareholders' funds at beginning of year		
As previously reported	33,992,579	31,582,837
Profit attributable to shareholders	8,123,220	2,102,617
Actuarial gain recognised on retirement		
Benefits schemes	446,000	351,000
Deferred tax effect of FRS 17 adjustments	(55,750)	(43,875)
Revaluation of investment property	9,808,386	–
Shareholders' funds at end of year	52,314,435	33,992,579

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2007 €	2006 €
Operating profit	3,541,493	3,268,315
Depreciation	1,772,080	1,650,186
Grants amortised	(279,320)	(279,321)
(Increase)/decrease in debtors	(3,490,323)	59,648
Increase in creditors	2,263,886	24,033
Non cash movement on pensions	(172,000)	(137,179)
Net cash inflow from operating activities	3,635,816	4,585,682

17. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT	2007 €	2006 €
(Decrease)/Increase in cash for year	(1,188,684)	1,236,639
Decrease in debt for the year	532,070	510,190
Movement in net debt for year	(656,614)	1,746,829
Net debt at beginning of year	(6,190,327)	(7,937,156)
Net debt at end of year	(6,846,941)	(6,190,327)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

18. ANALYSIS OF CHANGE IN NET DEBT

	At 1/1/2007	*Cash flows*	*Other changes*	*At 31/12/2007*
	€	€	€	€
Cash at bank and in hand	3,158,350	(1,508,897)	–	1,649,453
Overdraft	(366,056)	320,213	–	(45,843)
	2,792,294	(1,188,684)	–	1,603,610
Debt due:				
Within one year	(264,301)	532,070	(545,589)	(277,820)
After one year	(8,718,320)	–	545,589	(8,172,731)
	(6,190,327)	(656,614)	–	(6,846,941)

19. 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 2007. 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 2006, was issued by the actuaries, Coyle Hamilton 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 5.5%, pensionable salary inflation of 4.25% and rate of pension increases of 4.25%.

According to the report issued as at 1 January 2006, the scheme did not satisfy the minimum funding standard provided for in the Pensions Act, 1990. The funding requirement as recommended by Coyle Hamilton Willis has been adopted by the company.

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

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

	2007	*2006*	*2005*
Rate of increase in salaries	4.25%	4%	3.5%
Rate of increase in pensions	4.25%	4%	3.5%
Discount rate	5.5%	4.75%	4.25%
Inflation assumption	2.5%	2.25%	2.0%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

19. 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 2007 %	*Value at 31 December 2007 €'000*	*Long-term rate of return expected at 31 December 2006 %*	*Value at 31 December 2006 €'000*	*Long-term rate of return expected at 31 December 2005 %*	*Value at 31 December 2005 €'000*
Equities	7.25%	5,881	7.25%	5,846	7.00%	4,968
Bonds	4.25%	1,125	3.75%	1,190	3.50%	878
Property	6.25%	544	6.25%	402	6%	380
Total market value of assets		7,550		7,438		6,226
Present value of scheme liabilities		(10,556)		(11,062)		(10,338)
Deficit in the scheme		(3,006)		(3,624)		(4,112)
Related deferred tax asset		376		453		514
Net pension liability		(2,630)		(3,171)		(3,598)

An analysis of the defined benefit cost for the year ended 31 December 2007, is as follows:

	2007 €'000	*2006 €'000*
Charged to operating profit:		
Current service cost	(371)	(365)
Past service cost	–	–
	(371)	(365)

	2007 €'000	*2006 €'000*
Charged to other finance income:		
Interest on scheme liabilities	(540)	(453)
Expected return on scheme assets	508	414
	(32)	(39)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

19. PENSION COMMITMENTS (Continued)

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

	2007 *€'000*	*2006* *€'000*
Actual return less expected return on scheme assets	(781)	448
Experience gains and losses on scheme liabilities	365	(85)
Changes in assumptions underlying the present value of scheme liabilities	862	(12)
Actuarial loss	446	351
Deferred tax credit	(56)	(44)
Actuarial gain recognised in the Statement of Total Recognised Gains and Losses	390	307

Movement in deficit during the year	2007 *€'000*	2006 *€'000*
Deficit in scheme at beginning of year	(3,624)	(4,112)
Movement in year:		
Current service cost	(371)	(365)
Contributions paid	575	541
Past Service Costs	–	–
Other finance income	(32)	(39)
Actuarial gain	446	351
Deficit in scheme at end of year	(3,006)	(3,624)

History of experience gains and losses:	*2007* €	*2006* €	*2005* €
Difference between expected and actual return on assets			
Amount (€'000)	(781)	448	836
% of scheme assets	(10.3%)	6%	13%
Experience gains and losses on scheme liabilities			
Amount (€'000)	365	(85)	(132)
% of scheme liabilities	3.5%	(0.8)%	(1)%
Changes in assumptions underlying the present value of scheme liabilities			
Amount (€'000)	862	(12)	(1,458)
% of scheme liabilities	8.2%	(0.1)%	(14)%
Total actuarial gain/(loss)			
Amount (€'000)	446	351	(754)
% of scheme liabilities	4.2%	3.2%	(7)%

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

20. BANK LOANS

Loan maturity analysis

	2007 €	*2006* €
Bank and other loans comprise amounts repayable:		
In one year or less, or on demand	277,820	264,301
Between one and two years	578,168	545,587
Between two and five years	1,822,982	1,834,520
After more than five years	5,771,583	6,338,213
	8,450,553	8,982,621

21. RECONCILIATION OF MOVEMENT IN PROFIT AND LOSS ACCOUNT

	2007 €	*2006* €
Profit for the financial year	8,123,220	2,102,617
Actuarial gain/(loss) recognised on pension schemes	446,000	351,000
Deferred tax effect of FRS 17	(55,750)	(43,875)
Revaluation of investment property	9,808,386	–
Total recognised gains and losses for the year	18,321,856	2,409,742
Profit and loss at beginning of year		
As previously reported	19,222,976	16,813,234
Profit and loss at end of year	37,544,832	19,222,976

NOTES TO THE FINANCIAL STATEMENTS
31 December 2007 (Continued)

22. CAPITAL COMMITMENTS

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

	2007	2006
	€	€
Contracted	3,656,000	1,883,671
Authorised but not contracted	1,344,000	3,404,329
	5,000,000	5,288,000

23. 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.

24. 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 Transport.

THE FOLLOWING INFORMATION

DOES NOT FORM PART OF THE

STATUTORY FINANCIAL STATEMENTS

SUPPLEMENTARY ANALYSIS OF OPERATING COSTS
for the year ended 31 December 2007

	2007	*2006*
	€	€
Operating, maintenance, dredging and related costs		
Repairs and maintenance	326,667	330,885
Repairs and maintenance projects	–	33,966
Office administration	167,823	126,166
Motor and travel	35,212	74,590
Cleaning/waste disposal	108,376	94,209
Postage, stationery and telephone	69,715	69,685
Advertising and promotion	70,224	45,014
Audit and accounting fees	45,882	33,682
Consultancy fees	296,140	266,003
Directors' fees (including employer's PRSI)	156,252	178,000
Insurance	221,680	186,417
Light and heat	210,751	220,729
Staff costs	3,188,224	3,207,569
Security Costs	42,381	36,916
Water rates	23,343	23,812
Depreciation	1,772,080	1,650,186
Grants amortised	(279,320)	(279,321)
Corporate Governance	3,850	2,589
Bad debts	(841)	8,329
Rates	679,240	700,761
Redundancy	44,097	
	7,181,776	7,010,187