

**SHANNON FOYNES PORT COMPANY**  
**(A company limited by shares)**  
**and its subsidiary undertakings**

**Annual Report and Consolidated**  
**Financial Statements**

**Year Ended 31 December 2006**

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**Annual Report and Financial Statements 2006**

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**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**Directors and Other Information**

**Board**

K. MacSweeney – Chairman  
B. Byrne – Chief Executive  
S. Bugler, M/S  
K. Sheahan  
P. Keane  
J. Dundon  
J. Griffin  
M. Leahy  
K. O’Hanlon  
N. O’Sullivan  
G. Reidy  
J. Treacy

**Secretary and Registered Office**

F. Lynch  
Harbour Office  
Foynes  
Co Limerick

Registered Number: 332414

**Independent Auditors**

Grant Thornton  
Chartered Accountants & Registered Auditors  
Mill House  
Henry Street  
Limerick

**Management**

P. Keating	Interim Chief Executive
M. Morrissey	Commercial Manager
F. Lynch	Administration Manager
A. Coghlan	Harbour Master
J. Carlton	Technical and Engineering Services Manager

**Solicitors**

BCM Hanby Wallace  
Sutton Cross Centre  
Sutton  
Dublin 13

Holmes O’Malley Sexton  
Bishopsgate  
Henry Street  
Limerick

Harrison O’Dowd  
98 Henry Street  
Limerick

**Bankers**

Allied Irish Bank Plc  
Main Street  
Foynes  
Co Limerick

Bank of Ireland  
125 O’Connell Street  
Limerick

Anglo Irish Bank  
98 Henry Street  
Limerick

Bank of Scotland  
Henry Street  
Limerick

AIB Capital Markets  
Ballsbridge Dublin 4

Bank of Ireland  
Rathkeale Co. Limerick

**Actuaries**

Capital Consulting  
4 South Bank  
Crosses Green  
Cork

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**DIRECTORS REPORT**

The Directors have pleasure in submitting their Annual Report to the Shareholders together with the Audited Consolidated Financial Statements for the year ended 31 December 2006.

**Directors' Responsibilities for 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 the group and of the profit or loss of the company and the group 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
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 the group and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Irish Companies Acts, 1963-2006, and the European Communities (Companies: Group Accounts) Regulations, 1992. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Books of Account**

The measures taken by the directors to secure compliance with the company's and the group's obligations to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are kept at Mill House, Foynes, Co Limerick.

**Corporate Governance**

The company is committed to the Code of Practice for the governance of state bodies. It has appointed internal auditors during the year ended 31 December 2006 as part of this process. A separate report on corporate governance is set out in pages 8 – 9..

**Prompt Payment of Accounts Act, 1997**

It is the policy of the company and the group to comply in all material respects with the terms of the Prompt Payment of Accounts Act, 1997.

**Principal Activities**

The business purpose of the group is to facilitate the flow of goods and attendant tracking information throughout the Shannon Estuary. With this purpose in mind, the group provides the infrastructure, facilities, services and accommodation necessary to cater for the efficient transfer of goods between land and sea transport. Revenue in connection with the provision of these facilities is generated from vessel and goods dues, stevedoring, rent and the ancillary services provided.

**Review of the Business**

A detailed review of the group's operations is set out on pages 10 - 12.

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**DIRECTORS REPORT (CONTINUED)**

**Future Developments**

The strategy of the group is aimed at developing its activities in the Shannon Estuary and this will continue in the coming years.

**Post Balance Sheet Events**

There have been no significant events affecting the Group since the year end.

**Results and Dividends**

The consolidated profit and loss account on page 17 shows the group's results for the year.

The directors do not recommend the payment of a dividend.

**Capital Injection**

This represented the difference between the net book value of assets taken over on Vesting Day (17 September 2000) and the issued share capital at that time.

The shareholder subscribed €3,809,214 for ordinary shares of €1.269738 each during the year ended 2001. Shares were allotted in respect of this sum during the year ending 31 December 2002 as follows:

3,047,371 Ordinary Shares of €1.25 each

In addition 11,246,513 Ordinary Shares of €1.25 each were issued out of the capital injection as at 31 December 2001.

**Directors**

The names of the persons who were directors at any time during the year ended 31 December 2006 are set out below. Unless indicated otherwise they served as directors for the entire year.

K. MacSweeney  
B. Byrne  
S. Bugler, M/S  
K. Sheahan  
P. Keane  
J. Dundon  
J. Griffin  
M. Leahy  
K. O'Hanlon  
N. O'Sullivan  
G. Reidy  
J. Treacy

In accordance with the Articles of Association all the directors remain in office.

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**DIRECTORS REPORT (CONTINUED)**

**Directors and Secretary's Interests**

The directors and secretary have no beneficial interests, including family interests, in the share capital of the company or its subsidiary companies at 31 December 2005 and 31 December 2006.

**Research and Development**

The group is committed to Research and Development to the benefit of the customer and the environment.

**Subsidiaries**

The information required by Section 158(4) of the Companies Act 1963 is provided in note 10 to the financial statements.

**Auditors**

Grant Thornton were re-appointed as auditors during the year in accordance with Section 160(2) of the Companies Act, 1963.

**Approval of Financial Statements**

The financial statements were approved by the directors on 15 June 2007.

**On behalf of the Board**

**K. O'Hanlon**  
Director

**G. Reidy**  
Director

**Date 15 June 2007**

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CHAIRMAN'S STATEMENT**

2006 was another record year for Shannon Foynes Port Company, with cargo throughput of 11.4 million tonnes and turnover of €16.3 million. Once again, throughput at the Company's own facilities at Foynes and Limerick also reached new levels, up by 14% and 12% respectively. The loss on ordinary activities before exceptional items was €73,237. As a result of exceptional items, due mainly to legal costs, the Company had a loss attributable to the Shareholder of €2.675 million.

**Corporate Governance:**

The Group aims, through executive management, to operate a system of internal financial controls which mitigate against key financial and business risks. The system is to provide the Board with the necessary assurances regarding the prevention of errors, fraud or other irregularities. Although the system operates effectively, it does not guarantee that such errors or irregularities can be entirely prevented.

The Board largely obtains its assurance on the effective operation of the system of internal financial controls through the Audit Committee. The Audit Committee known in the Company as the Pricing and Audit Committee has been in place since November 2002.

In November 2006, Internal Auditors were appointed and commenced their work by performing a review of Corporate Governance structures and procedures at the Company. Recommendations from this review are being fully implemented by the Board. In the future, it is intended that the Audit Committee will instruct the Internal Auditors to formally review the system of internal financial control as part of their annual work plan. Assurances from this Annual review will be provided to the Board via the Audit Committee.

**Capital Investment:**

Capital expenditure during 2006 was €3.0 million. €2.2 million was expended on new plant and machinery as the Company continues to improve its cargo handling capabilities to meet customer requirements.

**Developments since year-end:**

€1.9 million was spent on providing an additional warehouse to cope with the ongoing need for storage capacity; this warehouse has been completed since year end.

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CHAIRMAN'S STATEMENT (CONTINUED)**

**The Future:**

The Company intends to invest €4.3 million in plant and machinery in 2007, with a further €0.65 million earmarked for additional storage capacity at Foynes. A new dredger is expected to be delivered in November of this year, at a cost in excess of €2.0 million. This will improve the Company's dredging capability and will also act as a multi-purpose maintenance craft including buoy tender.

The Company has instigated a consultative process in relation to the future of Limerick Docks. Tom Kirby, Director of the Mid-West Regional Authority, is acting as an independent Chairman of the Limerick Docklands Initiative Consultative Forum, which comprises of representatives of the various stakeholders including the Limerick Port Users Group, Limerick City Council and Shannon Development. The process has proved positive and has allayed that precipitate action might be taken without adequate involvement of all stakeholders.

The ongoing costs of the litigation the Company is currently engaged in is being fully accrued for in the accounts and the Minister will continue to be fully advised of progress.

I wish to thank my fellow Directors for their continuing work on behalf of the company throughout a difficult year. On behalf of the Board I would also like to thank the management and staff for their efforts and co-operation during 2006 in supporting the direction being provided by the Board.

**Kieran O' Hanlon  
Acting Chairman  
Shannon Foynes Port Company  
10<sup>th</sup> June 2007**

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CORPORATE GOVERNANCE REPORT**

**Responsibility for System of Internal Financial Control**

On behalf of the Board of Directors of Shannon Foynes Port Company I acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated.

The system can only provide reasonable and not absolute assurance that the assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected in a timely period.

**Key Control Procedures**

The Board has taken steps to ensure an appropriate environment by;

- Clearly defining management responsibilities;
- Establishing formal procedures for reporting significant control failures and ensuring appropriate corrective action.

The Board has established processes to identify and evaluate business risks by;

- Identifying the nature, extent and financial implication of risks facing the body including the extent and categories which it regards as acceptable;
- Assessing the likelihood of identified risk occurring;
- Assessing the group's ability to manage and mitigate the risks that do occur;
- Assessing the costs of operating particular controls relative to the benefit obtained.

The system of internal financial control is based on a framework of regular management information, administrative procedures including segregation of duties and a system of delegation and accountability.

In particular it includes:

- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Board of Directors;
- Regular reviews by the Board of Directors of periodic and annual financial reports which indicate financial performances against forecasts;
- Setting targets to measure financial and other performance;
- Clearly defined capital investments control guidelines;
- Formal project management disciplines.

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CORPORATE GOVERNANCE REPORT (CONTINUED)**

Arising from an internal audit review carried out during 2006 certain recommendations were made to improve the Company's Corporate Governance procedures. These recommendations will be implemented in full by Board during 2007.

The Pricing and Audit committee is conscious of the importance of adequate controls and is in the process of implementing a system which will ensure, in so far as is reasonably practicable, that the Board is not exposed to undue risk of a financial or other nature.

A code of Business Conduct for Directors has been adopted by the Board on the recommendation of the Pricing and Audit Committee. A similar Code of Conduct for Employees is also in place. Both Codes are under review at present

**Kieran O' Hanlon**  
**Chairman**  
**Shannon Foynes Port Company**  
**Date 12<sup>th</sup> June 2007**

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**BUSINESS AND OPERATING REVIEW**

**Operating Review**

2006 proved a very successful year for SFPC with record tonnage throughputs at its directly controlled terminals on the Shannon Estuary. However while the fundamentals were very strong for the Company this strength did not feed down to the bottom line due to significant once-off costs.

With regard to the bulk business the most significant tonnage increases were at Foynes and Limerick. Foynes, with 1.8 million tonnes recorded a 14 per cent increase on 2005 while Limerick, with 635,000 tonnes enjoyed a 12 per cent increase over the same period. These increased tonnages were generated from the construction, recycling and agri sectors and from both new and existing customers. Overall Group tonnage stood at 11.4m tonnes for 2006 reflecting the importance of the Company as a key economic driver to the mid west region.

With regard to its Foynes-Rotterdam service the Company is pleased to announce an 84% increase in throughput over 2005. Given that it was a strategic decision to introduce this new modality to the region the Company is extremely pleased to announce that it is currently in negotiation with a liner operator to take over this service. The Company can therefore realise its objective of putting a platform in place to support this new modality during the incubator stage and growing it to the extent that it is now an attractive investment for a container line operator.

**Financials**

Reflecting the increases in tonnages turnover grew by a significant 42% over 2005 to €16.4m. However gross profit remained static at €3.6m reflecting primarily the costs associated with the Foynes-Rotterdam service which as noted earlier is still in its start-up phase. Therefore one of the key challenges facing the Company is to improve profitability by driving efficiencies into the business of which a number have been identified for roll-out during 2007. The Company is happy to report that several of these initiatives are already implemented since the year end.

The Company is reporting an overall loss of €2.675m for the year which is a major disappointment but which does not reflect on the underlying operating performance of the business. A number of significant once-off type costs have contributed to this loss such as substantial provision made for legal costs and costs incurred around the Limerick Docklands Initiative.

It is noted on page 19 that the Company's short term liquidity has entered negative territory. However, as short term liabilities consist of significant infrastructural accruals that are covered by undrawn bank funding and as the company has substantial overdraft facilities available, this is not a cause for concern. It should also be noted that the Company is generating significant operational cash flow with €1.6m generated from operations before exceptional costs during 2006.

**Pension**

Inherited pension obligations act as a significant haemorrhage of Company cash flow and have contributed almost €1m to 2006 losses equivalent to 27% of its gross profit. This is a significant drain on cash resources and significantly hinders the Company's future ability to make the necessary investment in Port Infrastructure on the Shannon Estuary and to sustain the growth of the mid-west economy. The current deficit of €10.1m is of grave concern to the Company and the Board has implemented measures during the first quarter of 2007 to address the situation. Needless to say the reduction of the pension deficit has been identified as a key corporate objective for the future and will be under constant review by both the Company and the Pension Trustees.

**SHANNON FOYNES PORT COMPANY  
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**BUSINESS AND OPERATING REVIEW (CONTINUED)**

**Capital Investment**

The Company invested €3.0m in infrastructure during 2006 and has committed to a further €4.3m for 2007. During 2006 the Company took delivery of its fifth mobile harbour crane and opened a further 30,000 square feet of bulk warehousing. The Company is currently putting together a strategic plan looking out over the next twenty years. This plan identifies significant opportunities that will require substantial investment in the Shannon Estuary to both build and consolidate its position as one of Ireland's premier natural assets. These investments illustrate the Company's commitment to its customers, the region it operates in and its need to grow and re-invest in the business.

**The Year(s) Ahead**

The economic outlook for Ireland remains very positive with the more conservative forecasts predicting a minimum 4% growth rate for 2007. The Company therefore is optimistic that its tonnage throughputs will continue to grow and that there will be a significant improvement in profitability. However, against this backdrop of organic growth, it is essential that the Company improves its competitiveness to enable further expansion particularly in the bulk and liquid bulk markets where it sees its relative strengths. As mentioned a number of initiatives to increase competitiveness have been identified and the Company is looking forward to implementing these during 2007 in partnership with all its stakeholders but particularly with its employees and its port users. These initiatives include employee integration across its various terminals, increased working time flexibility, efficient manning levels and cost reduction programmes. The Company wishes to underline its continued commercial focus and recognises that it must continue to drive inefficiencies out of its business model.

The Company is currently carrying out a detailed strategic review looking out over a twenty year timespan to provide strategic direction in terms of increased market penetration and estuarial promotion. This review maps out forecasted traffic and associated capacity requirements over a number of scenarios including development at Limerick. The plan thus identifies infrastructural requirements and allows the company plan the delivery of same in a systematic sustainable fashion that ensures the optimum deployment of financial, human and capital resources. This review is currently under review by the Board.

The Company views its connectivity to its customers as a vital component, not only for its own competitiveness, but also to allow Ireland Inc to compete internationally. To this end the Company, the country's second largest bulk port, has some concerns regarding Transport 21 and the Atlantic Corridor as these plans fall short of addressing the transport links to its facilities. The Company intends to actively lobby at all levels until this shortcoming is positively addressed.

**Environment**

The entire Shannon Estuary is designated Special Area of Conservation and Shannon Foynes Port Company acknowledges the importance of its role in maintaining current environmental standards. The Company has a number of controls in place to ensure best practice such as operating restrictions under adverse weather conditions, investment in dust suppression equipment and providing both financial and human resource to the Shannon Estuary oil spill response team to name some. In order to mitigate environmental impact the Company's modus operandi is under constant review by management.

**SHANNON FOYNES PORT COMPANY  
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**BUSINESS AND OPERATING REVIEW (CONTINUED)**

**Acknowledgements**

I would like to first and foremost thank all the employees for their efforts in making this a very successful year for the Company at the operating level. It has been a difficult year in terms of the uncertainties created by matters outside the Company's control and under the circumstance their dedication and commitment is to be commended.

I wish to thank the Chairman and all the Directors for their guidance and assistance to me and the management team during the year.

Finally I would like to thank our customers for their support during the year and look forward to their continued support ahead.

**Patrick Keating**  
**Interim CEO**  
**Shannon Foynes Port Company**  
**15 June 2007**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements of Shannon Foynes Port Co Limited for the year ended 31 December 2006, which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Company and the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the notes on pages 17 to 36 which have been prepared under the accounting policies set out on pages 15 and 16.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of Directors and Auditors**

As described in the Statement of Directors' Responsibilities on page 3, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom 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 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 the information and explanations necessary for the purposes of our audit and whether the company's balance sheet and its profit and loss account are in agreement with the books of account.

We report to the shareholders if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not given and, where practicable, include such information in our report. We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it. We have also read the Chairman's Statement, the Corporate Governance Report and the Business and Operating Review and we are satisfied that they are consistent 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 (United Kingdom and Ireland). 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.

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS  
(CONTINUED)**

**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 Company and of the Group's affairs as at 31 December 2006 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Acts 1963 – 2006 and the European Communities, (Companies Group Accounts) Regulations 1992.

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 on pages 3 to 5 is consistent with the financial statements.

The net assets of the group as stated in the Balance Sheet, on page 19, are more than half of the amount of its called up share capital and in our opinion, on that basis there did not exist at 31 December 2006 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.

**Grant Thornton  
Chartered Accountants & Registered Auditors  
Mill House  
Henry Street  
Limerick**

**Date 15 June 2007**

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish Statute comprising the Companies Acts, 1963 to 2006 and the European Communities (Companies: Group Accounts) Regulations, 1992. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those published by the Institute of Chartered Accountants in Ireland and issued by the Accounting Standards Board.

The financial statements are presented in Euro.

- a) **Accounting Convention**  
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
- b) **Basis of Consolidation**  
The group financial statements consolidate the financial statements of the company and its subsidiary undertakings.
- c) **Goodwill**  
Goodwill represents the excess of the fair value of the acquisition cost over the fair value of the net assets acquired and is being written off to the profit and loss account over 20 years.
- d) **Turnover**  
Turnover represents the value of goods and services at invoiced value, exclusive of value added tax and trade discounts.
- e) **Tangible Fixed Assets**  
The cost of tangible fixed assets includes directly attributable costs, including appropriate commissioning costs. Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates which are estimated to write off tangible fixed assets by the end of their expected useful lives. It the Company's policy not to revalue fixed assets.

	<b>Annual Rate</b>
<b>Straight Line Basis</b>	
Docks, Quays and Works	2-10%
Buildings	2-50%
Plant & Machinery	5-10%
Fixture & Fittings and Office Equipment	20-33.33%
Motor Vehicles	20%
River Lights	10%
Leased Plant & Equipment	14-25%
Leasehold Improvements	10%

**SHANNON FOYNES PORT COMPANY**  
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**ACCOUNTING POLICIES (CONTINUED)**

**f) Leases**

Under transactions where the group is a lessee of assets, the accounting policy is dependent upon the classification of underlying leases as either finance leases or operating leases. Under finance leases the related assets are treated as fixed assets and depreciated in accordance with the group's depreciation policy. The total finance charge under finance leases is allocated to accounting periods over the lease term so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. Charges under operating leases are charged to the profit and loss account on a straight line basis over the period of the respective leases.

**g) Government and European Union Grants**

Capital grants received are treated as deferred income and credited to the profit and loss account by instalments on a basis consistent with the relevant depreciation policy. Revenue grants are credited to the profit and loss account to offset the matching expenditure.

**h) Research and Development**

All expenditure on research and development is written off as incurred.

**i) Dredging**

The cost of routine or maintenance dredging projects is charged to the profit and loss account as incurred. Other dredging expenditure is capitalised and written off over its economic life.

**j) Deferred Taxation**

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

Timing differences are temporary differences between profits/(losses) as computed for tax purposes and profits/(losses) as stated in the financial statements which arise because certain items of income and expenditure in the financial statements are dealt with in different years for tax purposes.

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 that have been enacted or substantively enacted by the balance sheet date. Deferred taxation is not discounted.

**k) Pensions**

The parent company operates four defined benefit pension schemes. Due to deficits in all of the schemes the parent company is currently paying pensions out of current revenue. No contributions are being made to the three legacy Shannon Estuary Port Company Pension Schemes. Contributions are being accrued to the legacy Foynes Port Company pension scheme.

The company provides for the deficits in the schemes in accordance with FRS 17.

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT & LOSS ACCOUNT**  
**Year Ended 31 December 2006**

	Note	2006 €	2005 €
Turnover	1(a)	16,371,441	11,539,931
Operational Costs	1(b)	(12,736,542)	(7,903,380)
<b>Gross Profit</b>		<u>3,634,899</u>	<u>3,636,551</u>
Administration Expenses	1(b)	(2,704,840)	(2,473,151)
Amortisation of Goodwill	12	(29,204)	(29,204)
<b>Operating Profit</b>		<u>900,855</u>	<u>1,134,196</u>
Exceptional Items	3	(2,602,225)	-
Interest Payable and Similar Charges	4	(462,001)	(430,084)
Interest Receivable and Similar Income		7,909	54,057
Other Financing Cost	25(a)	(520,000)	(479,000)
(Loss)/Profit on Sale of Fixed Assets		-	(1,019)
<b>(Loss)/Profit on Ordinary Activities before Taxation</b>	5	<u>(2,675,462)</u>	<u>278,150</u>
Taxation on (Loss)/Profit on Ordinary Activities	6	-	-
(Loss)/Profit Attributable to the Shareholder	21	<u>(2,675,462)</u>	<u>278,150</u>

All the figures relate to continuing operations.

There were no recognised gains or losses other than those dealt with in the profit and loss account.

**Note on Historical Cost Losses**

There is no difference between the loss on ordinary activities before taxation and the retained loss for the year on an historical cost basis and the corresponding amounts stated above.

Approved by the Board of Directors on 15 June 2007 and signed on its behalf by;

**K. O'Hanlon**  
**Director**

**G. Reidy**  
**Director**

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**  
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**31 DECEMBER 2006**

	Note	2006 €	2005 €
(Loss)/Profit for the year		(2,675,462)	278,150
Actuarial return less expected return on Pension scheme assets	25(a)	610,000	292,000
Experience (losses) arising on the Pension Scheme's Liabilities	25(a)	(892,000)	(871,000)
<b>TOTAL RECOGNISED LOSSES</b>		<u>(2,957,462)</u>	<u>(300,850)</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED BALANCE SHEET**  
**31 DECEMBER 2006**

	Note	2006 €	2005 €
<b>Fixed Assets</b>			
Tangible Assets	8(a)	49,236,272	47,955,791
Financial Assets	9	2,539	2,539
Intangible Assets	12	401,242	430,446
		<u>49,640,053</u>	<u>48,388,776</u>
<b>Current Assets</b>			
Debtors	13	5,947,479	2,458,351
Cash and Bank Balances		199,959	2,160,689
		<u>6,147,438</u>	<u>4,619,040</u>
<b>Creditors</b> (Amounts falling due within one year)	14	(7,258,334)	(4,006,217)
<b>Net Current (Liabilities)/Assets</b>		<u>(1,110,896)</u>	<u>612,823</u>
<b>Total Assets</b>		48,529,157	49,001,599
<b>Creditors</b> (amounts falling due after more than one year)	15	(11,969,705)	(9,380,027)
<b>Provision for Liabilities and Charges</b>	25(a)	(10,101,000)	(9,912,858)
<b>Deferred Income</b>	18	(7,055,234)	(7,348,034)
<b>Net Assets</b>		<u>19,403,218</u>	<u>22,360,680</u>
<b>Capital and Reserves</b>			
Called Up Share Capital	19	22,187,359	22,187,359
Capital Injection	20	4,916,921	4,916,921
(Loss) Carried Forward	21	(7,701,062)	(4,743,600)
<b>Equity Shareholders Funds</b>	22	<u>19,403,218</u>	<u>22,360,680</u>

Approved by the Board of Directors on 15 June 2006 and signed on its behalf by;

**K. O'Hanlon**  
**Director**

**G. Reidy**  
**Director**

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**COMPANY BALANCE SHEET**  
**31 DECEMBER 2006**

	Note	2006 €	2005 €
<b>Fixed Assets</b>			
Tangible Assets	8(b)	49,047,307	47,742,852
Financial Assets	9	1,070,142	1,070,142
		<u>50,117,449</u>	<u>48,812,994</u>
<b>Current Assets</b>			
Debtors	13	5,523,595	2,157,040
Cash and Bank Balances		24,425	2,025,583
		<u>5,548,020</u>	<u>4,182,623</u>
<b>Creditors</b> (Amounts falling due within one year)	14	(7,119,886)	(3,845,260)
<b>Net Current (Liabilities)/Assets</b>		<u>(1,571,866)</u>	<u>337,363</u>
<b>Total Assets</b>		48,545,583	49,150,357
<b>Creditors</b> (amounts falling due after more than one year)	15	(11,929,385)	(9,316,054)
<b>Provision for Liabilities and Charges</b>	25(a)	(10,101,000)	(9,912,858)
<b>Deferred Income</b>	18	(7,055,234)	(7,348,034)
<b>Net Assets</b>		<u>19,459,964</u>	<u>22,573,411</u>
<b>Capital and Reserves</b>			
Called Up Share Capital	19	22,187,359	22,187,359
Capital Injection	20	5,457,046	5,457,046
(Loss) Carried Forward		(8,184,441)	(5,070,994)
<b>Equity Shareholders Funds</b>		<u>19,459,964</u>	<u>22,573,411</u>

Approved by the Board of Directors on 15 June 2007 and signed on its behalf by;

**K. O'Hanlon**  
**Director**

**G. Reidy**  
**Director**

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED CASHFLOW STATEMENT**  
**31 DECEMBER 2006**

	Note	2006 €	2005 €
Net Cash (Outflow)/Inflow from Operating Activities	A	(885,240)	1,983,389
Returns on Investments and Servicing of Finance	B	(403,405)	(387,902)
Taxation		-	-
Capital Expenditure and Financial Investment	C	(4,708,188)	(1,134,547)
Financing	D	2,613,238	(533,333)
<b>(Decrease) in Cash In Period</b>		<u>(3,383,595)</u>	<u>(72,393)</u>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN  
NET (DEBT)/EQUITY**

	2006 €	2005 €
(Decrease) in Cash in the period	(3,383,595)	(72,393)
Medium and Long Term Loans	(2,644,031)	394,403
Lease Finance received net of Capital Elements paid	30,793	138,729
	<u>(5,996,833)</u>	<u>460,739</u>

**ANALYSIS OF CLOSING NET (DEBT)  
AT 31 DECEMBER**

	Opening Net (debt) at 31 December 2005 €	Cash Flow €	Closing Net (debt) at 31 December 2006 €
Cash and bank balances	2,160,689	(1,960,730)	199,959
Overdrafts and loans	(823,908)	(1,422,865)	(2,246,773)
Debt falling due within one year/cash	1,336,781	(3,383,595)	(2,046,814)
Debt falling due after one year	(9,091,750)	(2,644,031)	(11,735,781)
Finance leases	(455,861)	30,793	(425,068)
	<u>(8,210,830)</u>	<u>(5,996,833)</u>	<u>(14,207,663)</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED CASHFLOW STATEMENT**  
**31 DECEMBER 2006**

<b>A</b>	<b>Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>2006</b> €	<b>2005</b> €
	Operating Profit	900,855	1,134,196
	Depreciation Charges	1,719,823	1,572,162
	Amortisation of Goodwill	29,204	29,204
	Grant Amortisation	(292,800)	(292,800)
	Rents paid in advance	-	(868)
	(Increase) in Debtors	(1,504,143)	(63,371)
	Increase in Creditors	1,477,905	184,241
	Exceptional Items	(2,602,225)	-
	(Decrease) in provision for Liabilities and Charges	(613,859)	(579,375)
	Net Cash (Outflow)/Inflow from Operating Activities	<u>(885,240)</u>	<u>1,983,389</u>
<b>B</b>	<b>Returns on Investment and Service of Finance</b>	<b>2006</b> €	<b>2005</b> €
	Interest Paid	(412,166)	(443,316)
	Interest Received	8,761	55,414
		<u>(403,405)</u>	<u>(387,902)</u>
<b>C</b>	<b>Capital Expenditure and Financial Investment</b>	<b>2006</b> €	<b>2005</b> €
	Payments to Acquire Tangible Fixed Assets	(4,708,188)	(1,145,547)
	Sale of Tangible Fixed Assets	-	11,000
		<u>(4,708,188)</u>	<u>(1,134,547)</u>
<b>D</b>	<b>Financing</b>	<b>2006</b> €	<b>2005</b> €
	Medium and Long Term Loans	2,644,031	(394,403)
	Lease Finance Paid Net of Capital Elements Paid	(30,793)	(138,930)
		<u>2,613,238</u>	<u>(533,333)</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS**

<b>1</b>	<b>Analysis of Turnover and Operational Administration Expenses</b>	<b>2006</b>	<b>2005</b>
	<b>(a) Turnover</b>	<b>€</b>	<b>€</b>
	Ship and Cargo Dues	6,135,231	5,941,595
	Stevedoring	2,683,881	2,383,906
	Other Operating Income	7,552,329	3,214,430
		<hr/>	<hr/>
		16,371,441	11,539,931
		<hr/>	<hr/>
	<b>(b) Operational and Administration Expenses</b>	<b>2006</b>	<b>2005</b>
		<b>€</b>	<b>€</b>
	Operating and Maintenance	(11,079,211)	(6,457,382)
	Dredging	(266,803)	(166,745)
	Depreciation	(1,683,328)	(1,572,053)
	Grant Amortisation	292,800	292,800
		<hr/>	<hr/>
	Total Operational Costs	(12,736,542)	(7,903,380)
		<hr/>	<hr/>
	Administration and Other	(2,704,840)	(2,473,151)
		<hr/>	<hr/>
<b>2</b>	<b>Employment Information</b>	<b>2006</b>	<b>2005</b>
	The Group Costs incurred in respect of Employees were:	<b>€</b>	<b>€</b>
	Wages and Salaries	3,040,282	2,754,849
	Social Welfare Costs	322,332	282,940
	Pension Costs	484,196	483,750
		<hr/>	<hr/>
		3,846,810	3,521,539
		<hr/>	<hr/>
	The average number of staff employed by the company during the financial year amounted to:		
		<b>2006</b>	<b>2005</b>
		<b>Number</b>	<b>Number</b>
	Operational	42	43
	Administration	11	11
		<hr/>	<hr/>
		53	54
		<hr/>	<hr/>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>3</b>	<b>Exceptional Items</b>	<b>2006</b>	<b>2005</b>
		<b>€</b>	<b>€</b>
	This relates to costs incurred in respect of the Limerick Docklands Initiative and legal provisions.	<u>2,602,225</u>	=
<b>4</b>	<b>Interest Payable and Similar Charges</b>	<b>2006</b>	<b>2005</b>
		<b>€</b>	<b>€</b>
	On Bank Borrowings:		
	- interest payable on bank loans and overdrafts wholly repayable after five years	407,190	380,901
	- interest payable on other loans wholly repayable after five years	29,865	30,241
	- on finance lease agreements	24,946	18,942
		<u>462,001</u>	<u>430,084</u>
<b>5</b>	<b>(Loss)/Profit on Ordinary Activities Before Taxation</b>	<b>2006</b>	<b>2005</b>
		<b>€</b>	<b>€</b>
	(Loss)/Profit on Ordinary Activities is stated after charging/(crediting):		
	Chief Executive's Remuneration for Management Services:		
	Salary	144,559	138,771
	Pension	42,316	43,879
	Performance Related Bonus	24,706	36,747
	Directors Remuneration for Services as Directors	113,000	79,993
	Auditors Remuneration	18,000	18,000
	Depreciation	1,719,823	1,572,162
	Amortisation of Intangible Fixed Assets	29,204	29,204
	Amortisation of Capital Grants	<u>(292,800)</u>	<u>(292,800)</u>

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**6 Tax on (Loss)/Profit on Ordinary Activities**

	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
Current Tax:		
Irish Corporation Tax on (Loss)/Profit for the year	-	-
Adjustments in respect of prior years	-	-
	<hr/>	<hr/>
Current tax credit for the year	-	-
Deferred Tax:	-	-
Origination and Reversal of Timing Difference	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

The current tax credit for the year is lower than the current credit that would result from applying the standard rate of Irish Corporation Tax to (Loss) on Ordinary Activities. The differences are explained below:

	<b>2006</b>	<b>2005</b>
	<b>€</b>	<b>€</b>
(Loss)/Profit on Ordinary Activities before Tax	(2,675,462)	278,150
	<hr/>	<hr/>
(Loss)/Profit on Ordinary Activities multiplied by the average rate Of Irish Corporation Tax for the year of 12.5% (2005: 12.5%)	(334,433)	34,769
Effects of:		
Disallowable Expenses by the rate of tax	(15,831)	(15,436)
Excess depreciation over capital allowances by the rate of tax	(35,982)	42,444
Rental Income by the rate of tax	-	(83,670)
Interest income by rate of tax	1,977	-
Losses by the rate of tax	384,269	21,893
	<hr/>	<hr/>
Current Tax Credit for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

**7 (Loss)/Profit Attributable to Shannon Foynes Port Company**

A loss of €2,831,447 (2005: profit of €346,623) attributable to the shareholders of Shannon Foynes Port Company (a company limited by shares) has been dealt with in the financial statements of that company.

A separate profit and loss account has not been prepared for the parent company because the conditions laid down in Section 3(2) of the Companies (Amendment) Act 1986 have been complied with.

SHANNON FOYNES PORT COMPANY (A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8(a) Tangible Fixed Assets – Group	Docks, Quays And Works €	River Lights €	Plant & Machinery €	Motor Vehicles €	Fixtures, Fittings and Office Equipment €	Land & Buildings €	Total €
<b>Cost</b>							
At 31 December 2005	33,913,606	1,141,819	7,940,480	185,119	295,920	11,593,817	55,070,761
Additions	373,730	14,479	2,201,187	33,480	112,702	264,726	3,000,304
At 31 December 2006	<u>34,287,336</u>	<u>1,156,298</u>	<u>10,141,667</u>	<u>218,599</u>	<u>408,622</u>	<u>11,858,543</u>	<u>58,071,065</u>
<b>Depreciation</b>							
At 31 December 2005	2,846,890	688,499	2,762,424	50,731	246,962	519,464	7,114,970
Charge for year	682,093	129,921	584,948	42,064	38,267	242,530	1,719,823
At 31 December 2006	<u>3,528,983</u>	<u>818,420</u>	<u>3,347,372</u>	<u>92,795</u>	<u>285,229</u>	<u>761,994</u>	<u>8,834,793</u>
<b>Net Book Value</b>							
At 31 December 2006	<u>30,758,353</u>	<u>337,878</u>	<u>6,794,295</u>	<u>125,804</u>	<u>123,393</u>	<u>11,096,549</u>	<u>49,236,272</u>
At 31 December 2005	<u>31,066,716</u>	<u>453,320</u>	<u>5,178,056</u>	<u>134,388</u>	<u>48,958</u>	<u>11,074,353</u>	<u>47,955,791</u>

Included in the NBV above are the following amounts in respect of motor vehicles and plant and machinery held under finance leases.

	2006 €	2005 €
Net book value amount at 31 December	<u>543,264</u>	<u>546,697</u>
Depreciation charge for the year	<u>161,728</u>	<u>128,955</u>

SHANNON FOYNES PORT COMPANY (A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8(b) Tangible Fixed Assets Company	Docks, Quays And Works €	River Lights €	Plant & Machinery €	Motor Vehicles €	Fixtures, Fittings and Office Equipment €	Land & Buildings €	Total €
<b>Cost</b>							
At 31 December 2005	33,913,606	1,141,819	7,263,388	185,119	240,597	11,579,823	54,324,352
Additions	373,730	14,479	2,189,612	33,480	112,360	264,726	2,988,387
At 31 December 2006	<u>34,287,336</u>	<u>1,156,298</u>	<u>9,453,000</u>	<u>218,599</u>	<u>352,957</u>	<u>11,844,549</u>	<u>57,312,739</u>
<b>Depreciation</b>							
At 31 December 2005	2,846,890	688,499	2,283,426	50,731	204,289	507,665	6,581,500
Charge for year	682,093	129,921	551,946	42,064	35,400	242,508	1,683,932
At 31 December 2006	<u>3,528,983</u>	<u>818,420</u>	<u>2,835,372</u>	<u>92,795</u>	<u>239,689</u>	<u>750,173</u>	<u>8,265,432</u>
<b>Net Book Value</b>							
At 31 December 2006	<u>30,758,353</u>	<u>337,878</u>	<u>6,617,628</u>	<u>125,804</u>	<u>113,268</u>	<u>11,094,376</u>	<u>49,047,307</u>
At 31 December 2005	<u>31,066,716</u>	<u>453,320</u>	<u>4,979,962</u>	<u>134,388</u>	<u>36,308</u>	<u>11,072,158</u>	<u>47,742,852</u>

Included in the NBV above are amounts in respect of motor vehicles and plant and machinery held under finance leases.

	2006 €	2005 €
Net book value amount at 31 December	<u>403,396</u>	<u>416,784</u>
Depreciation charge for the year	<u>136,278</u>	<u>111,140</u>

**SHANNON FOYNES PORT COMPANY  
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

9	Financial Fixed Assets	Group 2006 €	Company 2006 €	Group 2005 €	Company 2005 €
	Investment in subsidiary undertakings at cost (note 10)	-	343,852	-	343,852
	Other investment at cost (note 11)	2,539	2,539	2,539	2,539
	Long term loan due from subsidiary company (note 10)	-	723,751	-	723,751
		<u>2,539</u>	<u>1,070,142</u>	<u>2,539</u>	<u>1,070,142</u>

**10 Subsidiary Undertakings**

Details of the subsidiaries, which are incorporated and carry on their business in the Republic of Ireland, are as follows:

Name of Subsidiary	Nature of Business	Group Holding %	Number and Class of Shares held	Address of Registered Office
Limerick Cargo Handling Limited	Stevedoring	100%	3 Ordinary Shares of €1.269738	Mill House, Foynes, Co. Limerick.
Limerick Docks Container Storage Limited	Container Services	100%	2 Ordinary Shares of €1 each	Mill House, Foynes, Co. Limerick.

11	Other Investments at Cost	Group 2006 & 2005	Company 2006 & 2005
	Prize Bonds	<u>2,539</u>	<u>2,539</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>12</b>	<b>Intangible Fixed Assets – Group</b>			<b>Goodwill</b>	
				<b>€</b>	
	<b>Cost</b>				
	At 31 December 2005			586,789	
	At 31 December 2006			<u>586,789</u>	
	<b>Amortisation</b>				
	At 31 December 2005			156,343	
	Charge for year			29,204	
	At 31 December 2006			<u>185,547</u>	
	<b>Net Book Value</b>				
	At 31 December 2006			401,242	
	At 31 December 2005			<u><u>430,446</u></u>	
<b>13</b>	<b>Debtors</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
		<b>2006</b>	<b>2006</b>	<b>2005</b>	<b>2005</b>
		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
	Trade Debtors	2,869,443	2,168,116	1,577,832	1,263,340
	Value Added Tax Receivable	240,907	226,906	88,207	66,352
	Other Debtors and Prepayments	2,837,129	2,837,129	792,312	734,101
	Amounts owed by Subsidiary Companies	-	291,444	-	93,247
		<u>5,947,479</u>	<u>5,523,595</u>	<u>2,458,351</u>	<u>2,157,040</u>

The amount due from Subsidiary Companies is unsecured, interest free and has no fixed repayment schedule.

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

14	<b>Creditors</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	Government Loans (Note 16)	55,797	55,797	46,498	46,498
	Bank Loans (Note 16)	1,047,553	1,047,553	777,410	777,410
	Bank Overdraft (Note 16)	1,143,423	1,143,423	-	-
	Trade Creditors	784,301	741,719	538,800	434,476
	Other Taxes and PRSI	169,814	146,709	172,975	170,809
	Net Obligations under Finance Leases (Note 17)	191,144	143,288	167,584	133,857
	Other Creditors and Accruals	3,866,302	3,841,397	2,302,950	2,282,210
		<u>7,258,334</u>	<u>7,119,886</u>	<u>4,006,217</u>	<u>3,845,260</u>
15	<b>Creditors (amounts falling due after more than one year)</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	Bank Borrowings (Note 16)	11,580,467	11,580,467	8,907,165	8,907,165
	Government Loans (Note 16)	155,314	155,314	184,585	184,585
	Net Obligations under Finance Leases (Note 17)	233,924	193,604	288,277	224,304
		<u>11,969,705</u>	<u>11,929,385</u>	<u>9,380,027</u>	<u>9,316,054</u>
16	<b>Bank Borrowings, Overdrafts and Government Loans</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	Analysis of bank borrowings, overdrafts and Government loans payable:				
	- within one year	2,246,773	2,246,773	823,908	823,908
	- between one and two years	1,094,053	1,094,053	774,900	774,900
	- between two and five years	3,251,483	3,251,483	2,324,700	2,324,700
	- over five years	7,390,245	7,390,245	5,992,150	5,992,150
		<u>13,982,554</u>	<u>13,982,554</u>	<u>9,915,658</u>	<u>9,915,658</u>
17	<b>Finance Leases</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	Net obligations under finance leases are analysed as follows: payable within 1 year	191,144	143,288	167,584	133,857
	- payable within one and two years	157,405	118,112	167,584	133,857
	- payable between two and five years	76,519	75,492	120,693	90,447
		<u>425,068</u>	<u>336,892</u>	<u>455,861</u>	<u>358,161</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

<b>18</b>	<b>Deferred Income – Group and Company</b>		<b>€</b>
	<b>(a) Capital Grants</b>		
	At 31 December 2005		7,348,034
	Received during year		-
	Amortised during the year		<u>(292,800)</u>
	At 31 December 2006		<u>7,055,234</u>
	Total Deferred Income at 31 December 2006		<u>7,055,234</u>
	Total Deferred Income at 31 December 2005		<u>7,348,034</u>
<b>19</b>	<b>Share Capital – Company</b>	<b>2006</b>	<b>2005</b>
	<b>Authorised</b>	<b>€</b>	<b>€</b>
	31,500,000 Ordinary Shares of €1.25 each	<u>39,375,000</u>	<u>39,375,000</u>
	<b>Allotted, Called Up and Fully Paid</b>		
	17,749,890 Ordinary Shares of €1.25 each	<u>22,187,359</u>	<u>22,187,359</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

20	<b>Capital Injection</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	At 1 January	4,916,921	5,457,046	4,916,921	5,457,046
	Share Capital Issued during the year	-	-	-	-
	At 31 December	<u>4,916,921</u>	<u>5,457,046</u>	<u>4,916,921</u>	<u>5,457,046</u>

(a) The shareholder subscribed €3,809,214 in cash for Ordinary Shares of €1.269738 each during the year ended 2001. Shares were allotted in respect of this sum during year ending 31 December 2002 as follows:

3,047,371 Ordinary Shares of €1.25 each

In addition 11,246,513 Ordinary Shares of €1.25 each were issued out of the capital injection as at 31 December 2001.

21	<b>(Loss) Carried Forward</b>	<b>Group €</b>
	At 31 December 2005	(4,743,600)
	Loss for the year	(2,675,462)
	Other recognised (losses)	(282,000)
	At 31 December 2006	<u>(7,701,062)</u>

22	<b>Reconciliation of Movements in Equity Shareholders' Funds</b>	<b>Group €</b>
	At 31 December 2005	22,360,680
	Loss for the year	(2,675,462)
	Other recognised (losses)	(282,000)
	At 31 December 2006	<u>19,403,218</u>

23	<b>Financial Commitments</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>	<b>Group 2005 €</b>	<b>Company 2005 €</b>
	Financial Commitments				
	- commitments approved but not contracted for	4,308,000	4,308,000	4,015,714	4,015,714
	- committed	400,000	400,000	2,000,000	2,000,000
		<u>4,708,000</u>	<u>4,708,000</u>	<u>6,015,714</u>	<u>6,015,714</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**24 Retirement Benefits**

- (a) The group operates four defined benefit schemes which are funded through separate trustee administered funds. There were deficits totalling €11,544,000 on these schemes at 31 December 2006. The total deficit has been fully provided for net of the related deferred tax asset in the financial statements and is therefore reflected in the group net assets €19,271,343 and the group loss carried forward of €7,832,937

The most recent valuations were at 31 December 2006 and are available for inspection by the scheme members but not for public inspection.

The intention of the group is that, over time, the schemes should be fully funded and that they should meet the funding requirement set by Section 41(3) of the Harbours Act, 1996 by the appropriate date as determined by the Minister for Communications, Marine and Natural Resources following consultation with the parent company. The Minister has intimated that such date would be 30 April 2008 and that he will seek to have the schemes excluded from the provisions of Part IV of the Pensions Act 1990 until that date.

**(b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures**

The company operates four defined benefit schemes. Full actuarial valuations were carried out at 31 December 2006 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations were:

	<b>2006</b>	<b>2005</b>	<b>2004</b>
Rate of increase in salaries	4.0%	4.0%	4.5%
Rate of increase in pension payments	3.0%	3.0%	4.0%
Discount rate	5.0%	5.0%	5.5%
Inflation assumption	2.0%	2.0%	2.5%

The assets in the scheme and the expected rates of return were:

	<b>Long-Term Rate of return Expected at 31 December 2006</b>	<b>Market Value 31 December 2006 €'000</b>	<b>Long-Term Rate of return Expected at 31 December 2005</b>	<b>Market Value 31 December 2005 €'000</b>	<b>Long-Term Rate of return Expected at 31 December 2004</b>	<b>Market Value 31 December 2004 €'000</b>
Equities	7.25%	5,592	7.25%	4,589	7.75%	3,817
Fixed interest	4.25%	2,212	4.25%	2,338	4.75%	2,165
Property	6.25%	392	6.25%	324	6.75%	279
Cash	2.00%	1,850	2.00%	1,565	2.50%	1,544
Other	5.25%	111	5.25%	199	5.75%	208
		<u>10,157</u>		<u>9,015</u>		<u>8,013</u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25 Retirement Benefits Continued**

**(a) Financial Reporting Standard 17 'Retirement Benefits' Disclosures Continued**

The following amounts at 31 December 2006 were measured in accordance with the requirements of Financial Reporting Standard 17:

	<b>2006</b>	<b>2005</b>	<b>2004</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Total market value of assets	10,157	9,015	8,013
Present value of the (liabilities) of the schemes	(21,701)	(20,327)	(18,780)
(Deficit) in the schemes	<u>(11,544)</u>	<u>(11,312)</u>	<u>(10,767)</u>
Related deferred tax asset	1,443	1,400	1,333
Net Pension (Liability)	<u><u>(10,101)</u></u>	<u><u>(9,912)</u></u>	<u><u>(9,434)</u></u>

The following amounts would have been recognised in the performance statements for the years ended 31 December 2006 and 31 December 2005 under the requirements of FRS 17.

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
<b>Operating Profit</b>		
Current Service Cost	417	442
Past Service Cost	-	-
	<u>417</u>	<u>442</u>
<b>Other finance (cost)</b>		
Expected rate of return on pension schemes' assets	496	455
Interest on pension schemes' liabilities	(1,016)	(934)
	<u>(520)</u>	<u>(479)</u>
Statement of total recognised gains and losses:		
Actual return less expected return on pension schemes' assets	610	292
Experience losses arising on the schemes' liabilities	(892)	(871)
Changes in assumptions underlying the present value of the schemes' liabilities	-	-
	<u>(282)</u>	<u>(579)</u>
Actuarial loss recognised in the statement of total recognised gains and losses	<u><u>(282)</u></u>	<u><u>(579)</u></u>

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25 Retirement Benefits Continued**

**(b) Financial Reporting Standard 17 'Retirement Benefits' Disclosures Continued**

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
Movement in (deficit) during the year:		
(Deficit) in schemes at 31 December	(11,312)	(10,767)
Movement in year:		
Current service cost	(417)	(442)
Contributions paid	987	955
Other finance (cost)	(520)	(479)
Actuarial loss	(282)	(579)
(Deficit) in schemes at 31 December	(11,544)	(11,312)

	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>
<b>Experience gains and losses for the year ended 31 December</b>		
Difference between the expected and actual return on schemes' assets	610	292
Percentage of schemes' assets	6.0%	3.2%
Experience (losses) on schemes' liabilities	(892)	(871)
Percentage of schemes' liabilities	4.1%	3.2%
Total recognised in statement of total recognised gains and losses	(282)	(579)
Percentage of the present value of the schemes' liabilities	1.3%	2.9%

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**26 Ultimate controlling party**

The ultimate controlling party of the company is the Minister for Communications, Marine and Natural Resources.

**27 Related Party Transactions**

- (i) The company in the normal course of its business trades with certain government and semi-state bodies. The company also has loans of €211,111 from certain government and semi-state bodies. Interest of €29,865 has been charged on these loans during the year.
- (ii) A director of the company, Mr John Dundon, is also a director of Mullock & Sons Limited. Mullock & Sons Limited is a significant customer of Shannon Foynes Port Company. At the balance sheet date an amount of €122,822 was due to the company from Mullock & Sons Limited. Income of €1,877,244 was earned during the year for services provided to Mullock & Sons Limited. Purchases from Mullock & Sons Limited amounted to €4,160 during the year.
- (iii) Company CEO, Mr Brian Byrne, is also a director of Irish Inshore Services Limited. This company is a supplier of Shannon Foynes Port Company. At the balance sheet date there were no balances outstanding between Shannon Foynes Port Company and Irish Inshore Services Ltd. Costs of €57,270 were incurred during the year for services provided by this company to Shannon Foynes Port Company.
- (iv) There are no other contracts or arrangements of significance in relation to the business of the company in which any director had an interest in, as defined within the Companies Act 1990 at any time during the year ended 31 December 2006.

The company has availed of the exemption in FRS No. 8 “Related Party Transactions” which permit a qualifying subsidiary of any undertakings not to disclose details of transactions between group entities that are eliminated on consolidation.

**28 Contingent Liabilities**

**Group and Company**

The parent company has given a guarantee in the sum of €19,046 (2005: €19,046) in respect of borrowings of the subsidiary company.

**29 Approval of Financial Statements**

The financial statements were approved by the Board of Directors on 15 June 2007.