

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

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

**Year Ended 31 December 2007**

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

**Annual Report and Financial Statements 2007**

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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  
K. O’Hanlon – Vice Chairman  
S. Bugler  
P. Keane  
J. Dundon  
J. Griffin  
G. Reidy  
J. Treacy  
E. Jennings  
R. McInerney  
D. Naughton

**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	Engineering and Port Services Manager

**Solicitors**

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

**Actuaries**

Invesco Limited  
4 South Bank  
Crosses Green  
Cork

**SHANNON FOYNES PORT COMPANY  
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**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 2007.

**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 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 11 - 13.

**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 18 shows the group's results for the year. Exceptional items for the year include a provision for unexpected legal costs recently presented to the company.

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 2007 are set out below. Unless indicated otherwise they served as directors for the entire year.

K. MacSweeney - Term ended 24 April 2007, reappointed 13 June 2007

B. Byrne - Resigned 23 October 2007

S. Bugler - Term ended 24 April 2007, reappointed 13 June 2007

K. Sheahan - Term ended 2 March 2007

P. Keane - Term ended 2 March 2007, reappointed 27 March 2007

J. Dundon - Term ended 24 April 2007, reappointed 13 June 2007

J. Griffin - Term ended 24 April 2007, reappointed 13 June 2007

M. Leahy - Term ended 24 April 2007

K. O'Hanlon - Term ended 2 March 2007, reappointed 27 March 2007

E. O'Sullivan - Term ended 24 April 2007, reappointed 13 June 2007, resigned 31 July 2007

G. Reidy - Term ended 16 July 2007, reappointed 29 August 2007

J. Treacy - Term ended 16 July 2007, reappointed 29 August 2007

E. Jennings - Appointed 10 October 2007

R. McInerney - Appointed 10 October 2007

D. Naughton - Appointed 27 March 2007

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

**SHANNON FOYNES PORT COMPANY  
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**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 2006 and 31 December 2007.

**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.

Limerick Docks Container Storage Limited, a subsidiary of Shannon Foynes Port Company Limited ceased to trade in September 2007.

**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 7 April 2008.

**On behalf of the Board**

**Kieran MacSweeney**  
**Director**

**David Naughton**  
**Director**

**Date: 7 April 2008**

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

**CHAIRMAN'S STATEMENT**

I am pleased to present the 2007 annual report for Shannon Foynes Port Company. Operationally, it was another very good year for Shannon Foynes Port Company, with cargo throughput of 11.1 million tonnes and turnover of €12.7 million. Cargo throughput at the Company's own facilities at Foynes reached a new record exceeding 1.8 million tonnes for the year, while throughput at Ted Russell Docks at Limerick exceeded 600,000 tonnes for only the second time ever. The operating profit before exceptional items was €1.945 million. As a result of exceptional items, due mainly to legal costs arising from agreed settlement and rationalisation costs and the ongoing finance costs of the pension deficit, the Company had a loss attributable to the Shareholder of approximately €1.274 million for 2007. Arising from a number of key operational adjustments implemented in 2007, the operating profit forecast for 2008 is a very encouraging €2.5M with a projected profit attributable to the Shareholder of €1.1M.

**Corporate Governance:**

The company is committed to the Code of Practice for the governance of state bodies. Whilst the Board has complied with the priority matters set out in the code during the year ended 31 December 2007, there are some areas that require additional focus and attention to ensure our full compliance. It is our intention to fully implement the remaining matters set out in the code in 2008.

The Board aims, through executive management, to operate a system of internal financial controls which mitigate against key financial and business risks and is also in compliance with the corporate governance guidelines. These systems of controls are administered on behalf of the board by the audit committee. The Audit Committee was reconstituted in October 2007 under the chairmanship of David Naughton. In July 2007 the board outsourced the internal audit function to Deloitte's. The board commissioned a comprehensive report from Deloitte's focusing on corporate governance compliance and procedures at the company. The report included Corporate Governance Training, Internal Audit Charter, Procedures for Procurement, Procedures for the Acquisition & Disposal of Assets, Codes of Conduct for Directors & Employees, Audit Committee Terms of Reference and Internal Audit Plan. This report was fully adopted by the board of Shannon Foynes Port Company and all recommendations have already been implemented or are in the process of being implemented. The system of internal control together with the work of the executives, internal audit and external audit provides the Board with the necessary assurances regarding the prevention of errors, fraud or other irregularities.

All systems are also subject to external audit. Based on these systems and procedures being in place, I confirm that the Company conforms to the corporate governance guidelines and to the codes of conduct issued by the department.

**SHANNON FOYNES PORT COMPANY  
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**CHAIRMAN'S STATEMENT**

**Notable successes in 2007:**

Some of the noteworthy achievements during 2007 include:

- Significant improvement in year on year operating performance including increased year on year net profitability by €1M and increased operating margin of 13.6%.
- Introduction of the first ever SFPC employee handbook including adoption with the trade unions and successfully implementing employee integration policies.
- Preparation of draft strategic plan incorporating ten year financial plan.
- Significant progress was made on the consultation process in relation to Limerick Docklands.
- Concluded feasibility review on the amalgamation of Fenit Harbour.
- Invested in communications technology adding value for our customers, above and beyond our competitors, such as automation of weighbridge and direct web interface allowing full integration with customers stock control systems.
- Promoted and assisted substantial new business propositions such as Shannon LNG and Atlantic Fuel Supplies Ltd.
- Increased focus on management of pension assets.
- Improved management information system reporting by establishing daily shipping logs tracking everything from SFPC performance to stevedore performance to identifying in-efficiencies in entire process.
- Implemented a number of cost-saving initiatives leading to annualised savings of €350,000 per annum.
- Company contribution of €900,000 to the employee pension scheme.

**Capital Investment:**

Capital additions during 2007 were €2.9 million. €2.5 million related to new warehousing in Foynes as the Company continues to improve facilities to meet customer requirements. Further funds of €2.4m were committed to the purchase of a new dredger. The Company complies with the guidelines for the Appraisal and Management of Capital Expenditure Proposals.

**Remuneration**

Shannon Foynes Port Company complies with the Government guidelines on the payment of Directors' fees and on the Government policy on the pay of the Chief Executive and all State body employees.

**Statutory compliance**

To the best of my knowledge and belief all the statutory requirements of the company have now been complied with.

**Developments since year-end:**

The new dredger, "Shannon I", which was built for the Company by Damen Shipyards at Gorinchen in the Netherlands at a cost of €2.4 million has commenced work on the Shannon Estuary. This state of the art vessel will enable the Company to maintain dredged depths at Foynes and Limerick while also serving as a multi-purpose maintenance craft and buoy tender.

Based on the successful implementation of operational improvements, the 2008 operating profit forecast continues to trend to €2.5M with a projected profit attributable to the shareholders of €1.1M for 2008.

**SHANNON FOYNES PORT COMPANY  
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**CHAIRMAN'S STATEMENT**

The management team successfully concluded an agreement on implementing "Annualised Hours" and improved work practices in Foynes Port resulting in daily opening time increase to 06.00 – 24.00, 24/7 for 364 days per annum resulting in significant productivity and turnaround time on ships.

Shannon Foynes Port Company and Atlantic Fuel Supplies Ltd, a port user and consortium made up of Inver Energy Ltd, Blackshore Holdings Ltd and East Cork Oil Ltd who are developing a €40M Oil Tank Farm in Foynes, are planning a launch of this significant investment venture in April/May 2008. This is a strategic investment which ties into the Shannon Estuary becoming a location of choice for similar ventures such as the LNG project in Ballylongford and the possibility of Foynes being selected as a strategic location for the National Oil Reserve Agency. These initiatives and opportunities clearly demonstrate the added-value the port company can add to Ireland nationally as well as attracting much-needed investment into the region.

Arising from the operational improvements implemented and the positive new business pipeline (including Shannon LNG, Atlantic Fuel Supplies), tonnage is expected to increase by 40% and marginal revenue is expected to increase by between €3M and €6M by 2010.

The board has initiated a recruitment process to fill the vacant CEO position. I expect the successful candidate to be submitted to the Minister for approval by May.

**The future:**

The Company intends to invest €3.9 million in plant and machinery in 2008.

In October 2006, the Company instigated a consultative process in relation to the future of Limerick Docks, chaired by Tom Kirby. The consultative forum comprises of representatives of the various stakeholders including the Limerick Port Users Group, Limerick City Council (executive and councillors), Shannon Development, SFPC management and employees. The process has proved very positive and inclusive. The report of the Independent Chairman, Tom Kirby, is due for presentation to the company and to the Steering Committee of the Consultative Forum in April 2008.

With operational improvements as outlined in place and the pipeline of new business, SFPC has a bright future ahead of itself contributing to the local and regional economy as well as being a significant contributor to the strategic development of national port capacity and strategic national initiatives such as the National Oil Reserve Agency.

I wish to thank my fellow Directors for their continuing work on behalf of the company throughout a difficult year. I welcome David Naughton, Edmund Jennings and Rita McNerney as new members of the Board and acknowledge with thanks the work done by former members who are no longer Directors. On behalf of the Board I would also like to thank the management and staff for their efforts and co-operation during 2007 in supporting the direction being provided by the Board.

**Kieran MacSweeney**  
**Chairman, Shannon Foynes Port Company**  
*April 2008*

**SHANNON FOYNES PORT COMPANY  
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**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**

During the year ended 31 December 2007, the Board of Directors has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities;
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the organisation;
- Providing Training to new and existing members of the Board of Directors on their role and responsibilities;
- Establishing an Audit Committee and approving an Audit Committee Charter setting out their role and responsibilities. Providing training and support to the Audit Committee on their role and responsibilities;
- Performance of a review of Corporate Governance within the Company.
- Establishing processes to identify and evaluate key business risks by:
  - Identifying the nature of the key business risks facing the organisation;
  - Evaluating the impact and likelihood of the gross risks materialising;
  - Identifying the controls in place to mitigate the gross risks;
  - Re-evaluating the risks taking into account the controls in place to identify if the inherent risk is at an acceptable / manageable level;
  - Identifying a risk owner for each Business Risk identified;
  - Identifying further strategies where required to manage the key risks;
  - Regular review and update of Business Risks process
- Continued certification of the ISO 9000 Quality Assurance Standard.
- Shannon Foynes Port Company has an outsourced Internal Audit function. The function operates in accordance with the Framework Codes of Best Practice set out in the Code of Practice on the Governance of State Bodies and reports directly to the Audit Committee. The work of internal audit is informed by analysis of the risk to which the company is exposed, and annual internal audit plans are based on this analysis. The analysis of risk and the internal audit plans are endorsed by the Audit Committee. At least annually, the Internal Auditor provides the Audit Committee with a report of internal audit activity. The report reflects the Internal Auditor's opinion on the adequacy and effectiveness of the system of internal financial control within the scope of the areas that have been audited.

**SHANNON FOYNES PORT COMPANY  
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**CORPORATE GOVERNANCE REPORT**

The Boards monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the internal auditor, the Audit Committee which oversees the work of Internal Audit, the management within Shannon Foynes Port Company who have responsibility for the development and maintenance of the financial control framework and comments made by the External Auditor in their management letter.

I confirm that in the year ended 31 December 2007 there was a review of the effectiveness of the system of internal financial controls.

Signed on behalf of the Board of Directors

**Kieran MacSweeney**  
**Chairman, Shannon Foynes Port Company**  
*April 2008*

**SHANNON FOYNES PORT COMPANY  
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**BUSINESS AND OPERATING REVIEW**

**Operating Review**

I am pleased to report that the Company realised significant improved year on year performance as indicated by a number of measures from gross profit right through to bottom line net profit even though turnover was lower. Lower turnover was a direct result of the Company's decisions to (a) outsource its container business to the private sector and to (b) exit some low margin stevedoring business. These decisions have been justified as evidenced by the significant increase in gross profit to just over €4.4m (2006: €3.6m).

Tonnage throughput for 2007 in excess of 11 million tons places us firmly as Ireland's second largest port (in terms of tonnage) and confirms the importance of the Shannon Estuary as a vital national asset. This is further emphasised by the fact that over twenty five per cent of Ireland's electricity generation is based on the Estuary with commercial shipping on the Estuary playing a vital role. With regard to terminals directly managed by the Company, Foynes experienced record tonnage surpassing all previous levels and Limerick had its second busiest year ever. The importance of these facilities to the mid-west region cannot be under estimated as evidenced by their product mix from agricultural to construction to fuel to tourism.

At the operating level the company has also made significant progress with operating profit increasing by 110% to €1.9m (2006:€900k). This increase in gross profit is not only down to aggressive management of its revenues streams but also by concentrating on reviewing cost structures and implementing change to increase efficiencies where possible. We have made significant inroads into achieving a much more flexible and integrated labour force resulting in much less duplication of services particularly in maintenance related functions. The results of concentrating on both the revenue and cost side of the business have afforded a much more efficient business model than heretofore with operation margin improving by a substantial 10%.

Finance costs have risen but reflect our continued investment in the business as reflected by the €2.9m capital investment, in primarily warehousing, during 2007. We had hedged interest rate risk by fixing rates forward and hence have avoided much of the 2007 rate increases.

While our bottom line showing a deficit of €1.274m is disappointing, it arises due to exceptional costs as outlined in Note 3 of the Financial Statements. We are confident that we will return to profitability in 2008 notwithstanding the fact that the economic indicators for 2008 are becoming more and more pessimistic with the ESRI recently downgrading economic growth to 1.6%. However one positive in the current economic landscape is the projected robust performance for the agri-sector. As mentioned above agri-related imports are a significant proportion of our trade and therefore as a result we will be insulated to a degree from some of this perceived slowdown.

**Capital Investment**

The Company is committed to investing in its future as reflected by €7m invested in capital projects, primarily warehousing and craneage, during 2006 and 2007. The company has committed to further capital investment in 2008 and has recently taken delivery of its new dredger, Shannon 1.

**SHANNON FOYNES PORT COMPANY  
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**BUSINESS AND OPERATING REVIEW**

The Shannon 1 is a multi purpose vessel with her main advantage being the ability to dredge on a much more frequent basis implying less draft restrictions than heretofore and hence an improved service offering for our customers. Together with budgeted capital expenditure for 2008 the company will have invested approximately €9m in capital programs during the years 2006 to 2008 inclusive. However, due to both expected ongoing organic growth and new business in the pipeline, we expect to significantly ramp up investment in quay infrastructure over the foreseeable future requiring even greater investment than the three year period 2006 to 2008.

### **Liquidity & Debt**

Obviously with such an ambitious capital investment program we have incurred additional debt. It should be noted that all such investment has been critically appraised in accordance with the corporate governance guidelines for the governance of semi-state bodies as issued by the department of finance. Our gearing is still within considered optimal levels and as mentioned our exposure to interest rate risk is minimal due to a significant amount of our debt at fixed rates and therefore insulated against current credit volatility. We are satisfied that our debt levels and indeed our working capital arrangements are at levels reflecting the efficient use of leverage in growing the business for the future. Furthermore due to our increased efficiencies, as reflected by the 10% increase in operating margin, cash from operations has increased by over €1.5m to €2.2m. We are confident we will further increase cash flow from operations in 2008 therefore strengthening the sustainability of the business for the future.

### **Year ahead**

The defined benefit funding requirement continues to challenge the Company with 2007 funding contributions in excess of €1m or almost 8% of turnover. The company is currently devising a funding proposal to address its pension deficit of some €11m and plans to have same in place by end Q2 2008. It is envisaged it will employ non contributing non core-assets to assist in funding its deficit but given current property market sentiment derogation from the standard three year funding term should be relaxed in the interest of maximising shareholder value.

One of the more significant changes the company wishes to implement in terms of competitive advantage is to reduce ship turnaround times. To this end we are extremely pleased to advise that effective 1 March 2008 our opening times at the Foynes terminal will dramatically increase. The terminal is now open to commence working from 6am to 12pm seven days per week 364 days per annum. More importantly we have achieved this goal without the need to increase our charges to customers and I extend my gratitude to all those involved in the successful negotiations. We are confident that our customers will quickly reap the rewards in terms of lower shipping costs and find us as one of the most efficient bulk ports in the country.

We continue to strive to add value for our customers and to this end embrace the use of technology as evidenced by investment in IT infrastructure at Limerick providing fully automated stock control systems with web interface capability. Future tonnage projections for the Estuary look very healthy indeed and are further reinforced by exciting projects such as the Shannon LNG proposed gas terminal at Ballylongford and the Atlantic Fuel Supplies oil terminal at Foynes. The former is at advanced planning stage and the latter is at construction commencement.

**SHANNON FOYNES PORT COMPANY  
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**BUSINESS AND OPERATING REVIEW**

**Environment**

The Company has a number of controls in place to ensure best practice such as operating restrictions under adverse weather conditions, investment in efficient plant and providing both financial and human resource to the Shannon Estuary oil spill response team to name some. The Estuary's pollution response unit, SEAPT Ltd, continues to invest in equipment and training including the co-ordination of training exercises with the coast guard and relevant local authorities. In order to mitigate environmental impact the Company's modus operandi is under constant review by management.

**Acknowledgements**

I would like to sincerely thank all our employees for their hard work and dedication during the year. We are now, I believe, well positioned to flourish in the future and this is largely due to their efforts, co-operation and willingness to change for the benefit of the Company.

I wish to thank the Chairman Mr. Kieran MacSweeney and all the Directors for their guidance and assistance to me and the management team during the year. I also extend my gratitude and appreciation to the staff in the Maritime Transport Section of the Department of Transport for their assistance 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.

**Pat Keating**  
**Interim Chief Executive**  
**April 2008**

**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 2007, 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 16 to 37 which have been prepared under the accounting policies set out on pages 16 and 17.

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  
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(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 20, 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 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.

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

**Date: 7 April 2008**

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

**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 2007**

	Note	2007 €	2006 €
Turnover	1(a)	12,652,393	16,371,441
Operational Costs	1(b)	(8,217,517)	(12,736,542)
<b>Gross Profit</b>		<u>4,434,876</u>	<u>3,634,899</u>
Administration Expenses	1(b)	(2,459,852)	(2,704,840)
Amortisation of Goodwill	12	(29,204)	(29,204)
<b>Operating Profit</b>		<u>1,945,820</u>	<u>900,855</u>
Exceptional Items	3	(2,259,888)	(2,602,225)
Interest Payable and Similar Charges	4	(660,761)	(462,001)
Interest Receivable and Similar Income		1,351	7,909
Other Financing Cost	25(a)	(520,000)	(520,000)
Profit on Sale of Fixed Assets		219,239	-
<b>(Loss) on Ordinary Activities before Taxation</b>	5	<u>(1,274,239)</u>	<u>(2,675,462)</u>
Taxation on Loss on Ordinary Activities	6	-	-
<b>(Loss) Attributable to the Shareholder</b>	21	<u>(1,274,239)</u>	<u>(2,675,462)</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 7 April 2008 and signed on its behalf by;

**Kieran MacSweeney**  
**Director**

**David Naughton**  
**Director**

**SHANNON FOYNES PORT COMPANY**  
**(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**  
**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**31 DECEMBER 2007**

	Note	2007 €	2006 €
(Loss) for the year		(1,274,239)	(2,675,462)
Actuarial return less expected return on Pension scheme assets	25(a)	(1,189,000)	610,000
Experience gains/(losses) arising on the Pension Scheme's Liabilities	25(a)	198,000	(892,000)
Changes in assumptions underlying the present value of the schemes liabilities	25(a)	1,031,000	-
<b>TOTAL RECOGNISED LOSSES</b>		<u>(1,234,239)</u>	<u>(2,957,462)</u>

The notes on pages 24 – 37 form part of these audited financial statements.

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

**CONSOLIDATED BALANCE SHEET  
31 DECEMBER 2007**

	Note	2007 €	2006 €
<b>Fixed Assets</b>			
Tangible Assets	8(a)	50,065,283	49,236,272
Financial Assets	9	2,539	2,539
Intangible Assets	12	372,038	401,242
		50,439,860	49,640,053
<b>Current Assets</b>			
Debtors	13	4,340,085	5,947,479
Cash and Bank Balances		149,941	199,959
		4,490,026	6,147,438
<b>Creditors</b> (Amounts falling due within one year)	14	(6,003,154)	(7,258,334)
<b>Net Current (Liabilities)</b>		(1,513,128)	(1,110,896)
<b>Total Assets</b>		48,926,732	48,529,157
<b>Creditors</b> (amounts falling due after more than one year)	15	(14,045,694)	(11,969,705)
<b>Provision for Liabilities and Charges</b>	25(a)	(9,949,625)	(10,101,000)
<b>Deferred Income</b>	18	(6,762,434)	(7,055,234)
<b>Net Assets</b>		18,168,979	19,403,218
<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	(8,935,301)	(7,701,062)
<b>Equity Shareholders Funds</b>	22	18,168,979	19,403,218

Approved by the Board of Directors on 7 April 2008 and signed on its behalf by;

**Kieran MacSweeney**  
Director

**David Naughton**  
Director

The notes on pages 24 – 37 form part of these audited financial statements.

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

**COMPANY BALANCE SHEET  
31 DECEMBER 2007**

	Note	2007 €	2006 €
<b>Fixed Assets</b>			
Tangible Assets	8(b)	50,004,912	49,047,307
Financial Assets	9	1,070,142	1,070,142
		<u>51,075,054</u>	<u>50,117,449</u>
<b>Current Assets</b>			
Debtors	13	4,099,430	5,523,595
Cash and Bank Balances		25,426	24,425
		<u>4,124,856</u>	<u>5,548,020</u>
<b>Creditors</b> (Amounts falling due within one year)	14	(5,938,744)	(7,119,886)
<b>Net Current (Liabilities)/Assets</b>		<u>(1,813,888)</u>	<u>(1,571,866)</u>
<b>Total Assets</b>		49,261,166	48,545,583
<b>Creditors</b> (amounts falling due after more than one year)	15	(14,044,628)	(11,929,385)
<b>Provision for Liabilities and Charges</b>	25(a)	(9,949,625)	(10,101,000)
<b>Deferred Income</b>	18	(6,762,434)	(7,055,234)
<b>Net Assets</b>		<u>18,504,479</u>	<u>19,459,964</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		(9,139,926)	(8,184,441)
<b>Equity Shareholders Funds</b>		<u>18,504,479</u>	<u>19,459,964</u>

Approved by the Board of Directors on 7 April 2008 and signed on its behalf by;

**Kieran MacSweeney**  
Director

**David Naughton**  
Director

The notes on pages 24 – 37 form part of these audited financial statements

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

**CONSOLIDATED CASHFLOW STATEMENT  
31 DECEMBER 2007**

	Note	2007 €	2006 €
Net Cash Inflow / (Outflow) from Operating Activities	A	664,447	(885,240)
Returns on Investments and Servicing of Finance	B	(653,073)	(403,405)
Taxation		-	-
Capital Expenditure and Financial Investment	C	(2,494,843)	(4,708,188)
Financing	D	2,019,399	2,613,238
<b>(Decrease) in Cash In Period</b>		<u>(464,070)</u>	<u>(3,383,595)</u>

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

	2007 €	2006 €
(Decrease) in Cash in the period	(464,070)	(3,383,595)
Medium and Long Term Loans	(2,237,634)	(2,644,031)
Lease Finance received net of Capital Elements paid	218,235	30,793
	<u>(2,483,469)</u>	<u>(5,996,833)</u>

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

	Opening Net (debt) at 31 December 2006 €	Cash Flow €	Closing Net (debt) at 31 December 2007 €
Cash and bank balances	199,959	(50,018)	149,941
Overdrafts and loans	(2,246,773)	(414,052)	(2,660,825)
Debt falling due within one year/cash	<u>(2,046,814)</u>	<u>(464,070)</u>	<u>(2,510,884)</u>
Debt falling due after one year	(11,735,781)	(2,237,634)	(13,973,415)
Finance leases	(425,068)	218,235	(206,833)
	<u>(14,207,663)</u>	<u>(2,483,469)</u>	<u>(16,691,132)</u>

The notes on pages 24 – 37 form part of these audited financial statements.

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

**CONSOLIDATED CASHFLOW STATEMENT**  
**31 DECEMBER 2007**

<b>A</b>	<b>Reconciliation of Operating Profit to Net Cash (Outflow)/Inflow from Operating Activities</b>	<b>2007</b> <b>€</b>	<b>2006</b> <b>€</b>
	Operating Profit	1,945,820	900,855
	Depreciation Charges	1,846,297	1,719,823
	Amortisation of Goodwill	29,204	29,204
	Grant Amortisation	(292,800)	(292,800)
	Decrease/(Increase) in Debtors	1,318,144	(1,504,143)
	(Decrease)/Increase in Creditors	(1,290,955)	1,477,905
	Exceptional Items	(2,259,888)	(2,602,225)
	(Decrease) in provision for Liabilities and Charges	(631,375)	(613,859)
	Net Cash Inflow/(Outflow) from Operating Activities	<u>664,447</u>	<u>(885,240)</u>
<b>B</b>	<b>Returns on Investment and Service of Finance</b>	<b>2007</b> <b>€</b>	<b>2006</b> <b>€</b>
	Interest Paid	(654,499)	(412,166)
	Interest Received	1,426	8,761
		<u>(653,073)</u>	<u>(403,405)</u>
<b>C</b>	<b>Capital Expenditure and Financial Investment</b>	<b>2007</b> <b>€</b>	<b>2006</b> <b>€</b>
	Payments to Acquire Tangible Fixed Assets	(2,847,988)	(4,708,188)
	Sale of Tangible Fixed Assets	353,145	-
		<u>(2,494,843)</u>	<u>(4,708,188)</u>
<b>D</b>	<b>Financing</b>	<b>2007</b> <b>€</b>	<b>2006</b> <b>€</b>
	Medium and Long Term Loans	2,237,634	2,644,031
	Lease Finance Paid Net of Capital Elements Paid	(218,235)	(30,793)
		<u>2,019,399</u>	<u>2,613,238</u>

The notes on pages 24 – 37 form part of these audited financial statements.

**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>2007</b>	<b>2006</b>
	<b>(a) Turnover</b>	<b>€</b>	<b>€</b>
	Ship and Cargo Dues	6,151,671	6,135,231
	Stevedoring	1,797,446	2,683,881
	Other Operating Income	4,703,276	7,552,329
		<u>12,652,393</u>	<u>16,371,441</u>
	<b>(b) Operational and Administration Expenses</b>	<b>2007</b>	<b>2006</b>
		<b>€</b>	<b>€</b>
	Operating and Maintenance	(6,492,265)	(11,079,211)
	Dredging	(221,557)	(266,803)
	Depreciation	(1,796,495)	(1,683,328)
	Grant Amortisation	292,800	292,800
	Total Operational Costs	<u>(8,217,517)</u>	<u>(12,736,542)</u>
	Administration and Other	<u>(2,459,852)</u>	<u>(2,704,840)</u>
<b>2</b>	<b>Employment Information</b>	<b>2007</b>	<b>2006</b>
	The Group Costs incurred in respect of Employees were:	<b>€</b>	<b>€</b>
	Wages and Salaries	3,010,131	3,040,282
	Social Welfare Costs	325,266	322,332
	Pension Costs	483,012	484,196
		<u>3,818,409</u>	<u>3,846,810</u>
	The average number of staff employed by the company during the financial year amounted to:	<b>2007</b>	<b>2006</b>
		<b>Number</b>	<b>Number</b>
	Operational	39	42
	Administration	11	11
		<u>50</u>	<u>53</u>

**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>2007</b>	<b>2006</b>
		€	€
	This relates to costs in respect of the Limerick Docklands Initiative, legal provisions and rationalisation costs.	<u>2,259,888</u>	<u>2,602,225</u>
	The quantum of legal costs included in the above is being strongly contested by the company.		
<b>4</b>	<b>Interest Payable and Similar Charges</b>	<b>2007</b>	<b>2006</b>
		€	€
	On Bank Borrowings:		
	- interest payable on bank loans and overdrafts wholly repayable after five years	619,684	407,190
	- interest payable on other loans wholly repayable after five years	23,918	29,865
	- on finance lease agreements	17,159	24,946
		<u>660,761</u>	<u>462,001</u>
<b>5</b>	<b>(Loss) on Ordinary Activities Before Taxation</b>	<b>2007</b>	<b>2006</b>
		€	€
	(Loss) on Ordinary Activities is stated after charging/(crediting):		
	Directors Remuneration for Management Services:		
	Salary	123,376	144,559
	Pension	30,844	42,316
	Performance Related Bonus	-	24,706
	Directors Remuneration for Services as Directors	91,731	113,000
	Auditors Remuneration	21,000	18,000
	Depreciation	1,846,297	1,719,823
	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) on Ordinary Activities**

	<b>2007</b>	<b>2006</b>
	<b>€</b>	<b>€</b>
Current Tax:		
Irish Corporation Tax on (Loss) 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>2007</b>	<b>2006</b>
	<b>€</b>	<b>€</b>
(Loss) on Ordinary Activities before Tax	(1,274,239)	(2,675,462)
	<hr/>	<hr/>
(Loss) on Ordinary Activities multiplied by the average rate of Irish Corporation Tax for the year of 12.5% (2006: 12.5%)	(159,280)	(334,433)
Effects of:		
Disallowable Expenses by the rate of tax	(9,764)	(15,831)
Excess depreciation over capital allowances by the rate of tax	(34,653)	(35,982)
Interest income by rate of tax	169	1,977
Losses by the rate of tax	203,528	384,269
	<hr/>	<hr/>
Current Tax Credit for the year	-	-
	<hr/> <hr/>	<hr/> <hr/>

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

A loss of €995,485 (2006 : loss of €2,831,447) 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 2006	34,287,336	1,156,298	10,141,667	218,599	408,622	11,858,543	58,071,065
Additions	164,112	30,631	32,912	98,460	54,040	2,479,060	2,859,215
Disposals	-	-	(212,856)	(85,685)	-	(44,441)	(342,982)
At 31 December 2007	<u>34,451,448</u>	<u>1,186,929</u>	<u>9,961,723</u>	<u>231,374</u>	<u>462,662</u>	<u>14,293,162</u>	<u>60,587,298</u>
<b>Depreciation</b>							
At 31 December 2006	3,528,983	818,420	3,347,372	92,795	285,229	761,994	8,834,793
Charge for year	717,983	120,844	623,175	45,423	51,391	287,481	1,846,297
Disposals	-	-	(101,692)	(51,411)	-	(5,972)	(159,075)
At 31 December 2007	<u>4,246,966</u>	<u>939,264</u>	<u>3,868,855</u>	<u>86,807</u>	<u>336,620</u>	<u>1,043,503</u>	<u>10,522,015</u>
<b>Net Book Value</b>							
At 31 December 2007	<u>30,204,482</u>	<u>247,665</u>	<u>6,092,868</u>	<u>144,567</u>	<u>126,042</u>	<u>13,249,659</u>	<u>50,065,283</u>
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>

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

	2007 €	2006 €
Net book value amount at 31 December	245,617	543,264
Depreciation charge for the year	<u>131,642</u>	<u>161,728</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 2006	34,287,336	1,156,298	9,453,000	218,599	352,957	11,844,549	57,312,739
Additions	164,112	30,631	32,912	98,460	52,765	2,479,060	2,857,940
Disposals	-	-	(30,000)	(85,685)	-	(44,441)	(160,126)
At 31 December 2007	<u>34,451,448</u>	<u>1,186,929</u>	<u>9,455,912</u>	<u>231,374</u>	<u>405,722</u>	<u>14,279,168</u>	<u>60,010,553</u>
<b>Depreciation</b>							
At 31 December 2006	3,528,983	818,420	2,835,372	92,795	239,689	750,173	8,265,432
Charge for year	717,983	120,844	595,452	45,423	49,803	287,462	1,816,967
Disposals	-	-	(19,375)	(51,411)	-	(5,972)	(76,758)
At 31 December 2007	<u>4,246,966</u>	<u>939,264</u>	<u>3,411,449</u>	<u>86,807</u>	<u>289,492</u>	<u>1,031,663</u>	<u>10,005,641</u>
<b>Net Book Value</b>							
At 31 December 2007	<u>30,204,482</u>	<u>247,665</u>	<u>6,044,463</u>	<u>144,567</u>	<u>116,230</u>	<u>13,247,505</u>	<u>50,004,912</u>
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>

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

	2007 €	2006 €
Net book value amount at 31 December	225,217	403,396
Depreciation charge for the year	<u>124,442</u>	<u>136,278</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 2007 €	Company 2007 €	Group 2006 €	Company 2006 €
	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.

Limerick Docks Container Storage Limited ceased to trade in September 2007.

11	Other Investments at Cost	Group 2007 & 2006	Company 2007 & 2006
	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 2006			586,789	
	At 31 December 2007			<u>586,789</u>	
	 <b>Amortisation</b>				
	At 31 December 2006			185,547	
	Charge for year			29,204	
	At 31 December 2007			<u>214,751</u>	
	 <b>Net Book Value</b>				
	At 31 December 2007			372,038	
	At 31 December 2006			<u><u>401,242</u></u>	
 <b>13</b>	 <b>Debtors</b>	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
		<b>2007</b>	<b>2007</b>	<b>2006</b>	<b>2006</b>
		<b>€</b>	<b>€</b>	<b>€</b>	<b>€</b>
	Trade Debtors	2,271,241	1,827,602	2,869,443	2,168,116
	Value Added Tax Receivable	151,256	118,682	240,907	226,906
	Other Debtors and Prepayments	1,917,588	1,917,588	2,837,129	2,837,129
	Amounts owed by Subsidiary Companies	-	235,558	-	291,444
		<u>4,340,085</u>	<u>4,099,430</u>	<u>5,947,479</u>	<u>5,523,595</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 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>
	Government Loans (Note 16)	46,498	46,498	55,797	55,797
	Bank Loans (Note 16)	1,285,401	1,285,401	1,047,553	1,047,553
	Bank Overdraft (Note 16)	1,328,926	1,324,510	1,143,423	1,143,423
	Trade Creditors	233,445	228,517	784,301	741,719
	Other Taxes and PRSI	148,753	135,284	169,814	146,709
	Net Obligations under Finance Leases (Note 17)	134,554	122,575	191,144	143,288
	Other Creditors and Accruals	2,825,577	2,795,959	3,866,302	3,841,397
		<u>6,003,154</u>	<u>5,938,744</u>	<u>7,258,334</u>	<u>7,119,886</u>
15	<b>Creditors (amounts falling due after more than one year)</b>	<b>Group 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>
	Bank Borrowings (Note 16)	13,834,546	13,834,546	11,580,467	11,580,467
	Government Loans (Note 16)	138,869	138,869	155,314	155,314
	Net Obligations under Finance Leases (Note 17)	72,279	71,213	233,924	193,604
		<u>14,045,694</u>	<u>14,044,628</u>	<u>11,969,705</u>	<u>11,929,385</u>
16	<b>Bank Borrowings, Overdrafts and Government Loans</b>	<b>Group 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>
	Analysis of bank borrowings, overdrafts and Government loans payable:				
	- within one year	2,660,825	2,656,409	2,246,773	2,246,773
	- between one and two years	1,331,899	1,331,899	1,094,053	1,094,053
	- between two and five years	3,948,580	3,948,580	3,251,483	3,251,483
	- over five years	8,692,936	8,692,936	7,390,245	7,390,245
		<u>16,634,240</u>	<u>16,629,824</u>	<u>13,982,554</u>	<u>13,982,554</u>
17	<b>Finance Leases</b>	<b>Group 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>
	Net obligations under finance leases are analysed as follows: payable within 1 year	134,554	122,575	191,144	143,288
	- payable within one and two years	31,768	30,702	157,405	118,112
	- payable between two and five years	40,511	40,511	76,519	75,492
		<u>206,833</u>	<u>193,788</u>	<u>425,068</u>	<u>336,892</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)</b>	<b>Capital Grants</b>		
	At 31 December 2006		7,055,234
	Received during year		-
	Amortised during the year		<u>(292,800)</u>
	At 31 December 2007		<u>6,762,434</u>
	Total Deferred Income at 31 December 2007		<u>6,762,434</u>
	Total Deferred Income at 31 December 2006		<u>7,055,234</u>
<b>19</b>	<b>Share Capital – Company</b>	<b>2007</b>	<b>2006</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>		
	17,749,900 Ordinary Shares of €1.25 each	<u>22,187,359</u>	<u>22,187,359</u>

**SHANNON FOYNES PORT COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

20	<b>Capital Injection</b>	<b>Group 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</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 2006	(7,701,062)
	Loss for the year	(1,274,239)
	Other recognised gains	40,000
	At 31 December 2007	<u>(8,935,301)</u>

22	<b>Reconciliation of Movements in Equity Shareholders' Funds</b>	<b>Group €</b>
	At 31 December 2006	19,403,218
	Loss for the year	(1,274,239)
	Other recognised gains	40,000
	At 31 December 2007	<u>18,168,979</u>

23	<b>Financial Commitments</b>	<b>Group 2007 €</b>	<b>Company 2007 €</b>	<b>Group 2006 €</b>	<b>Company 2006 €</b>
	Financial Commitments				
	- commitments approved but not contracted for	1,480,000	1,480,000	4,308,000	4,308,000
	- committed	720,000	720,000	400,000	400,000
		<u>2,200,000</u>	<u>2,200,000</u>	<u>4,708,000</u>	<u>4,708,000</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 €11,371,000 on these schemes at 31 December 2007. 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 €18,843,830 and the group loss carried forward of €8,260,450.

The most recent valuations were at 31 December 2007 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 Transport following consultation with the parent company.

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

The company operates four defined benefit schemes. Full actuarial valuations were carried out at 31 December 2007 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations were:

	<b>2007</b>	<b>2006</b>	<b>2005</b>
Rate of increase in salaries	4.0%	4.0%	4.0%
Rate of increase in pension payments	3.0%	3.0%	3.0%
Discount rate	5.5%	5.0%	5.0%
Inflation assumption	2.25%	2.0%	2.0%

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

	<b>Long-Term Rate of return Expected at 31 December 2007</b>	<b>Market Value 31 December 2007</b>	<b>Long-Term Rate of return Expected at 31 December 2006</b>	<b>Market Value 31 December 2006</b>	<b>Long-Term Rate of return Expected at 31 December 2005</b>	<b>Market Value 31 December 2005</b>
	<b>2007</b>	<b>€'000</b>	<b>2006</b>	<b>€'000</b>	<b>2005</b>	<b>€'000</b>
Equities	7.50%	5,106	7.25%	5,592	7.25%	4,589
Fixed interest	4.50%	2,434	4.25%	2,212	4.25%	2,338
Property	6.50%	458	6.25%	392	6.25%	324
Cash	3.50%	1,546	2.00%	1,850	2.00%	1,565
Other	-	-	5.25%	111	5.25%	199
		<u>9,544</u>		<u>10,157</u>		<u>9,015</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 2007 were measured in accordance with the requirements of Financial Reporting Standard 17:

	<b>2007</b>	<b>2006</b>	<b>2005</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Total market value of assets	9,544	10,157	9,015
Present value of the (liabilities) of the schemes	(20,915)	(21,701)	(20,327)
(Deficit) in the schemes	(11,371)	(11,544)	(11,312)
Related deferred tax asset	1,421	1,443	1,400
Net Pension (Liability)	<u>(9,950)</u>	<u>(10,101)</u>	<u>(9,912)</u>

The following amounts would have been recognised in the performance statements for the years ended 31 December 2007 and 31 December 2006 under the requirements of FRS 17.

	<b>2007</b>	<b>2006</b>
	<b>€'000</b>	<b>€'000</b>
<b>Operating Profit</b>		
Current Service Cost	<u>350</u>	<u>417</u>
<b>Other finance (cost)</b>		
Expected rate of return on pension schemes' assets	540	496
Interest on pension schemes' liabilities	(1,060)	(1,016)
	<u>(520)</u>	<u>(520)</u>
Statement of total recognised gains and losses:		
Actual return less expected return on pension schemes' assets	(1,189)	610
Experience losses arising on the schemes' liabilities	198	(892)
Changes in assumptions underlying the present value of the schemes' liabilities	<u>1,031</u>	<u>-</u>
Actuarial gain / (loss) recognised in the statement of total recognised gains and losses	<u>40</u>	<u>(282)</u>

**SHANNON FOYNES PORT COMPANY  
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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**25 Retirement Benefits Continued**

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

	<b>2007</b>	<b>2006</b>
	<b>€'000</b>	<b>€'000</b>
Movement in (deficit) during the year:		
(Deficit) in schemes at 31 December	(11,544)	(11,312)
Movement in year:		
Current service cost	(350)	(417)
Contributions paid	1,003	987
Other finance cost	(520)	(520)
Actuarial gain/ (loss)	40	(282)
(Deficit) in schemes at 31 December	<u>(11,371)</u>	<u>(11,544)</u>

	<b>2007</b>	<b>2006</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	(1,189)	610
Percentage of schemes' assets	12%	6.0%
Experience gains/(losses) on schemes' liabilities	198	(892)
Percentage of schemes' liabilities	1%	4.1%
Total recognised in statement of total recognised gains and losses	40	(282)
Percentage of the present value of the schemes' liabilities	0%	1.3%

**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 Transport.

**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 €185,368 from certain government and semi-state bodies. Interest of €23,918 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 €366,737 was due to the company from Mullock & Sons Limited. Income of €1,979,128 was earned during the year for services provided to Mullock & Sons Limited. Purchases from Mullock & Sons Limited amounted to €49,128 during the year.
- (iii) 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 (2006: €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 7 April 2008.