

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

Annual Report and Consolidated
Financial Statements

Year Ended 31 December 2011

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

Annual Report and Financial Statements 2011

Table of Contents	Page
Directors' and Other Information	2
Directors' Report	3-5
Chairpersons' Statement	6-8
Corporate Governance Report	9-10
Business and Operating Review	11-13
Independent Auditors' Report	14-15
Accounting Policies	16-17
Consolidated Profit & Loss Account	18
Consolidated Statement of Total Recognised Gains & Losses	19
Consolidated Balance Sheet	20
Company Balance Sheet	21
Consolidated Cashflow Statement	22-23
Notes to the Financial Statements	24-37

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

Directors and Other Information

Board

M. Collins - Chairperson
P. Keating – Chief Executive Officer
E. Jennings
P. Keane
D. Naughton
K. O’Hanlon
G. Reidy
J. Treacy

Secretary and Registered Office

E. Stanley
Harbour Office
Foynes
Co Limerick

Registered Number: 332414

Independent Auditors

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

Management

P. Keating	Chief Executive Officer
J. Carlton	Port Services Manager
M. Morrissey	Commercial Manager
E. Stanley	Financial Controller & Secretary

Solicitors

Harrison O’Dowd
98 Henry Street
Limerick

Holmes O’Malley Sexton
Bishopsgate
Henry Street
Limerick

Philip Lee Solicitors
7-8 Wilton Terrace
Dublin 2

Matheson Ormsby Prentice
70 Sir John Rogersons Quay
Dublin 2

Bankers

Allied Irish Bank Plc
Main Street
Foynes, Co. Limerick

Bank of Ireland
125 O’Connell Street
Limerick

Rabobank Ireland Plc
Charlemount Place
Dublin 2

Actuaries

Invesco Limited
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 2011.

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, 1963-2009, 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 9 - 10.

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.

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 €1.25 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 2011 are set out below. Unless indicated otherwise they served as directors for the entire year.

M.Collins – Appointed 22 December 2011

K. McGuinness – Resigned 24 September, appointed 19 October, resigned 30 December 2011

M. Adams – Resigned 24 September 2011

J. Carr – Resigned 24 September 2011

E. Jennings – Resigned 24 September, appointed 19 October, resigned 30 December 2011 (Reappointed 16 January 2012)

P. Keane

R. McInerney – Resigned 24 September 2011

D. Naughton

K. O'Hanlon

G. Reidy

R. Sadlier – Resigned 24 September 2011

J. Treacy

P. Keating

**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 2010 and 31 December 2011.

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 23 March 2012.

On behalf of the Board

M. Collins

Director

E. Jennings

Director

Date:

23 March 2012

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

CHAIRPERSONS' STATEMENT

I am pleased to present the annual report for Shannon Foynes Port Company.

Activities

Shannon Foynes Port Company maintained its position as Ireland's largest bulk port company in terms of tonnage throughput in 2011, with cargo throughput of 10.1 million tonnes which was up by 8% on the previous year. The most significant increases in cargo were experienced at single user terminals, with an average increase of 12% year on year, while that through the multi-user terminals fell by an average of 7.8% to levels comparable with 2009 throughput. The operating profit before exceptional items, financing costs, profit on disposal of assets and taxation was €2.858 million which was up by 13% on 2010. Profit on disposal of assets is significant at €879k net of tax. This primarily relates to the disposal of a freehold encumbered by leasehold relating to land at Limerick, to the existing lease holder, Bórd Gáis Éireann. After exceptional items, financing costs and net disposal proceeds, the Company had a profit attributable to the Shareholder of approximately €2.73 million.

Noteworthy achievements in 2011 included:

- An increased operating margin from 25.5% in 2010 to 28.2%.
- The Company maintained its focus on cost control with operating costs decreasing by 35% since 2007.
- The Company disposed of a Non-Core Asset in Limerick, in accordance with the Company's strategic plan. The disposal of land at O'Curry Street Limerick was to an existing lease holder, Bórd Gáis Éireann. The profit on disposal of this asset is included in the Financial Statements.
- The Shannon Foynes Port Company Master Plan Vision 2041 was initiated with the Stage 1 Consultation Phase completed. This comprised the seeking of submissions, open public consultation events, workshops and presentation meetings. The Master Plan Vision 2041 is set for publication during 2012.
- The Company continued to forge close relationships with other state and related development agencies illustrated by its active role on the Steering Group of the Shannon Integrated Framework Plan.
- The Regional Planning Guidelines 2010-2022 for the Mid West Region published during the year fully recognise the SFPC as an economic driver for the region, prioritise the upgrading of the N69 and prioritise the re-instatement of the Limerick Foynes rail line for freight traffic.
- The Company continued its promotion of the wider Estuary as a strategic location for shipping related industry and hosted an international conference, focused on establishing a strategic energy hub in the Estuary.
- Following the surrender by the Office of Public Works of its lease on the former Sailors' Home at O'Curry Street, Limerick, the Company carried out remedial works necessary to restore the structure and fabric of the building in line with the building's status as a protected structure of architectural importance.
- Significant progress was achieved towards realising the objectives of the Strategic Plan 2011 – 2015.
- The Company is on course to approve the 2012-2016 Strategic Plan and present it to the Departments of Transport and Finance by the due date.

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

CHAIRPERSONS' STATEMENT (CONTINUED)

Corporate Governance

Shannon Foynes Port Company saw in 2011, a number of Directors retire, the subsequent reappointment of two Directors including the Chairperson for a period, and the appointment of a new Chairperson.

Shannon Foynes Port Company is committed to the *Code of Practice for the Governance of State Bodies*. A compliance review was undertaken in early 2008 on the company's compliance with *Code of Practice for the Governance of State Bodies* where areas for improvement were identified. Significant steps were taken during 2008 and 2009 towards ensuring that the Company was compliant with the Code and to ensure that Shannon Foynes Port Company is committed to full compliance. Follow-up reviews were carried out in January 2009 and again in February 2010 in light of the updated *Code of Practice* issued in June 2009. These reviews established that the Company was compliant in all areas. A further review was carried out by Management for 2011 and the Company was again found to be compliant in all areas.

The Board has established a Risk Management Committee, initially under the Chairmanship of Michael Adams to examine the Company's Risk Register and also appointed the CEO as Chief Risk Officer. This Committee held its inaugural meeting on 9th February 2011, and met on a further six occasions and following a full and comprehensive review recommended the approval of the Risk Register to the Board. The Board approved the Risk Register on the 28th April 2011. With the resignation of Michael Adams as Director from 24th September 2011, Joe Treacy was appointed Chairman of the Committee. Risk management continues to be an agenda item at all Board Meetings.

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. The system of controls was monitored on behalf of the Board by the Audit Committee, under the chairmanship of Mr. Dick Sadlier and following his resignation from the Board, Mr. Edmund Jennings.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the management within Shannon Foynes Port Company who develop and maintain the financial control framework, through its ISO9000 quality assurance standard; the Internal Auditor, the Audit Committee which oversees the work of Internal Audit and comments made by the External Auditor in their management letter.

Shannon Foynes Port Company has outsourced its Internal Audit function. The work of internal audit is agreed in consultation with management and the Audit Committee and is subsequently agreed by the Board. The Internal Audit Service provider 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 Internal Auditor reports to and presents its work to the Audit Committee. The Internal Audit reports presented to the Audit Committee reflects the Internal Auditor's opinion on the adequacy of the controls that have been reviewed. The 2011 Internal Audit Plan was approved by the Board on 17th December 2010 and the agreed programme of work was carried out in full during 2011. The Internal Audit Programme for 2012 was agreed by the Board at the Board Meeting of 16th December 2011.

Other key systems are also subject to 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
(A COMPANY LIMITED BY SHARES) AND ITS SUBSIDIARY UNDERTAKINGS**

CHAIRPERSONS' STATEMENT (CONTINUED)

Capital Investment

Capital Additions were €0.366 million in the year. The most significant amount relates to the final payment of €142k for the provision of the new Foynes fire main within the Port facility to meet the required standard (Code of Practice for non-automatic fire fighting systems - BS 9990:2006). Replacement Company Vehicles totaling €84k are also included.

The Company also awarded a contract for the replacement and upgrade of our VTS System during the year. Failure to invest would have resulted in our current VTS capabilities becoming redundant resulting in our inability to accept large vessels during bad weather periods. The contract award is valued at €350k and the project is expected to be completed by end Q1 2012.

I confirm compliance 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 been complied with.

Developments since year-end

No significant developments are noted since year-end.

The future

The Company intends to invest €1.9 million in fixed assets in 2012. I am pleased to report continuing significant progress on the implementation of our strategic plan with action plans commenced against many of the objectives identified. Shannon Foynes Port Company has engaged internationally recognised consultants to assist the Company in producing a Shannon Estuary Master Plan Vision 2041. This will comprise three main elements, i.e. a Foynes Master Plan, a Limerick Master Plan and a Shannon Estuary Master Plan and is expected to be published by mid-2012.

I wish to thank my fellow Directors for their continuing work on behalf of the company throughout the year. I would like to pay tribute to Kay McGuinness former Chairperson and all other Directors whose periods expired during the year for their contribution in moving the Company forward in such a positive manner. On behalf of the Board I would also like to thank the management and staff for their efforts and co-operation during 2011 in supporting the direction being provided by the Board and acknowledge in particular Frank Lynch former Company Secretary and Alan Coghlan, former Harbour Master both who retired from the Company during the year with combined service in excess of seventy years.

Michael Collins
Chairperson
Shannon Foynes Port Company
23rd March 2012

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 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 31st December 2011, the Board has taken steps to ensure an appropriate control environment is in place by;

- Clearly defining management responsibilities and the services of qualified personnel have been secured and duties properly allocated among them and segregating duties where practicable;
- Establishing formal procedures for monitoring the activities and safeguarding the assets of the organisation;
- Having a comprehensive budgeting system with an annual budget which is reviewed by the Audit Committee and approved by the Board. Providing monthly reports to Board monitoring performance against budget and identifying any material variances which occur;
- Providing training to new and existing members of the Board of Directors on their role and responsibilities;
- The Audit Committee undertaking their role and responsibilities during the period under review;
- Performance of a review of Corporate Governance within the Company;
- Developing and establishing a Risk Management Policy to identify and evaluate key business risks by:
 - Identifying the nature of the key business risks facing the organisation;
 - Evaluating the impact including financial and likelihood of the gross risks materializing;
 - 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;
 - Risk assessments will be reviewed periodically, after an incident or if there has been any significant change to the operation.
- Establishing procedures whereby employees of the Company may, in confidence, raise concern about possible irregularities in financial reporting or other matters, and for ensuring meaningful follow-up of matters raised in this way.
- Continued certification of the ISO 9000 Quality Assurance Standard;

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

CORPORATE GOVERNANCE REPORT (CONTINUED)

- Shannon Foynes Port Company has outsourced its Internal Audit function. The work of internal audit is agreed in consultation with management and the Audit Committee. The Internal Audit Programme for 2011 was agreed by the Board and carried out during 2011. The Internal Audit Programme for 2012 was recommended to the Board by the Audit Committee at the Board Meeting of 16th December 2011. The Internal Audit Service Provider 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 Internal Auditor reports to and presents its work to the Audit Committee. The Internal Audit reports presented to the Audit Committee reflect the Internal Auditor's opinion on the adequacy of the controls that have been reviewed.

The Board's monitoring and review of the effectiveness of the system of internal financial control is informed by the work of the management within Shannon Foynes Port Company who develop and maintain the financial control framework, the Internal Auditor, the Audit Committee which oversees the work of Internal Audit and comments made by the External Auditor in their management letter.

In the year ended 31st December 2011, management have conducted a review of the effectiveness of the system of internal financial controls. This review was presented to the Audit Committee who in turn recommended it to the Board.

Michael Collins
Chairperson
Shannon Foynes Port Company
Date 23rd March 2012

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

BUSINESS AND OPERATING REVIEW

Operating Review

As stated in the Chairman's statement operating results for 2011 were very positive particularly when benchmarked against GNP of circa -0.5%. Year on year tonnages throughput increased by 8% and this follows a 23.5% increase recorded in the previous financial year. While we recorded strong results in 2011 it was a year of two halves with the momentum of H2 2010 extending into H1 of 2011 but H2 and particularly Q4 2011 saw this momentum wane. The two main factors that drove the pullback in Q4 were the mild weather and the agri related quota restrictions in the dairy sector. The mild weather negatively impacted a range of import trades such as salt and both solid and liquid fuels. Price volatility and the aforementioned milk quota's also negatively impacted agricultural cargoes in Q4 eroding some of the gains recorded in H1 2011.

Favourable conditions in the commodities sector manifested in robust tonnages for the electricity generation, ore processing and recyclable sectors during 2011. Given the prevailing economic conditions and the banking sector's failure to provide credit the investment sector shrunk further during 2011. This contraction continues to impact on the break bulk and dry bulk trades for the construction sector and obviously the recovery in our tonnage and financial performance is all the more impressive given the lack of these trades.

Turnover increased by 2.2% to €10.1m and operating profit increased to close on €2.9m (2010:€2.5m) or 13% reflecting an increase in operating margin from 25.5% to 28.1%. This increase in margin results from our continued focus on both revenue maximisation and cost control and represents a 180% increase in margin when compared to 2007 levels. At €7.26m operating and administration costs are historically at their lowest levels and at current throughput and operating parameters, we believe that real costs levels will flatten out. It is noted that during this period that head count has contracted by 16% and again we believe we are now resourced at a level sufficient to provide competitive efficient services to our customers. However, with regard to the competitive position of the port generally, there are certain indirect service areas that remain uncompetitive when benchmarked against peer ports and we intend to address these in the short term.

While we are reporting record bottom line profits the Company is faced with substantial obligations in terms of pension liabilities, debt servicing requirements, its capital investment program and more onerous requirement from its shareholder in the form of increased dividend payments. Therefore, it is essential that we maintain the upward trend in profitability reported in recent years in order to satisfy these obligations in the future.

Our Balance Sheet is moving to a position of strength arising from the improved operating performance of recent years as evidenced by liquidity and gearing levels not attained for some time. While this time last year interest rates were expected to rise significantly as reflected by long term yields the opposite is the case this year with falling bond yields due to the intervention of the ECB resulting in the decline of interest rates at the time of writing. Accordingly, we intend to take advantage of the falling interest rate environment to lock in low rates on a substantial portion of long-term debt. Finally, while free cash flow (circa €3.5m) is impressive it is noted that capital expenditure for 2011 was at comparatively low levels. However, capital investment will increase substantially in future years as we roll out our capital development program whereby spend is required over a number of diverse areas.

Long-term Creditors

Debt has reduced to €14.5m from its 2007 peak of €16.6m notwithstanding the significant investment expenditure of €4.1m incurred in the intervening period. The Company remains committed to investing in its infrastructure over the short, medium to long-term and it's much improved operating performance has allowed us to maintain the trend of debt reduction as reflected by much improved gearing of 40% (2010:44%). With regard to long term pension obligations, net deficit marginally improved during the year despite poor asset returns. While we await finalisation of the funding standard framework from the Pensions Board we have a

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

BUSINESS AND OPERATING REVIEW (CONTINUED)

funding plan in place to address the deficit over the long term. The Pensions Board's preferred attitude toward investment risk on funds in deficit appears to be that schemes should derisk as much as possible. Consequentially, with pension funding running at over 10% of turnover, it is an absolute necessity that the Company manages its pension liabilities as aggressively as allowed in order to sustain future growth and meet shareholder demands.

Capital Expenditure

As mentioned the Company remains committed to investment and is currently engaged in formulating its Master Plan Vision 2041. This Master Plan will include a future port development strategy and much of its content will be informed by the extensive consultation process. We envisage that the Master Plan Vision 2041 will be finalised by the Board of SFPC during the latter half of 2012. Feedback from the consultation process has established a number of facts, specifically the requirement for deep water berthage greater than the current 10.5 metres available at Foynes to meet new trading demands is deemed essential. Fortunately, we have a number of options available and will continue to work closely with our customers and the other stakeholders on this issue and others during the drafting stage of the Master Plan process. Capital expenditure incurred during the year is as outlined in the Financial Statements.

Environment

The Board refined its environmental policy during the year whereby it has combined all aspects of environment and health and safety management into one policy. The Board and management are committed to the continual improvement of its management systems in these areas and expect to attain associated formal accreditations in 2012. Our 2012 Capital Budget allocates several hundred thousand euro toward environment controls. The Company has developed an extensive environmental, health and safety risk registers and is committed to reducing environmental impacts to as low as reasonably practical and in compliance with relevant regulation.

The Future

Many exciting opportunities lay ahead for Shannon Foynes Port Company; however, we also face a number of impediments in realising them. There is over €1.5bn of private investment earmarked for the region consisting of the Shannon LNG project and the Minco mining project to name some. There are several other large scale projects that are in the pipeline that are extremely important to SFPC but are also of national strategic economic importance. Furthermore SFPC has as its harbour, one of Ireland's greatest national assets, the Shannon Estuary and the opportunity offered by its deep sheltered water should not and cannot be underestimated from an economic development perspective. Indeed the Regional Planning Guidelines 2010-2022 and the relevant Local Authority Development Plans all recognise and prioritise the economic potential of the Shannon Estuary. At the European level the Commission recently published TEN -T Guidelines defining future core transport networks by integrating the land, sea and air transport infrastructure components. In relation to seaports the TEN-T selected a total of just eighty three ports across Europe with SFPC being one of the only three ports selected for Ireland.

While substantial opportunities exist there are also significant threats to realising these. One of the more immediate is the recent designation of the lower Estuary as a pSPA. Given the implications of this designation we have completed a report demonstrating that alternative approaches exist that are consistent with the Natura Directives but, importantly, allow future development take place. We urge that the relevant Minister, the NPWS and the Department officials consider this report and note the methodology advocated therein has been widely adopted and accepted by the Commission in other areas of Ireland, UK and Europe.

Other existing obstacles revolve around the various consents required for marine related investment. While we understand there are changes afoot to modernise the entire foreshore process we understand that this will require amendment to both foreshore and planning legislation as well as requiring the local authorities to

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

BUSINESS AND OPERATING REVIEW (CONTINUED)

introduce foreshore objectives in their development plans. We welcome the progress now being made on this important issue and respectfully request that Government ensures that the necessary legislative changes are fast tracked. Additionally, the Shannon Estuary is particularly suited to large scale energy related projects that are subject to the CER regulatory process. It is an imperative that this consents process is as transparent, efficient and investor friendly as possible. An inefficient process costs time, money and invariably increases the risk that a project will not proceed. We would urge the regulators to review their systems and benchmark them against international best practice in order to improve Ireland Inc's competitive standing in the foreign direct investment space.

As mentioned the 2011-2015 Strategic Plan identified the need to complete a master plan which is well under way with the consultation phase now complete. The Master Plan will focus on the growth and expansion of Limerick and Foynes terminals and examine alternative uses for non-core assets located at these facilities together with setting out the business case for upgrading connectivity infrastructure to the port. The opportunities for growth and expansion relating to the Shannon Estuary will be developed via the Shannon Integrated Framework Plan and its output will feed into the Master Plan Vision 2041.

As regards the short term the economic uncertainty and volatility is likely to continue until at least the eurozone debt crisis is resolved. Compounded by austerity measures at home some commentators are forecasting that 2012 growth targets are already under water implying a weak economic environment for 2012. Accordingly, maintaining existing EBITDA levels will remain challenging and in order to mitigate same we are committed to improving overall port competitiveness, particularly, regarding services consumed by customers using our facilities.

Acknowledgements

I would like to sincerely thank all our employees for their hard work and dedication during the year with their contribution being very much appreciated.

I wish to thank the Chairperson and 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 Marine 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
Chief Executive Officer
Shannon Foynes Port Company
Date: 23rd March 2012

**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 2011, 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 18 to 37 which have been prepared under the accounting policies set out on pages 16 and 17.

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 Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

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).

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.

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 2009. 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 Chairpersons' 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) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

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

Opinion

In our opinion the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company and of the Group's affairs as at 31 December 2011 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 – 2009 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 2011 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.

**Damian Gleeson
For and on behalf of
Grant Thornton
Chartered Accountants & Registered Auditors
Mill House
Henry Street
Limerick**

Date: 23 March 2012

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 2009 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.

	Annual Rate
Straight Line Basis	
Docks, Quays and Works	2-15%
Buildings	2-50%
Plant & Machinery	5-25%
Fixture & Fittings and Office Equipment	20-33.33%
Motor Vehicles	20%
River Lights	10%
Leased Plant & Equipment	14-25%
Leasehold Improvements	10%
Land is not depreciated	

**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 2011

	Note	2011 €	2010 €
Turnover	1(a)	10,146,927	9,927,951
Operational Costs	1(b)	(5,333,207)	(5,352,885)
Gross Profit		4,813,720	4,575,066
Administration Expenses	1(b)	(1,926,552)	(2,015,166)
Amortisation of Goodwill	12	(29,204)	(29,204)
Operating Profit		2,857,964	2,530,696
Exceptional Items	3	201,233	(48,113)
Interest Payable and Similar Charges	4	(575,559)	(583,100)
Interest Receivable and Similar Income		29,434	143
Other Financing Cost	25(a)	(664,000)	(796,000)
Profit/(Loss) on Sale of Fixed Assets		1,111,397	(177)
Profit on Ordinary Activities before Taxation	5	2,960,469	1,103,449
Taxation on Profit on Ordinary Activities	6	(232,074)	-
Profit Attributable to the Shareholder	21	2,728,395	1,103,449

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 Profits

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

Approved by the Board of Directors on 23 March 2012 and signed on its behalf by;

M. Collins
Director

E. Jennings
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 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
31 DECEMBER 2011

	Note	2011 €	2010 €
Profit for the year		2,728,395	1,103,449
Actuarial return less expected return on Pension scheme assets	25(a)	(656,000)	81,000
Experience gains rising on the Pension Scheme's Liabilities	25(a)	642,000	527,000
Changes in assumptions underlying the present value of the schemes liabilities	25(a)	205,000	1,276,000
Deferred Tax related to Actuarial Loss		(23,875)	(235,500)
TOTAL RECOGNISED GAINS		<u>2,895,520</u>	<u>2,751,949</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 2011

	Note	2011 €	2010 €
Fixed Assets			
Tangible Assets	8(a)	47,691,416	49,107,311
Financial Assets	9	2,539	2,539
Intangible Assets	12	255,222	284,426
		<u>47,949,177</u>	<u>49,394,276</u>
Current Assets			
Debtors	13	2,389,168	2,519,180
Cash and Bank Balances		3,794,084	911,351
		<u>6,183,252</u>	<u>3,430,531</u>
Creditors (Amounts falling due within one year)	14	(1,869,668)	(2,581,464)
Net Current Assets		<u>4,313,584</u>	<u>849,067</u>
Total Assets		52,262,761	50,243,343
Creditors (Amounts falling due after more than one year)	15	(13,577,627)	(13,900,180)
Provision for Liabilities and Charges	25(a)	(10,996,125)	(11,256,875)
Deferred Income	18	(5,591,234)	(5,884,034)
Net Assets		<u>22,097,775</u>	<u>19,202,254</u>
Capital and Reserves			
Called Up Share Capital	19	22,187,359	22,187,359
Capital Injection	20	4,916,921	4,916,921
(Loss) Carried Forward	21	(5,006,505)	(7,902,026)
Equity Shareholders Funds	22	<u>22,097,775</u>	<u>19,202,254</u>

Approved by the Board of Directors on 23 March 2012 and signed on its behalf by;

M. Collins
Director

E. Jennings
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 2011

	Note	2011 €	2010 €
Fixed Assets			
Tangible Assets	8(b)	47,676,996	49,090,349
Financial Assets	9	1,070,142	1,070,142
		<u>48,747,138</u>	<u>50,160,491</u>
Current Assets			
Debtors	13	2,532,383	2,588,842
Cash and Bank Balances		3,464,880	631,124
		<u>5,997,263</u>	<u>3,219,966</u>
Creditors (Amounts falling due within one year)	14	(1,858,944)	(2,557,267)
Net Current Assets/ (Liabilities)		<u>4,138,319</u>	<u>662,699</u>
Total Assets		52,885,457	50,823,190
Creditors (Amounts falling due after more than one year)	15	(13,577,627)	(13,900,180)
Provision for Liabilities and Charges	25(a)	(10,996,125)	(11,256,875)
Deferred Income	18	(5,591,234)	(5,884,034)
Net Assets		<u>22,720,471</u>	<u>19,782,101</u>
Capital and Reserves			
Called Up Share Capital	19	22,187,359	22,187,359
Capital Injection	20	5,457,046	5,457,046
(Loss) Carried Forward		(4,923,934)	(7,862,304)
Equity Shareholders Funds		<u>22,720,471</u>	<u>19,782,101</u>

Approved by the Board of Directors on 23 March 2012 and signed on its behalf by;

M. Collins
Director

E. Jennings
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 2011

	Note	2011 €	2010 €
Net Cash Inflow from Operating Activities	A	4,238,894	3,041,474
Returns on Investments and Servicing of Finance	B	(560,303)	(585,984)
Taxation		(232,074)	-
Capital Expenditure and Financial Investment	C	364,086	(1,125,616)
Financing	D	(334,061)	(940,226)
Increase in Cash in the Period		<u>3,476,542</u>	<u>389,648</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)

	2011 €	2010 €
Increase in Cash in the period	3,476,542	389,648
Medium and Long Term Loans	322,553	913,551
Lease Finance received net of Capital Elements paid	11,507	26,675
	<u>3,810,602</u>	<u>1,329,874</u>

ANALYSIS OF CLOSING NET (DEBT) AT 31 DECEMBER

	Opening Net (Debt) at 31 December 2010 €	Cash Flow €	Closing Net (Debt) at 31 December 2011 €
Cash and bank balances	911,351	2,882,733	3,794,084
Overdrafts and loans	(1,474,693)	593,809	(880,884)
Debt falling due within one year	(563,342)	3,476,542	2,913,200
Debt falling due after one year	(13,900,180)	322,553	(13,577,627)
Finance leases	(11,507)	11,507	-
	<u>(14,475,029)</u>	<u>3,810,602</u>	<u>(10,664,427)</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 (CONTINUED)
31 DECEMBER 2011

A	Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities	2011 €	2010 €
	Operating Profit	2,857,964	2,530,696
	Depreciation Charges	1,709,957	1,781,349
	Amortisation of Goodwill	29,204	29,204
	Grant Amortisation	(292,800)	(292,800)
	Decrease / (Increase) in Debtors	598,622	(127,639)
	(Decrease) in Creditors	(107,660)	(80,723)
	Exceptional Items	201,233	(48,113)
	(Decrease) in provision for Liabilities and Charges	(757,626)	(750,500)
	Net Cash Inflow from Operating Activities	4,238,894	3,041,474
		<hr/> <hr/>	<hr/> <hr/>
B	Returns on Investment and Service of Finance	2011 €	2010 €
	Interest Paid	(574,380)	(586,127)
	Interest Received	14,077	143
		<hr/> <hr/>	<hr/> <hr/>
		(560,303)	(585,984)
C	Capital Expenditure and Financial Investment	2011 €	2010 €
	Payments to Acquire Tangible Fixed Assets	(819,374)	(1,142,116)
	Sale of Tangible Fixed Assets	1,183,460	16,500
		<hr/> <hr/>	<hr/> <hr/>
		364,086	(1,125,616)
D	Financing	2011 €	2010 €
	Medium and Long Term Loans	(322,554)	(913,551)
	Lease Finance Paid Net of Capital Elements Paid	(11,507)	(26,675)
		<hr/> <hr/>	<hr/> <hr/>
		(334,061)	(940,226)

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

1	Analysis of Turnover and Operational Administration Expenses	2011	2010
	(a) Turnover	€	€
	Ship and Cargo Dues	6,396,136	5,584,301
	Stevedoring	974,037	1,146,854
	Other Operating Income	2,776,754	3,196,796
		<u>10,146,927</u>	<u>9,927,951</u>
	(b) Operational and Administration Expenses	2011	2010
		€	€
	Operating and Maintenance	(3,770,807)	(3,739,731)
	Dredging	(181,126)	(156,337)
	Depreciation	(1,674,074)	(1,749,617)
	Grant Amortisation	292,800	292,800
		<u>(5,333,207)</u>	<u>(5,352,885)</u>
	Total Operational Costs	<u>(5,333,207)</u>	<u>(5,352,885)</u>
	Administration and Other	<u>(1,926,552)</u>	<u>(2,015,166)</u>
2	Employment Information	2011	2010
	The Group Costs incurred in respect of Employees were:	€	€
	Wages and Salaries	2,686,213	2,655,249
	Social Welfare Costs	236,991	245,432
	Pension Costs	382,497	422,072
		<u>3,305,701</u>	<u>3,322,753</u>
	The average number of staff employed by the company during the financial year amounted to:		
		2011	2010
		Number	Number
	Operational	31	33
	Administration	11	11
		<u>42</u>	<u>44</u>
3	Exceptional Items	2011	2010
		€	€
	Legal Provisions and Rationalisation	<u>201,233</u>	<u>(48,113)</u>

The release of the exceptional items to the profit and loss account during the year is as a result of over provisions in previous years.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4 Interest Payable and Similar Charges

	2011	2010
	€	€
On Bank Borrowings:		
- interest payable on bank loans and overdrafts wholly repayable after five years	(563,993)	(566,545)
- interest payable on other loans wholly repayable after five years	(11,428)	(15,285)
- on finance lease agreements	(138)	(1,270)
	(575,559)	(583,100)
	(575,559)	(583,100)

5 Profit on Ordinary Activities Before Taxation

	2011	2010
	€	€
Profit on Ordinary Activities is stated after charging/(crediting):		
Directors Fees		
K McGuinness – Chairperson,	11,777	12,600
M Adams	5,933	8,100
J Carr	5,933	8,100
E Jennings	7,571	8,100
P Keane	8,100	8,100
R McInerney	5,933	8,100
D Naughton	8,100	8,100
K O'Hanlon	8,100	8,100
G Reidy	8,100	8,100
R Sadlier	5,933	8,100
J Treacy	8,100	8,100
P. Keating *	8,100	21,696
	91,680	115,296
	91,680	115,296

* 2010 Payment to Pat Keating includes retrospective pay from appointment date of 3rd June 2008 of €13,596.

	2011	2010
	€	€
Expenses paid to members of the Board		
Travel Expenses	11,841	8,585
Subsistence	529	134
	12,370	8,719
	12,370	8,719

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Profit on Ordinary Activities Before Taxation (<i>continued</i>)	2011	2010
	€	€
Chief Executive Remuneration for Management Services		
Salary*	117,500	120,294
Performance Payment	-	10,575
Employer's Pension Contribution and other emoluments	60,500	61,324
	<hr/>	<hr/>
	178,000	192,193
	<hr/> <hr/>	<hr/> <hr/>

* An amount of €2,794 included in salary paid to Pat Keating in 2010 relates to retrospective pay from appointment date of 3rd June 2008.

	2011	2010
	€	€
Auditors Remuneration	20,000	20,000
Depreciation	1,709,957	1,781,349
Amortisation of Intangible Fixed Assets	29,204	29,204
Amortisation of Capital Grants	(292,800)	(292,800)
	<hr/>	<hr/>

6 Tax on Profit on Ordinary Activities	2011	2010
	€	€
Current Tax:		
Irish Corporation Tax on 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	-	-
Capital Gains Tax	232,074	-
	<hr/>	<hr/>
	232,074	-
	<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 Profit on Ordinary Activities. The differences are explained below:

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Tax on Profit on Ordinary Activities (<i>continued</i>)	2011	2010
	€	€
Profit on Ordinary Activities before Tax	2,960,469	1,103,449
	<hr/>	<hr/>
Profit on Ordinary Activities multiplied by the average rate of Irish Corporation Tax for the year of 12.5% (2010: 12.5%)	370,059	137,931
Effects of:		
Disallowable Expenses by the rate of tax	(256,799)	(115,448)
Excess depreciation over capital allowances by the rate of tax	105,655	113,388
Interest income by rate of tax	(3,680)	(18)
Capital Gains Tax	232,074	-
Losses forward by the rate of tax	(215,235)	(135,853)
	<hr/>	<hr/>
Current Tax Credit for the year	232,074	-
	<hr/>	<hr/>

7 Profit Attributable to Shannon Foynes Port Company

A profit of €2,771,245 (2010: €1,141,668) attributable to the shareholders of Shannon Foynes Port Company (a company limited by shares) has been recorded 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 €
Cost							
At 31 December 2010	35,429,995	1,292,153	12,925,526	272,587	419,162	14,721,187	65,060,610
Additions	175,555	10,771	36,771	83,836	34,271	24,920	366,124
Disposals	-	-	-	(158,460)	(3,110)	(7)	(161,577)
At 31 December 2011	<u>35,605,550</u>	<u>1,302,924</u>	<u>12,962,297</u>	<u>197,963</u>	<u>450,323</u>	<u>14,746,100</u>	<u>65,265,157</u>
Depreciation							
At 31 December 2010	6,458,805	1,130,719	5,923,052	149,520	363,679	1,927,524	15,953,299
Charge for year	746,227	35,437	550,841	46,324	36,386	294,742	1,709,957
Disposals	-	-	-	(86,405)	(3,110)	-	(89,515)
At 31 December 2011	<u>7,205,032</u>	<u>1,166,156</u>	<u>6,473,893</u>	<u>109,439</u>	<u>396,955</u>	<u>2,222,266</u>	<u>17,573,741</u>
Net Book Value							
At 31 December 2011	<u>28,400,518</u>	<u>136,768</u>	<u>6,488,404</u>	<u>88,524</u>	<u>53,368</u>	<u>12,523,834</u>	<u>47,691,416</u>
At 31 December 2010	<u>28,971,190</u>	<u>161,434</u>	<u>7,002,474</u>	<u>123,067</u>	<u>55,483</u>	<u>12,793,663</u>	<u>49,107,311</u>

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

	2011 €	2010 €
Net book value amount at 31 December	-	-
Depreciation charge for the year	-	23,742

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 €
Cost							
At 31 December 2010	35,429,995	1,292,153	12,431,290	272,587	367,592	14,707,193	64,500,810
Additions	175,555	10,771	36,771	83,836	34,271	24,920	366,124
Disposals	-	-	-	(158,460)	(3,110)	(7)	(161,577)
At 31 December 2011	<u>35,605,550</u>	<u>1,302,924</u>	<u>12,468,061</u>	<u>197,963</u>	<u>398,753</u>	<u>14,732,106</u>	<u>64,705,357</u>
Depreciation							
At 31 December 2010	6,458,805	1,130,719	5,436,186	149,520	319,592	1,915,639	15,410,461
Charge for year	746,227	35,437	548,813	46,324	35,883	294,731	1,707,415
Disposals	-	-	-	(86,405)	(3,110)	-	(89,515)
At 31 December 2011	<u>7,205,032</u>	<u>1,166,156</u>	<u>5,984,999</u>	<u>109,439</u>	<u>352,365</u>	<u>2,210,370</u>	<u>17,028,361</u>
Net Book Value							
At 31 December 2011	<u>28,400,518</u>	<u>136,768</u>	<u>6,483,062</u>	<u>88,524</u>	<u>46,388</u>	<u>12,521,736</u>	<u>47,676,996</u>
At 31 December 2010	<u>28,971,190</u>	<u>161,434</u>	<u>6,995,104</u>	<u>123,067</u>	<u>48,000</u>	<u>12,791,554</u>	<u>49,090,349</u>

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

	2011 €	2010 €
Net book value amount at 31 December	-	-
Depreciation charge for the year	-	17,742

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9	Financial Fixed Assets	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	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
		2,539	1,070,142	2,539	1,070,142
		2,539	1,070,142	2,539	1,070,142

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%	13 Ordinary Shares of €1.269738	Mill House, Foynes, Co. Limerick.

11	Other Investments at Cost	Group 2011 & 2010	Company 2011 & 2010
	Prize Bonds	2,539	2,539
		2,539	2,539

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12	Intangible Fixed Assets – Group	Goodwill
		€
	Cost	
	At 31 December 2010	586,789
	At 31 December 2011	586,789
	Amortisation	
	At 31 December 2010	302,363
	Charge for year	29,204
	At 31 December 2011	331,567
	Net Book Value	
	At 31 December 2011	255,222
	At 31 December 2010	284,426

13	Debtors	Group	Company	Group	Company
		2011	2011	2010	2010
		€	€	€	€
	Trade Debtors	1,454,435	1,332,908	2,097,333	1,856,035
	Value Added Tax Receivable	47,009	42,595	2,774	-
	Other Debtors and Prepayments	887,724	887,724	419,073	419,073
	Amounts owed by Subsidiary Companies	-	269,156	-	313,734
		2,389,168	2,532,383	2,519,180	2,588,842

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

14	Creditors	Group	Company	Group	Company
		2011	2011	2010	2010
		€	€	€	€
	Government Loans (Note 16)	37,610	37,610	46,498	46,498
	Bank Loans (Note 16)	838,446	838,446	1,428,195	1,428,195
	Bank Overdraft (Note 16)	4,828	4,828	-	-
	Trade Creditors	161,704	159,757	190,561	174,181
	Value Added Tax Payable	-	-	13,771	13,771
	Other Taxes and PRSI	133,162	127,796	163,280	157,390
	Net Obligations under Finance Leases (Note 17)	-	-	11,507	11,507
	Other Creditors and Accruals	693,918	690,507	727,652	725,725
		1,869,668	1,858,944	2,581,464	2,557,267

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15	Creditors (amounts falling due after more than one year)	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	Bank Borrowings (Note 16)	13,541,163	13,541,163	13,838,129	13,838,129
	Government Loans (Note 16)	36,464	36,464	62,051	62,051
	Net Obligations under Finance Leases (Note 17)	-	-	-	-
		<u>13,577,627</u>	<u>13,577,627</u>	<u>13,900,180</u>	<u>13,900,180</u>
16	Bank Borrowings, Overdrafts and Government Loans	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	Analysis of bank borrowings, overdrafts and Government loans payable:				
	- within one year	880,884	880,884	1,474,693	1,474,693
	- between one and two years	871,194	871,194	1,474,693	1,474,693
	- between two and five years	2,686,158	2,686,158	4,283,970	4,283,970
	- over five years	10,020,275	10,020,275	8,141,517	8,141,517
		<u>14,458,511</u>	<u>14,458,511</u>	<u>15,374,873</u>	<u>15,374,873</u>
17	Finance Leases	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	Net obligations under finance leases are analysed as follows: payable within 1 year	-	-	11,507	11,507
	- payable within one and two years	-	-	-	-
	- payable between two and five years	-	-	-	-
		<u>-</u>	<u>-</u>	<u>11,507</u>	<u>11,507</u>
18	Deferred Income – Group and Company				€
	Capital Grants				
	At 31 December 2010				5,884,034
	Received during year				-
	Amortised during the year				(292,800)
	At 31 December 2011				<u>5,591,234</u>
	Total Deferred Income at 31 December 2011				<u>5,591,234</u>
	Total Deferred Income at 31 December 2010				<u>5,884,034</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19	Share Capital – Company Authorised		2011 €	2010 €	
	31,500,000 Ordinary Shares of €1.25 each		39,375,000	39,375,000	
	Allotted, Called Up and Fully Paid				
	17,749,900 Ordinary Shares of €1.25 each		22,187,359	22,187,359	
20	Capital Injection	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	At 1 January	4,916,921	5,457,046	4,916,921	5,457,046
	Share Capital issued during the year	-	-	-	-
	At 31 December	4,916,921	5,457,046	4,916,921	5,457,046

The shareholder subscribed €3,809,214 in cash for Ordinary Shares of €1.25 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	(Loss) Carried Forward	Group €
	At 31 December 2010	(7,902,026)
	Profit for the year	2,728,395
	Other recognised gains	191,000
	Deferred Tax related to actuarial loss	(23,874)
	At 31 December 2011	(5,006,505)

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22	Reconciliation of Movements in Equity Shareholders' Funds	Group €
	At 31 December 2010	19,202,254
	Profit for the year	2,728,395
	Other recognised gains	191,000
	Deferred Tax related to actuarial loss	(23,874)
		22,097,775
	At 31 December 2011	22,097,775

23	Financial Commitments	Group 2011 €	Company 2011 €	Group 2010 €	Company 2010 €
	Financial Commitments				
	- commitments approved but not contracted for	1,714,975	1,714,975	1,471,275	1,471,275
	- committed	85,250	85,250	95,000	95,000
		1,800,225	1,800,225	1,566,275	1,566,275

24 Retirement Benefits

- (a)** The group operates four defined benefit schemes which are funded through separate trustee administered funds. There were deficits totalling €12,567,000 on these schemes at 31 December 2011. 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 in the amount of €22,097,775 and the group loss carried forward in the amount of €5,006,505.

The most recent valuations were at 31 December 2011 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.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(b) Financial Reporting Standard 17 ‘Retirement Benefits’ Disclosures

The company operates four defined benefit schemes. Full actuarial valuations were carried out at 31 December 2011 for Financial Reporting Standard 17 disclosure purposes by a qualified independent actuary. The main financial assumptions used in the valuations were:

	2011	2010	2009
Rate of increase in salaries	2.0%	2.0%	3.0%
Rates of increase in pension payments	1.0%/3.0%	1.5%/3.0%	3.0%
Discount rate	5.0%	5.4%	5.5%
Inflation assumption	2.0%	2.0%	2.0%

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

	Long-Term Rate of return Expected at 31 December 2011	Market Value 31 December 2011 €’000	Long-Term Rate of return Expected at 31 December 2010	Market Value 31 December 2010 €’000	Long-Term Rate of return Expected at 31 December 2009	Market Value 31 December 2009 €’000
Equities	7.3%	3,867	7.0%	4,528	7.25%	3,916
Fixed interest	3.9%	2,539	3.9%	2,403	4.25%	2,396
Property	6.3%	217	6.0%	245	6.25%	217
Cash	1.5%	1,142	1.5%	1,286	2.0%	1,512
		<u>7,765</u>		<u>8,462</u>		<u>8,041</u>

25 Retirement Benefits Continued

(a) Financial Reporting Standard 17 ‘Retirement Benefits’ Disclosures Continued

The following amounts at 31 December 2011 were measured in accordance with the requirements of Financial Reporting Standard 17:

	2011 €’000	2010 €’000	2009 €’000
Total market value of assets	7,765	8,462	8,041
Present value of the (liabilities) of the schemes	(20,332)	(21,327)	(22,738)
(Deficit) in the schemes	<u>(12,567)</u>	<u>(12,865)</u>	<u>(14,697)</u>
Related deferred tax asset	1,571	1,608	1,837
Net Pension (Liability)	<u>(10,996)</u>	<u>(11,257)</u>	<u>(12,860)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

The following amounts would have been recognised in the performance statements for the years ended 31 December 2011 and 31 December 2010 under the requirements of FRS 17.

	2011	2010
	€'000	€'000
Operating Profit		
Current Service Cost	<u>270</u>	<u>288</u>
Other finance (cost)		
Expected rate of return on pension schemes' assets	446	424
Interest on pension schemes' liabilities	(1,110)	(1,220)
	<u>(664)</u>	<u>(796)</u>
Statement of total recognised gains and losses:		
Actual return less expected return on pension schemes' assets	(656)	81
Experience losses arising on the schemes' liabilities	642	527
Changes in assumptions underlying the present value of the schemes' liabilities	205	1,276
	<u>191</u>	<u>1,884</u>
Actuarial gain recognised in the statement of total recognised gains and losses	<u>191</u>	<u>1,884</u>

25 Retirement Benefits Continued

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

	2011	2010
	€'000	€'000
Movement in (deficit) during the year:		
(Deficit) in schemes at 31 December		
Movement in year	(12,865)	(14,697)
Current service cost	(270)	(288)
Contributions paid	1,041	1,032
Other finance cost	(664)	(796)
Actuarial gain	191	1,884
(Deficit) in schemes at 31 December	<u>(12,567)</u>	<u>(12,865)</u>

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	2011	2010
Experience gains and losses for the year ended 31 December	€'000	€'000
Difference between the expected and actual return on schemes' assets	(656)	81
Percentage of schemes' assets	(8.5%)	(1.0%)
Experience gains on schemes' liabilities	642	527
Percentage of schemes' liabilities	3.2%	2.5%
Total recognised in statement of total recognised gains and losses	191	1,884
Percentage of the present value of the schemes' liabilities	0.9%	(8.8%)

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 €74,074 from certain government and semi-state bodies. Interest of €11,428 has been charged on these loans during the year.
- (ii) 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 2011.

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 (2010: €19,046) in respect of borrowings of the subsidiary company.

Company

Foynes Port Company Pension Scheme and Shannon Estuary Ports Company Superannuation Plan hold a charge each of €900,000 on lands owned by Shannon Foynes Port Company at Corcanree, County Limerick. These charges were created on 22 September 2011.

29 Approval of Financial Statements

The financial statements were approved by the Board of Directors on the 23 March 2012.