



Annual Report
2006





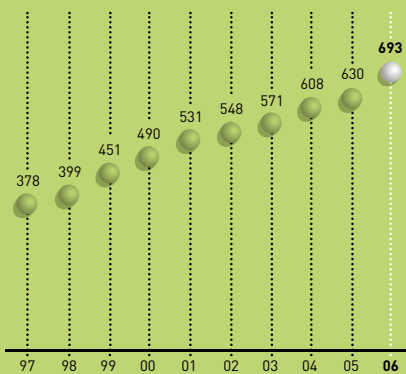
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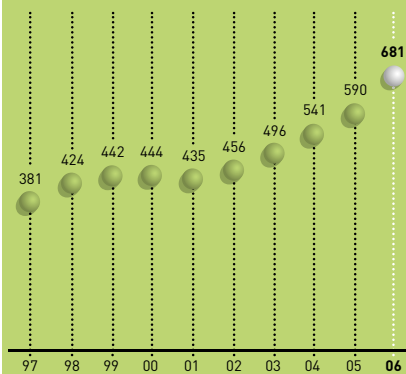


10 Years of Growth

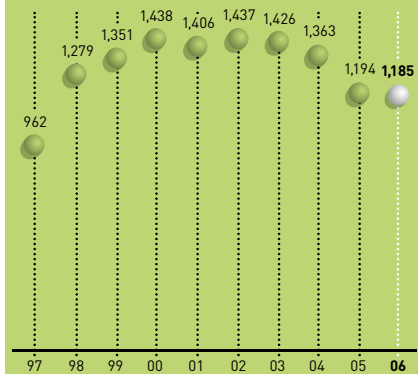
Dublin Port RoRo Trade (Freight Units '000)



Dublin Port LoLo Trade (TEU's '000)



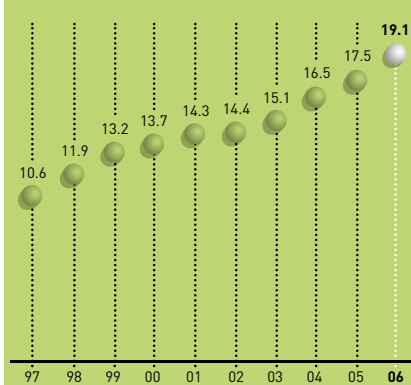
Dublin Port Passenger Traffic (No. of Passengers '000)



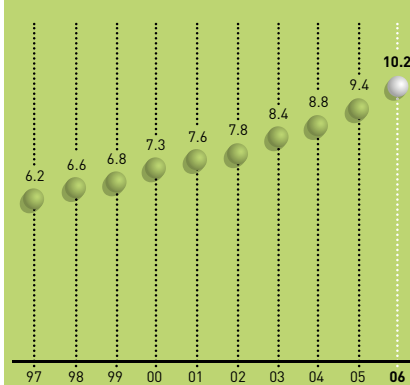


Our mission is to provide port users with world-class facilities and services, in a cost-efficient manner. In partnership with a highly skilled and motivated workforce we will operate in a way that is sensitive to the local community and which sustains the environment. This will support national/regional growth and generate returns for our shareholder.

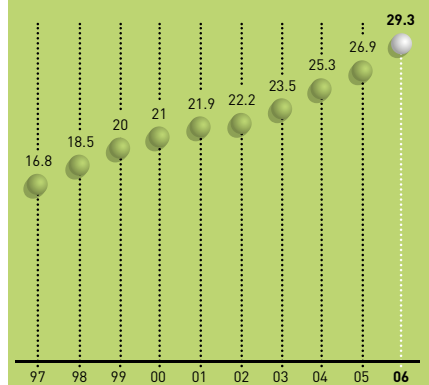
Dublin Port Imports (Million Tonnes)



Dublin Port Exports (Million Tonnes)

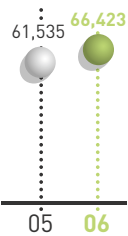


Dublin Port Imports and Exports (Million Tonnes)

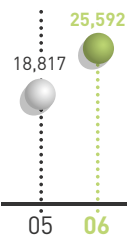


Financial Highlights

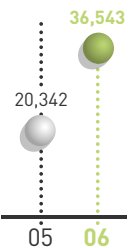
Turnover (€'000)



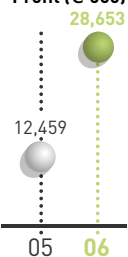
Operating Profit (€'000)



Profit Before Interest & Tax (€'000)



Retained Profit (€'000)



	Year Ended 31 December 2006 €'000	Year Ended 31 December 2005 €'000
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Profit And Loss Account

Turnover	66,423	61,535
Operating Profit	25,592	18,817
Profit on Ordinary Activities before Interest and Taxation	36,543	20,342
Profit for the Financial Year Retained	28,653	12,459

Balance Sheet

Total Assets less Current Liabilities	219,775	211,324
Shareholders' Funds	73,462	66,191
Pension Deficit	76,889	72,731

Capital Investment

Additions to Fixed Assets	14,878	14,052
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Other Information

Secretary and
Registered Office
M Sheary
Port Centre
Alexandra Road
Dublin 1

Registered Number: 262367

Principal Bankers
AIB Bank
Bank of Ireland
IIB Bank

Solicitors
Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered
Auditors
George's Quay
Dublin 2

Actuaries

Mercer Human Resource Consulting
Charlotte House
Charlemont Street
Dublin 2

Directors & Management

Board of Directors

1. Joe Burke,
Chairman
2. Enda Connellan,
Chief Executive

3. Paddy Bourke
4. Cathy Bryce
5. Brenda Daly
6. Tony Ennis

7. Kevin Humpreys
8. Tom Hussey
9. Brian W Kerr
10. Jerry Kiersey

11. Seamus Martin
12. Tom Stafford





Michael Sheary
Company Secretary &
Chief Financial Officer



Management Team

Chief Executive
Company Secretary/
Chief Financial Officer
Head of Operations
Human Resources Manager

E Connellan

M Sheary
S McLoughlin
K Whelan

Harbour Master
Maintenance and Services Manager
IT Manager
Finance Manager

D Dignam
C Callan
C Farrell
J Hiney

PROGRESS

Chairman's Statement



Joe Burke
Chairman

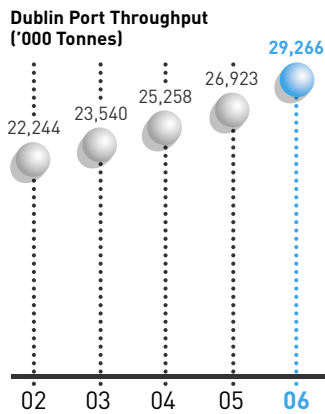
I am very pleased to report that 2006 has been an excellent year for Dublin Port Company. Throughput increased by 8.7% to just under 29.3m tonnes. The growth in the unitised sector was particularly buoyant with the number of RoRo units handled increasing by 10% to 693,000 units, while the number of LoLo twenty-foot equivalent units (TEU's) increased by 15% to 681,000 TEU's.



Chairman's Statement

continued

I would like to thank our customers for their continued business and their ongoing commitment, which is evidenced through their high investment in Dublin Port



This is the tenth annual report of the Company since corporatisation in March 1997. Prior to this, the then Dublin Port & Docks Board operated within an environment of restrictive and outdated practices. While strikes and associated issues dominated the agenda, it was difficult to introduce reforms and to react to changing market forces. Today, Dublin Port Company has vastly changed. Now the Company's business strategy is firmly focused on being the best customer-centred, medium-sized port in Europe. With this in mind, Dublin Port Company strives to enhance competitiveness, anticipate and respond to future customer needs and above all to meet the needs of our growing economy.

On the tourism side of the business, this year was our best year to date in terms of growth of the cruise liner industry. Dublin Port played host to seventy-five cruise ships, bringing 60,000 high spend passengers to Dublin City. This business brings in significant rewards for the City, generating income of between €35 million and €50 million for the local economy through direct and indirect spend. Much work has been undertaken by Dublin Port Company to develop this industry for Dublin. With this industry experiencing huge growth internationally, Dublin City has a substantial opportunity to see the cruise industry grow further if all stakeholders are prepared to play their part.

While the cruise industry has thrived, the car ferry business has experienced a downturn in the last number of years, mainly due to the advent of low-cost airlines. However, increased demand for freight services has offset this and the market is expected to grow further during 2007. Evidence of this growth was reflected in a new freight service introduced by Celtic Link Ferries in May 2006. In addition Stena Line and P&O introduced additional sailings on the Central Corridor route.

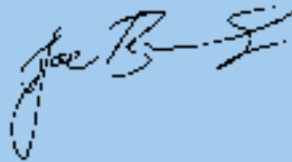
A major development for Dublin Port Company, and indeed the entire City, was the opening of the Port Tunnel in December 2006. Dublin Port Company very much welcomes the opening of the Port Tunnel, which is a significant addition to the City's transport infrastructure. To ensure that the Port's customers gain the maximum benefits from the Tunnel, we have invested considerably in upgrading Promenade Road to provide a direct interface between Dublin Port and the Tunnel, and we have worked closely with the Dublin City Council engineers in redeveloping the existing road infrastructure.

While the Port Tunnel will divert many trucks from the City centre, thus alleviating some traffic congestion from our roads, which are largely clogged by the high volumes of cars, we were disappointed that the HGV Management Strategy, adopted by Dublin City Council, has been implemented in one single phase rather than the two originally proposed. We firmly believe that this will lead to increased transport costs, which will be reflected in increased costs to the business sector and ultimately to the consumer. In the absence of an alternative Southern Port Access Route and the completion of the M50 upgrade, Dublin Port Company has called on Dublin City Council to reopen the Southern Port Access Route in order to redress the negative impact on competitiveness arising from its' closure.

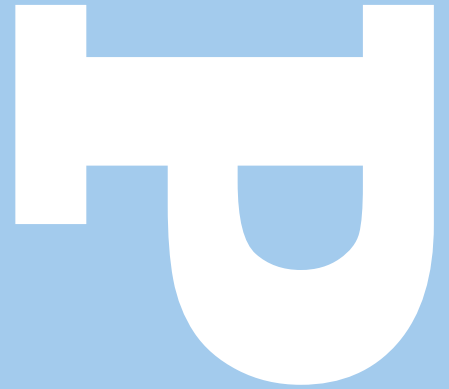
Of particular note, in 2006, Dublin Port Company, along with other commercial ports, came under the remit of the Department of Transport, moving from the Department of Communications, Marine and Natural Resources. We look forward to continuing to work with the Department of Transport to ensure the efficient integration of all transport modes serving the economy.

The continued success of our export led economy is very much dependent on future strong growth in external trade and our ability to handle foreign trade flows efficiently. It is therefore a matter of national importance that we provide the capacity required at Dublin Port, which is at the heart of the market. As a short-term solution, Dublin Port Company has focused on ensuring that land is used to its' maximum efficiency. However, given projected traffic growth, constraints will become increasingly evident in the medium term. To avoid this, Dublin Port Company has a viable solution that is the development of an additional 21 hectares of land at the North Eastern perimeter, which would be wholly funded by the Company.

Finally, I would like to thank our customers for their continued business and their ongoing commitment, which is evidenced through their high investment in Dublin Port. I would also like to acknowledge the management and staff of Dublin Port Company, particularly our Chief Executive, Enda Connellan and would like to congratulate the management team on being short-listed for the PA Consulting Management Team of the Year Awards. Also to my fellow Board of Directors, I thank you for your commitment and input.



J Burke
Chairman
29 March 2007



INVESTMENT

ECONOMIC

GROWTH

Chief Executive's Review



Enda Connellan
Chief Executive

2006 was another very successful year for Dublin Port Company as a result of the growing levels of trade passing through the Port. This, combined with our ongoing capital investment programme, our continued focus on modernisation of systems and processes and the consequent reduction in our cost base, has ensured another strong financial performance over the course of the year.



Chief Executive's Review

continued

Much has changed in the ten years since the Company was corporatised in March 1997. Dublin Port has grown to be Ireland's premier port, handling two-thirds of containerised trade to and from Ireland and 50% of all Ireland's imports and exports. In line with Ireland's booming economy and the strategy adopted by the Company to grow trade levels at the Port, over the ten year period Dublin Port has witnessed significant growth across the full range of the Port's operations, particularly in the unitised trade sector. To put this into perspective, the volume of trade handled by Dublin Port ten years ago stood at 15.2 million tonnes. Today as Ireland's largest and busiest port, trade volumes are at an all time record level of 29.3 million tonnes, almost double the volume since the Company was corporatised.

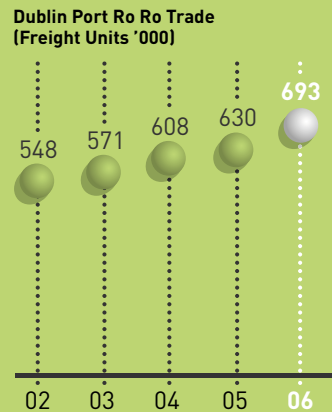
A key driver of the trade growth in 2006 was the unitised trade sector, which accounts for over three quarters of total throughput. The number of RoRo units handled increased by 10% to 693,000 units while the number of LoLo twenty-foot equivalent units (TEU's) increased by 15% to 681,000 TEU's.

2006 also saw high investment levels by our customers. During the summer, Dublin Port Company welcomed the introduction of the MV Celtic Star, a new freight service by Celtic Link Ferries to meet increased demand on the Central Corridor route between Dublin and the UK. In addition Stena Line and P&O also introduced additional sailings on the Central Corridor route.

With volumes of trade expected to accelerate year-on-year, congestion in ports will become a serious issue for our small, open economy. Certainly, capacity shortages at Irish ports have the potential to damage national competitiveness. Freight costs rise in parallel with falling efficiencies, leading to higher prices of many consumer goods. Capacity constraints will adversely affect the availability of many goods and deter foreign investment. We are continuing to progress our proposals to build a modest 21 hectare extension at the North Eastern perimeter which would provide additional deep water berths and associated hard standing to meet increased demand. In line with the Government's Ports Policy, this development would be funded wholly by Dublin Port Company without recourse to Exchequer Funding.



Trade volumes are at an all time record level of 29.3 million tonnes



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Other Developments

Dublin Port Company also welcomed the introduction of the Planning and Development (Strategic Infrastructure) Bill in 2006. We hope that this Bill will help streamline the planning process for proposed developments of strategic importance to the State. The Company also welcomes the commitment by the Minister for Justice to amend current Landlord and Tenant Legislation, whereby tenants will in effect be allowed to contract out of renewal rights where leases are issued for terms in excess of five years, provided the tenant has obtained appropriate legal advice on the matter. The proposed amendment will be a significant development for ports and their customers and will give much greater flexibility in the utilisation of land assets.

In 2006 the Company reached agreement with South Wharf plc/IGB following litigation, further challenges and new legislation, for the joint sale of the 25-acre site previously leased to IGB at Ringsend. The sale was completed in January 2007 and will fall to be accounted for in next year's financial statements. The Company's share of the proceeds from the joint sale amounts to €138m.

As part of Dublin Port Company's joint venture with Earlsfort Developments to develop the second phase of the Eastpoint Business Park at East Wall Road, the Company received a further distribution of profits in 2006, amounting to €10.6m. Two further blocks P8 and P9 in the Business Park are now under construction.



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Chief Executive's Review

continued

Financial Review

Turnover of €66.4m was achieved (2005: €61.5m), representing an increase of €4.9m (7.9%) on 2005.

Total Operating Costs decreased to €40.8m in 2006 from €42.7m in 2005 arising in the main from a reduction in exceptional operating costs relating to redundancy payments and one-off infrastructural costs.

Payroll costs, (included in total operating costs), fell by €1.1m in 2006 to €13.1m representing a 7.7% reduction on the previous year. Our continued focus on the modernisation of systems and processes and the implementation of new work practices has ensured that this is the fifth consecutive year in which payroll costs have been reduced. Employee numbers have fallen steadily over these five years from 395 in 2001 to 192 as at 31 December 2006. Redundancy payments amounted to €1.1m in 2006 (2005: €1.9m), which together with retirements facilitated the exit of 43 staff from the organisation.

As a result of the foregoing, the Company's Payroll bill has been reduced by some 32% from €19.2m in 2001 to €13.1m in 2006. The cumulative benefits in staff reductions continues to impact positively on the cost base with underlying payroll now running at €12.7m annually.

Net Profit was €28.7m in 2006 compared to €12.5m in 2005. The increase in Net Profit is driven in the main by increased operating profits of almost €7m plus a distribution of €10.6m received through the Company's participation in the joint venture at the Eastpoint Business Park.

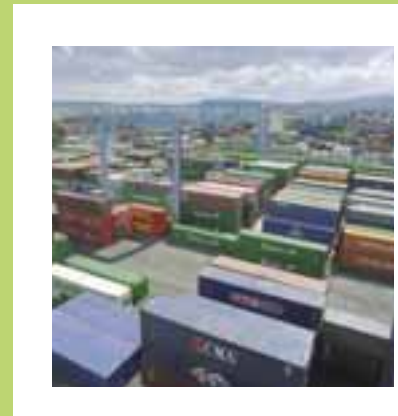
Continued Investment

To continue to offer world-class services to our customers, and to underpin the high investment by our customers in new services and facilities, Dublin Port Company has invested over €185m in infrastructural developments over the last 10 years. Capital investment in 2006 amounted to €14.9m and was focused on a number of key projects including paving works at Terminal 3, Promenade Road upgrading, crane rails and fendering at Berth 50, and development works at Berth 50A.

Port Tunnel

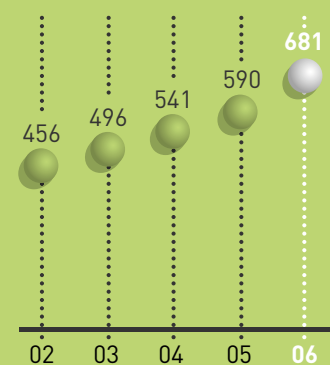
One of the most significant developments for Dublin Port Company was the opening of the Port Tunnel.

However, the potential positive impact of the Tunnel has been greatly reduced by the implementation of Dublin City Council's HGV ban, which sees five-axle trucks banned from between the two canals between 7am and 7pm daily. In a formal submission to Dublin City Council we argued that their HGV strategy was fundamentally flawed and should not be implemented until a full impact assessment study has been carried out, the upgrade of the M50 has been completed, a suitable access route to the Southern Port is agreed, and alternative routes are identified for use when the Dublin Port Tunnel is closed. We were considerably disappointed that despite our valid and incisive objections, the strategy was fully implemented. It is difficult to envisage that this



Turnover of €66.4m was achieved representing an increase of €4.9m (7.9%) on 2005.

Dublin Port Lo Lo Trade (TEU's '000)



LO

strategy will necessarily reduce traffic congestion within the City, especially given that a further four million square feet of retail space is being developed within the M50 corridor. It is imperative that the Southern Port Access Route is reopened as its' closure has led to inefficiency and increased transport costs and a consequent reduction in competitiveness which is neither good for Dublin Port Company, Dublin City or the economy at large.

Pension Fund

Dublin Port Company continued to make significant progress in reducing the Company's pension fund deficit, inherited when the Company was corporatised. As a result of the Company's commitment to address this issue, the assets of the fund have increased to €157m in 2006 from €10m in 1997.

In the period under review the funds assets increased from €138m to €157m. The deficit of the fund, measured in accordance with the Minimum Funding Standard prescribed under the Pensions Act, 1990 has been reduced from €21.6m to €7m resulting in the funding ratio of assets to liabilities increasing to 96% from 86% the previous year. The Company is on schedule to meet the Minimum Funding Standard by April 2008, the "appropriate date" as intimated by the Minister.

Outlook 2007

Following a strong year for Dublin Port Company in terms of throughput growth levels and financial performance, all the indications to date show that this trend is set to continue in 2007. In addition to celebrating the 10th anniversary of the Company, the Company is also proud to celebrate its' tercentenary marking 300 years of service to the nation since a committee was first established under legislation in 1707 to oversee and manage Dublin Port.

I would like to express my thanks to our customers for their continued support and investment in Dublin Port and to our staff for their ongoing contribution to the Company. I would also like to thank the Board of Directors for their pivotal role in ensuring that the Company continues to grow and prosper.



E Connellan
Chief Executive
29 March 2007



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COMMUNITY

Corporate Social Responsibility

Being a good corporate citizen is a very important factor in the way Dublin Port Company conducts its' business. We continually endeavour to integrate social and environmental concerns into all aspects of our business operations and make a positive impact on the local communities that surround us. With this in mind, we were delighted to be awarded the 'Good Neighbour' award as part of the Chambers Ireland Presidents CSR Award.

100 Flowers to Bloom

Throughout the year, Dublin Port Company sought to make a positive contribution to the community through investment in people and assisting economic and social development of the local area. One of the most exciting projects to stem from 2006 was the 100 Flowers to Bloom community art project, commissioned by Dublin Port Company in partnership with the Fire Station Artists' Studio. The community arts project celebrated the hundreds of species of non-native plant life brought into Ireland through the thousands of ships that have visited Dublin Port from around the world in the past 100 years.

Having won an open competition, Liverpool artist, David Jacques worked with the children of St. Joseph's Primary School, East Wall to produce the public art display, which consisted of 100 large-scale handpainted banners



and silk embroideries. An Taoiseach, Mr. Bertie Ahern T.D. unveiled the community art project, which was attended by the budding young artists from St. Joseph's Primary School, their parents and teachers. Lining the length of Tolka Quay Road, the children's art became a focal point for local residents and those travelling through Dublin Port and the surrounding area.

Education and Training

Another key project, which is building year on year, is the Dublin Port Company Community Scholarship Programme. First established in 2001, the scholarship programme is an educational bursary open to local residents, who wish to further their education endeavours.

Over the past six years, Dublin Port Company has invested €160,000 in the programme, supporting over 150 local residents who take part in further secondary and third level education.

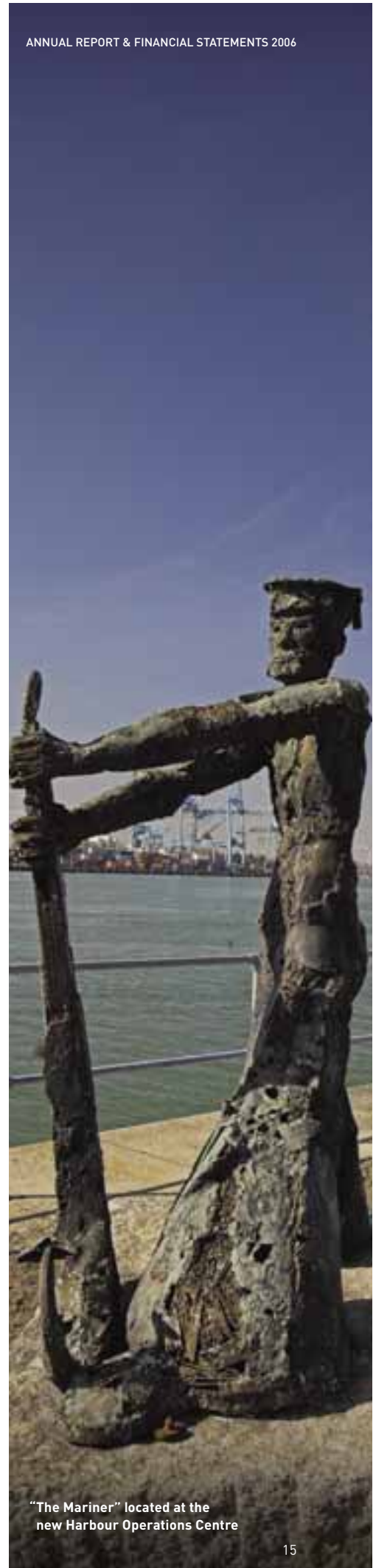
Staying with the area of education, in 2006 the Dublin Port Company Training Learning & Development Centre recognised that companies operating on the port estate had a strong need to participate in a training programme. As a result the Training Centre, in partnership with FÁS, conducted a comprehensive training needs analysis study to assess the training needs of employees of both Dublin Port Company and companies located within the port estate. Following this, Dublin Port Company in 2007 will establish Ireland's first maritime transport training network. The training network aims to further develop skills across the shipping and logistics industry in Ireland and has already attracted thirty companies and 2,500 employees working on the port estate. Over seventy courses will be on offer including strategic planning, human resources, computer skills, hazardous cargo handling skills and management skills.

Local Community Initiatives

Dublin Port Company also supports the Ringsend District Response to Drugs (RDRD) project, a community based drug response group. Since its formation ten years ago, Dublin Port Company has supported key initiatives including the Family Support Group, Weekends Away, Annual Graduation Ceremony Gala Dinner and the RDRD's Annual Report. Other key community initiatives, which were ongoing in 2006 included our sponsorships of Clann na nGael Fontenoy GAA Club and Clontarf RFC, with both clubs being a key focal point for the community.

Community Liaison Committee

Finally, many thanks must be expressed to the Dublin Port Company Community Liaison Committee whose efforts ensure that a robust community programme is developed and delivered year on year. The Committee, which is made up of representatives from the local community and Dublin Port Company, plays a pivotal role in ensuring that local communities have a platform to share their views with the Company and that the Company is supporting the community in a meaningful way.



"The Mariner" located at the new Harbour Operations Centre

Directors' Report

The Directors submit their Annual Report together with the audited financial statements of the Company for the year ended 31 December 2006.

Legal Status

Dublin Port Company is a limited liability Company established pursuant to the Harbours Act, 1996. On 3 March 1997 the Company became the successor entity to Dublin Port & Docks Board, the former statutory entity with responsibility for the Port of Dublin. On that date Dublin Port Company took over the functions and acquired the assets and liabilities of the predecessor organisation at valuations agreed with the then Minister for Communications, Marine and Natural Resources. In consideration for the assets and liabilities, the Company issued share capital in the amount of €7.648m to the then Minister for Communications, Marine and Natural Resources.

With effect from 26 July 1997 the Company became the pilotage authority for Dublin Bay.

Responsibility for the Commercial Port Sector was transferred from the Minister for Communications, Marine and Natural Resources to the Minister for Transport with effect from 1 January 2006.

Principal Activities

The business purpose of Dublin Port Company is to facilitate the flow of goods and passengers, and attendant information through the Port.

The Company provides the infrastructure, facilities, services and hard standing to meet the needs of customers for the efficient transfer of goods and passengers between land and sea transport modes.

Revenue in connection with the provision of these facilities is generated from vessel dues, goods dues, rent and key services provided, such as towage and pilotage.

Going Concern

The Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future. For this reason, the financial statements are prepared on the going concern basis.

Books of Account

The Directors have taken measures to secure compliance with the Company's obligations under S.202 of the Companies Act, 1990 with regard to keeping proper books of account. The measures taken are the use of appropriate systems and procedures and the employment of competent accounting personnel. The books of account are kept at the Company's registered office, Port Centre, Alexandra Road, Dublin 1.

Business Review

Details of the profit for the year, together with comparative figures for 2005, are set out in the Profit and Loss Account on page 26 and the related notes.

Throughput grew by 8.7% from 26.9 million tonnes in 2005 to 29.3 million tonnes in 2006. This growth reflects the continued strength of the Irish economy with strong growth experienced in the unitised sector, which accounts for over 78% of the business.

Turnover for the year amounted to €66.4m, a 7.9% increase on 2005 (2005: €61.5m). Total Operating Costs decreased to €40.8m in 2006 from €42.7m in 2005 mainly due to a reduction in Exceptional Operating Items relating to redundancy payments and one off infrastructural costs. Operating Profit increased to €25.6m in 2006 from €18.8m in 2005 resulting in an increase in the Company's Operating Margin to 38% from 31% in 2005. The underlying Operating Profit, before Exceptional Operating Items, increased to €26.7m in 2006 from €22.1m the previous year resulting in an increase in the underlying Profit Margin to 40% from 36%.

The Company received a further dividend of €375,000 during the year from its investment in Renore Ltd, the Joint Venture Company established in 2002 to purchase the Greenore Port group of Companies. This was the second dividend payment having received €375,000 in 2005.

Profit retained for the financial year 2006 was €28.7m (2005: €12.5m). The 2006 figure reflects a €10.6m distribution from the Company's joint venture with Earlsfort Developments. The 2005 figures reflect a profit of €1.15m in respect of the disposal of fixed assets.

The Profit and Loss Reserve increased from €112.2m at 31 December 2005 to €140.9m at 31 December 2006 and total Equity Shareholder's Funds increased from €66.2m to €73.5m during the same period.

The Company has a target throughput of 30.8 million tonnes for 2007. Throughput of 29.3 million tonnes was achieved in 2006, 4.3% ahead of its' target of 28.1 million tonnes.

Environmental matters

Throughout the year Dublin Port Company continued to demonstrate its' commitment to the highest standards in environmental performance. This year saw particular focus on waste management procedures, recovery of oil in groundwater that has resulted from historical contamination and the implementation of a new Geographical Information System (GIS) allowing for the efficient storage / retrieval of project related documentation.

The Company continues to make a significant contribution to the protection of water quality in Dublin Bay. Surveys on the surface water systems were undertaken to assess the degree of contamination being discharged into the Dublin Port Company systems from sites within the estate. The identification process undertaken this year on a 'branch' basis will form the basis of a more intensive and focused quantitative drainage contamination survey in 2007.

In a further initiative to protect water quality, based on information provided by previous site investigations and a successful pilot study, the Company invested in a free product recovery system. This system is designed to skim oil off groundwater under the surface of a site and is currently operating at the former Texaco site. It is envisaged that the system can be used at many other sites within the estate to facilitate the gradual removal of historic contamination.

Protection and improvement of water quality is a key objective of the Water Framework Directive, and the Company is taking a proactive approach to its' implementation. The review of port operations and liaison with other port authorities and the Eastern River Basin District (ERBD) will continue. A strategy document for the Port is also currently being developed.

The Company intends to continue its' focus on the environmental aspects of operations over the coming year to improve performance in a proactive and responsible manner.

Employee matters

The Company continues to control the payroll element of its' cost base with overall staffing levels reducing to below 200 during the last year. In line with the commitment to pursue an extensive change management programme, the Company concluded two significant agreements during the year under review. These agreements allowed for the introduction of "self managed team working" with annualised salaries being paid to staff involved. The elimination of overtime and allowances, and the elimination of demarcation, has delivered further certainty in budgetary costs.

Principal Risks and Uncertainties

Dublin Port's unitised trade has grown by an average of 10% per annum over the last 10 years. The principal risk inhibiting the Company's continued growth and ability to facilitate the movement of goods and passengers arises from the potential shortage of operational capacity. In this regard the Company has put forward its' plan to address the capacity shortfall and awaits a decision on its' application to the Minister in March 2002 in relation to its' proposal to expand the port at the North Eastern perimeter.

Directors' Report

continued

Financial Risk Management

Interest Rate Risk:

In order to manage the Company's exposure to significant adverse interest rate movements, the Company has a policy of maintaining 60 per cent (2005: 60 per cent) of its' debt at fixed interest rates. In order to achieve this objective the Company has in place interest rate swap/cap agreements.

Liquidity Risk:

The Company maintains a mix of short and medium term debt finance to ensure sufficient funds are available for planned capital investment. Surplus cash balances are invested on a short term basis.

Post Balance Sheet Events

In January 2007 the joint sale, with South Wharf plc, of the Irish Glass Bottle site located at Ringsend was completed. Dublin Port Company's share of the proceeds amounted to €138m before professional fees and Capital Gains Tax (see note 30 of the financial statements).

In addition, the Company held borrowings amounting to €3,462,182 from the Local Loans Fund. These borrowings were redeemed in full in January 2007.

Future Developments

The Company anticipates continued growth in throughput in the year 2007 and has a budgeted Capital Investment Programme of €50m with the aim of underpinning and enhancing this growth potential. The planned Capital Investment Programme includes:

- Alexandra Quay East Paving;
- Multi Storey Car Storage Facility;
- Retail Development;
- Bond Road Widening;
- Terminal 4 Development;
- New Tugs;
- Security/CCTV.

Results and Dividends

The Company's profit for the financial year was €28.7m (2005: €12.5m).

The Directors do not propose to declare a dividend in respect of the year ended 31 December 2006.

Directors' and Secretary's Interests in Shares in the Company

There were no contracts or arrangements of any significance in relation to the Company's business or that of its' related Company in which the Directors and Secretary of the Company or their families had any interest, as defined in the Companies Act, 1990.

The Directors and Secretary and their families had no other beneficial interest in the share capital of the Company at 31 December 2006 and 2005.

Prompt Payments Act

It is Company policy to pay suppliers in accordance with the terms of the European Communities (Late Payments in Commercial Transactions) Regulations 2002 and the Prompt Payments of Accounts Act, 1997.

To this end, the Company's payment routines are designed to provide reasonable assurance against material non-compliance with the terms of the Regulations. The standard credit period is 30 days unless otherwise specified in contractual arrangements. Substantially all payments by number and value were made within the appropriate credit period as required. Consequently, the Directors are satisfied that the Company has complied with the requirements of the Act.

Directors

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

J Burke
E Connellan
P Bourke
C Bryce
C Burke (Term of office expired 9 September 2006)
B Daly
T Ennis
K Humphreys
T Hussey
B W Kerr
J Kiersey
S Martin
T Stafford (Appointed 24 October 2006)

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to be re-appointed in accordance with section 160(2) of the Companies Act, 1963.

On behalf of the Board

J Burke
E Connellan

29 March 2007

Statement of Directors' Responsibilities

Financial Statements

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

Irish company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

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 enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and comply with the Harbours Act, 1996 and the Companies Acts, 1963 to 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Corporate Governance

Dublin Port Company is committed to maintaining the highest standards of corporate governance and has adopted the principles of corporate governance and the Code of Practice for the Governance of State Bodies issued by the Department of Finance in October 2001. The Company also complies with its' obligations under the Ethics in Public Office Acts, 1995 and 2001.

The majority of Directors are non-executive and are appointed by the Minister. The Board meets formally on a monthly basis and has a formal schedule of matters specifically reserved to it for decision. The Board has access to the advice and services of the Company Secretary and can take independent professional advice as and when deemed necessary.

The Board established an Audit Committee in 1997 under formal terms of reference. The members of the Committee during the year were Mr. T. Ennis (Chairman), Mr. B. W. Kerr and Ms. C. Bryce.

Internal Controls

The Board has overall responsibility for the Company's systems of internal control, which have been designed to give reasonable assurance that transactions are executed in accordance with management's authorisation, that assets are safeguarded, that fraud is prevented and that proper financial records are maintained. To ensure the effective application of the Company's internal controls, the services of qualified personnel have been secured and duties properly allocated among them.

The systems of internal control include the following:

- The process of identifying business risks and the evaluation of their financial implications is carried out through regular reviews of the Company's strategic plan. The latest strategic plan for the period 2007 to 2011 was adopted by the Board in January 2007;
- An annual budget approved by the Board and monthly consideration of actual results compared with budget forecasts;
- An Audit Committee which has been established to review and discuss, with the internal and external auditors, the Company's internal accounting controls, internal audit function, choice of accounting policies, internal and external audit plans, statutory auditors' report, financial reporting and other related matters;
- An Internal Audit function which reviews key business processes and controls;
- Formal codes of conduct for Directors and employees;
- Procurement policies and procedures. These ensure, firstly, that procurement activities are carried out so as to provide value for money in terms of overall lifecycle costs and, secondly, that all relevant State Guidelines and EU Directives applicable to Public Utilities are complied with.

The Board through the Audit Committee is responsible for reviewing the effectiveness of the systems of internal control.

On behalf of the Board

**J Burke
E Connellan**

29 March 2007

Independent Auditors' Report

to the members of Dublin Port Company

We have audited the financial statements on pages 24 to 44. These financial statements have been prepared under the accounting policies set out in the statement of accounting policies on pages 24 and 25.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable Irish law and accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland) are set out in the Statement of Directors' Responsibilities on pages 20 and 21.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, and are properly prepared in accordance with Irish statute comprising the Companies Acts, 1963 to 2006. We state whether we have obtained all the information and explanations we consider necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account. We also report to you our opinion as to:

- whether the Company has kept proper books of account;
- whether the Directors' Report is consistent with the financial statements; and
- whether at the Balance Sheet date there existed a financial situation which may require the Company to convene an extraordinary general meeting; such a financial situation may exist if the net assets of the Company, as stated in the Balance Sheet, are not more than half of its' called-up share capital.

We also report to you if, in our opinion, any information specified by law regarding Directors' remuneration and Directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Chairman's Statement, Chief Executive's Review of Operations and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Company's affairs as at 31 December 2006 and of its' profit and cash flows for the year then ended; and
- have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations we 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 16 - 19 is consistent with the financial statements.

The net assets of the Company, as stated in the Balance Sheet on page 28, are more than half of the amount of its' called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2006 a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Dublin

29 March 2007

Accounting Policies

The significant accounting policies adopted by the Company are as follows:

Basis of Preparation

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. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Historical Cost Convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover comprises the value of all services provided to third parties, including rental income, exclusive of value added tax.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation. Freehold land is not depreciated.

Depreciation is calculated in order to write off the cost of tangible fixed assets, other than freehold land and infrastructure assets, over their estimated useful lives by equal annual instalments.

Infrastructure assets are those assets characterised by having virtually infinite useful lives and which, in general, were constructed many years ago but are unlikely to be constructed in their existing format today. They include assets such as the North Bull Wall and the Great South Wall. Infrastructure assets are carried at a nil valuation and the cost of their upkeep is charged to the Profit and Loss Account.

The estimated useful lives of tangible fixed assets by reference to which depreciation has been calculated are as follows:

Buildings	50 years
Dock structures, dry docks and quays	30 - 50 years
Capital dredging	30 years
Floating craft	up to 30 years
Cranes	up to 30 years
Plant and machinery	2 - 30 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Cost includes cost of purchase, and where appropriate, import duties and transportation costs.

Net realisable value is determined as cost less provision for damaged, deteriorated, obsolete and unusable items.

Leases

All operating lease rentals are charged to the Profit and Loss Account on a straight-line basis.

Capital Grants and Contributions to Fixed Assets' Cost

Capital grants and contributions to fixed assets' costs are treated as deferred credits, which are amortised to the Profit and Loss Account on the same basis as the related tangible fixed assets are depreciated.

Grants are recognised, by inclusion in the financial statements, when their ultimate cash realisation can be established with reasonable certainty.

Development Land

Development land comprises land which is not held for long-term business usage, but which is held for development or re-sale purposes and is carried at the lower of cost or market value.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the Balance Sheet date and revenues, costs and non-monetary assets at the exchange rate ruling at the date of the transaction.

Profits and losses arising from foreign currency translation and on settlement of amounts receivable and payable in foreign currency are dealt with in the Profit and Loss Account.

Monetary assets are money held and amounts to be received in money; all other assets are non-monetary assets.

Retirement Benefits

Defined benefit pension scheme assets are measured at fair value. Defined benefit pension scheme liabilities are measured on an actuarial basis using the projected unit actuarial cost method. The excess of pension scheme liabilities over pension scheme assets is presented on the Balance Sheet as a liability net of related deferred tax. The defined benefit pension charge to Operating Profit comprises the current service cost and past service costs. The excess of the interest cost on the scheme liabilities over the expected return on scheme assets is presented in the Profit and Loss Account under "Financing charges". Actuarial gains and losses arising from changes in actuarial assumptions and from experience surpluses and deficits are recognised in the Statement of Total Recognised Gains and Losses for the year in which they occur.

Dredging

The cost of routine or ongoing dredging projects is charged to the Profit and Loss Account as incurred. Capital dredging which enhances port access or infrastructure is capitalised as part of the related fixed asset and depreciated over its' estimated useful life.

Deferred Tax

Deferred tax 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 as computed for tax purposes and profits 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 taxation 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 tax is not discounted.

Interest Rate Risk Management

Interest rate swaps/caps are used to hedge the Company's exposure to interest rate movements. The amount payable or receivable on such hedging instruments is accrued in the same way as interest arising on borrowings.

Profit and Loss Account

For the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Turnover	2	66,423	61,535
Cost of sales		(24,706)	(23,188)
		41,717	38,347
Gross Profit		(15,024)	(16,277)
Administration and general expenditure		26,693	22,070
Exceptional Operating Items	5	(1,101)	(3,253)
Operating Profit		25,592	18,817
Income from Other Financial Assets	11	375	375
Exceptional Items	6	10,576	1,150
Profit on Ordinary Activities before Interest and Taxation		36,543	20,342
Net financing charges payable	7	(2,685)	(4,436)
Profit on Ordinary Activities before Taxation	8	33,858	15,906
Taxation	9	(5,205)	(3,447)
Profit for the Financial Year Retained		28,653	12,459
Balance at beginning of year		112,248	99,789
Balance at End of Year		140,901	112,248

Turnover and Operating Profit arose solely from continuing activities.

On behalf of the Board

J Burke
E Connellan

29 March 2007

Statement of Total Recognised Gains and Losses

For the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Profit for the financial year		28,653	12,459
Actuarial (loss)/gain recognised on pension schemes	29	(24,436)	3,928
Deferred Tax related to actuarial (loss)/gain	19	3,054	(491)
Total recognised gains since the last annual report		7,271	15,896

On behalf of the Board

J Burke
E Connellan

29 March 2007

Balance Sheet

As at 31 December 2006

	Notes	2006 €'000	2005 €'000
Fixed Assets			
Tangible assets	10	<u>217,004</u>	<u>210,645</u>
Investments			
Joint Venture	11	<u>7,250</u>	<u>7,250</u>
Current Assets			
Development land	12	1,246	1,246
Stocks	13	802	800
Debtors and prepayments	14	14,857	13,337
Cash at bank and in hand		13,971	5,608
		<u>30,876</u>	<u>20,991</u>
Creditors – Amounts falling due within one year	15	<u>(35,355)</u>	<u>(27,562)</u>
Net Current Liabilities		<u>(4,479)</u>	<u>(6,571)</u>
Total Assets less Current Liabilities		<u>219,775</u>	<u>211,324</u>
Creditors – Amounts falling due after one year			
	16	62,000	63,454
Deferred Income	18	15,739	16,509
Provisions for Liabilities and Charges	19	<u>68,574</u>	<u>65,170</u>
		<u>146,313</u>	<u>145,133</u>
Capital and Reserves			
Called up equity share capital	20	14,464	13,090
Capital Conversion Reserve Fund	21	119	119
Profit and Loss Account		140,901	112,248
Pension Reserve		(82,022)	(60,640)
Other Shareholders' Funds	22	-	1,374
Equity Shareholders' Funds	22	<u>73,462</u>	<u>66,191</u>
		<u>219,775</u>	<u>211,324</u>

On behalf of the Board

J Burke
E Connellan

29 March 2007

Cash Flow Statement

For the year ended 31 December 2006

	Notes	2006 €'000	2005 €'000
Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities			
Operating Profit		25,592	18,817
Amortisation of capital grants	18	(772)	(774)
Depreciation charges		8,485	8,230
(Profit)/Loss on disposal of tangible assets		(8)	6
Increase in stocks		(2)	(13)
(Increase)/Decrease in debtors		(1,520)	2,367
Decrease in creditors		(21,639)	(11,504)
Decrease/(Increase) in pension fund deficit – financing cost	29	205	(1,891)
Net cash inflow from operating activities		10,341	15,238

Cash Flow Statement

Net cash inflow from operating activities		10,341	15,238
Dividends from joint ventures and associates	11	375	375
Return on investments and servicing of finance	23	(2,666)	(2,364)
Taxation		(222)	96
Exceptional items		10,576	-
Capital expenditure	23	(14,712)	(12,902)
		3,692	443
Financing	23	4,671	1,050
Increase in cash		8,363	1,493

Reconciliation of Net Cash Flow to Movement in Net Debt

Increase in cash in the year	24	8,363	1,493
Cash flow from (Increase)/Decrease in debt	24	(4,671)	324
Change in net debt		3,692	1,817
Opening net debt	24	(68,183)	(70,000)
Closing net debt	24	(64,491)	(68,183)

On behalf of the Board

J Burke
E Connellan

29 March 2007

Notes to the Financial Statements

1. Assets and liabilities acquired on Vesting Day

Under the provisions of the Harbours Act, 1996, the Company took over the functions carried on by the former Dublin Port and Docks Board on 3 March 1997 ("Vesting Day").

The cost to the Company of the assets acquired on Vesting Day was determined by the then Minister for Communications, Marine and Natural Resources. Liabilities (including pensions and capital grants) were taken over at their actual or determined amounts. Pension liabilities (see note 29) include those in respect of pre-Vesting Day pension entitlements of the Company's employees and the current and deferred pensioners of its' predecessor entity, Dublin Port and Docks Board.

The assets and functions of the Pilotage Committee, established under the Pilotage Act, 1913, were transferred by operation of law to Dublin Port Company in July 1997, under the Harbours Act, 1996 (Commencement)(No. 3) Order 1997.

The consideration for the net assets transferred to the Company was satisfied by the creation and issue of 6.023 million ordinary shares of IR €1 (€1.27) each fully paid. One ordinary share is held by the Minister for Finance and the remainder were held by the Minister for Transport at 31 December 2006.

2. Turnover

	2006 €'000	2005 €'000
By class of business		
Port dues	55,512	52,208
Rents	8,658	7,176
East-Link (see note 3)	1,213	1,210
Licences	754	648
Other	286	293
	66,423	61,535

3. East-Link

Under agreements dated 16 March 1983 and 24 November 1983, the latter being in consideration for the loss of limited berthage and the disposal of certain lands, the Board acquired the right to participate in the future profits of the Toll Scheme for a period of not less than 25 years from the date such scheme became operative. The Toll road was dedicated to Dublin Corporation, for the use of the public, on 21 October 1984.

4. Provision for municipal rates

Dublin City Council has levied full rates on the Company dating back to 1998. However, in accordance with the provisions of the Local Government (Dublin) Act, 1930 the Company paid at a rate of 21% of this amount. The Company has appealed both the basis and quantum of the recent assessments. The High Court decision issued on 30 October 2002 confirmed the Company's position in relation to the basis of assessment. Accordingly provision has been made up to 2002 at 21% of the amount levied by Dublin City Council. As a result of the provisions of the Valuation Act, 2001 the Company is liable to full rates with effect from 1 January 2003. Full provision has been made in the accounts for the amount levied by Dublin City Council.

On 21 October 2004 the Valuation Tribunal rejected an appeal by the ports against the quantum of the assessment made under the receipts and expenditure method of valuation. The matter is now being appealed to the High Court.

5. Exceptional Operating Items

	2006	2005
	€'000	€'000
Exceptional Infrastructure costs	-	(1,360)
Redundancy payments	(1,101)	(1,893)
	<u>(1,101)</u>	<u>(3,253)</u>

6. Exceptional Items

	2006	2005
	€'000	€'000
Net Profit on disposal of Fixed Assets	-	1,150
Eastpoint Distribution (see note 12)	10,576	-
	<u>10,576</u>	<u>1,150</u>

7. Net financing charges payable

	2006	2005
	€'000	€'000
Finance charges payable:		
Bank Overdraft and Loans		
- borrowings wholly repayable within five years	116	-
- borrowings not wholly repayable within five years	2,901	2,696
Interest receivable	(127)	(151)
	<u>2,890</u>	<u>2,545</u>
Pension fund deficit – financing (income)/cost (see note 29)	(205)	1,891
	<u>2,685</u>	<u>4,436</u>

Notes to the Financial Statements

continued

8. Profit on Ordinary Activities Before Taxation

	2006 €'000	2005 €'000
Profit on ordinary activities before taxation has been arrived at after charging/(crediting):		
Staff costs		
- wages and salaries	12,254	13,358
- social welfare costs (PRSI)	850	837
- other pension costs (see note 29)	1,929	1,573
	<u>15,033</u>	<u>15,768</u>
Auditors' remuneration	37	36
Depreciation	8,485	8,230
Redundancy payments	1,101	1,893
Amortisation of capital grants (see note 18)	(772)	(774)

9. Taxation

	2006 €'000	2005 €'000
Based on port activity profits for the year:		
Corporation tax at an effective rate of 12.5% (2005:12.5%)	-	-
Based on non port activity profits:		
Corporation tax at an effective rate of 25% (2005:25%)	(2,905)	-
Capital Gains Tax	-	(222)
Deferred Tax charge for the year	(2,616)	(3,225)
Current Tax charge for the year	(5,521)	(3,447)
Over provision in prior year – Deferred Tax	316	-
	<u>(5,205)</u>	<u>(3,447)</u>

Lands subject to Compulsory Purchase Order

As part of the construction of the Dublin Port Tunnel approximately 34 acres of land were compulsory acquired from the Company by Dublin City Council. Under tax rules, the disposal of these lands took place in the accounting period ended 31 December 2001.

No charge to tax has been provided in the accounts in respect of the Capital Gains Tax liability of approximately €6m on the disposal of these lands, on the grounds that the transaction qualifies for Capital Gains Tax deferral under the rollover provisions contained in Section 605 Taxes Consolidation Act, 1997.

9. Taxation - continued

The current corporation tax charge for the year is lower than the current tax charge that would result from applying the standard rate of Irish corporation tax to profit on ordinary activities. The differences are explained below:

	2006 €'000	2005 €'000
Profit on ordinary activities before tax	33,858	15,906
Profit on ordinary activities multiplied by the average rate of Irish corporation tax for the year of 12.5% (2005: 12.5%)	4,232	1,988
Effects of:		
Disallowable expenses	(1,105)	187
Difference between depreciation and capital allowances	(81)	(186)
Allowance for pension contributions in excess of pensions charge	(2,535)	(2,939)
Utilisation of tax losses	(511)	828
Passive income liable to tax at 25%	2,905	122
Current tax charge for the year	2,905	-

10. Tangible Assets

	Land and buildings	Terminals	Dock structures dry docks and quays	Floating craft	Cranes	Plant and machinery	Total
	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000	€ '000
Cost							
At 1 January 2006	54,759	171,026	29,806	6,333	3,786	6,401	272,111
Additions during year	3,184	7,651	2,780	150	-	1,113	14,878
Disposals	-	-	-	-	-	(67)	(67)
At 31 December 2006	57,943	178,677	32,586	6,483	3,786	7,447	286,922
Accumulated Depreciation							
At 1 January 2006	3,645	39,375	11,099	2,093	1,694	3,560	61,466
Charge for year	743	5,188	1,446	233	231	644	8,485
Disposals	-	-	-	-	-	(33)	(33)
At 31 December 2006	4,388	44,563	12,545	2,326	1,925	4,171	69,918
Net Book Amounts							
At 1 January 2006	51,114	131,651	18,707	4,240	2,092	2,841	210,645
At 31 December 2006	53,555	134,114	20,041	4,157	1,861	3,276	217,004

The cost to the Company of assets acquired on vesting day, 3 March 1997, under the Harbours Act, 1996 was determined by the then Minister for Communications, Marine and Natural Resources in consideration for shares issued.

Notes to the Financial Statements

continued

11. Investment in Joint Venture

During 2002, the Company established a Joint Venture Company, Renore Ltd. on a 50/50 basis with One51 Ltd. This Joint Venture was established in order to purchase the Greenore Port group of Companies. This purchase was completed in April 2002 at a cost to Dublin Port Company of €7.25m.

Renore's financial statements for 2005 show a turnover of €6.8m (2004: €7.1m) and retained profit for the financial year amounted to €852,750 (2004: €734,439). Trade handled through the port amounted to 646,000 tonnes.

A dividend in respect of the Company's shareholding in Renore Ltd. was received during the year amounting to €375,000, (2005: €375,000).

12. Development Land

In July 1999 the Company entered into a business arrangement with Earlsfort East Point and Eastpoint (Development) Two Ltd., for a development comprising approximately 14 acres of land adjoining the East Point Business Park Development Phase I.

In addition to consideration for the land sold, the Company is entitled to share in the ultimate profits realised on the sale of the developed properties by Eastpoint (Development) Two Ltd. These profits will be recognised in the financial statements when they are realised by Dublin Port Company. In December 2006 a distribution of €10.6m was received. There were no disposals of land during the year.

13. Stocks

2006	2005
€'000	€'000
802	800

Stocks comprise consumable items, spare parts and stores used in the maintenance of plant. There was no material difference between the replacement cost of stocks and the book amount.

14. Debtors – Amounts falling due within one year

	2006	2005
	€'000	€'000
Trade debtors	12,452	11,192
VAT	494	533
Other	1,911	1,612
	<u>14,857</u>	<u>13,337</u>

15. Creditors – Amounts falling due within one year

	2006	2005
	€'000	€'000
Bank loans (see note 17)	16,462	10,337
Trade creditors and accruals	14,868	15,765
Deferred income (see note 18)	772	774
Corporation Tax	2,905	-
Capital Gains Tax	-	222
Income tax deducted under PAYE	237	327
Pay related social insurance	111	137
	35,355	27,562
Creditors for taxation and social welfare included above	3,253	686

16. Creditors – Amounts falling due after one year

	2006	2005
	€'000	€'000
Bank loans (see note 17)	62,000	63,454

17. Bank loans

	2006	2005
	€'000	€'000
Bank loans	75,000	70,000
Other financing – Local Loans Fund	3,462	3,791
	78,462	73,791

These loans are repayable in the following periods after year end:

Within one year	16,462	10,337
Between one and two years	22,000	10,345
Between two and five years	40,000	36,089
Over five years	-	17,020
	62,000	63,454
	78,462	73,791

Notes to the Financial Statements

continued

18. Deferred Income

	2006 €'000	2005 €'000
Capital grants and contributions to fixed assets		
Opening Balance	17,283	18,057
Amortised to Profit and Loss Account during the year	(772)	(774)
Closing Balance	<u>16,511</u>	<u>17,283</u>
Creditors – amounts falling due within one year (see note 15)	772	774
Deferred Income	<u>15,739</u>	<u>16,509</u>
	<u>16,511</u>	<u>17,283</u>

19. Provisions for Liabilities and Charges

	2006 €'000	2005 €'000
Pensions (see note 29)	76,889	72,731
Deferred tax	(8,315)	(7,561)
	<u>68,574</u>	<u>65,170</u>

Deferred Tax

Deferred Tax on accelerated Capital Allowances	1,296	1,530
Deferred Tax asset on pensions	(9,611)	(9,091)
	<u>(8,315)</u>	<u>(7,561)</u>

Movement in Deferred Tax

	2006 €'000
Opening Balance	(7,561)
Transfer to Profit and Loss	2,616
Over Provision in Prior Year	(316)
Transfer to Statement of Total Recognised Gains and Losses	<u>(3,054)</u>
Closing Balance	<u><u>(8,315)</u></u>

20. Equity share capital

	No. ('000)	€'000
Authorised – 96.5 million ordinary shares of €1.25 each at 31 December 2006 and 2005	96,500	120,625
Allotted and fully paid:		
At beginning of year	10,472	13,090
Issued during the year	1,099	1,374
At end of year	11,571	14,464

21. Capital Conversion Reserve Fund

The ordinary shares of the Company were renominialised from €1.269738 each to €1.25 each in 2001 and the amount by which the issued share capital of the Company was reduced was transferred to a fund known as the Capital Conversion Reserve Fund.

22. Reconciliation of movements in equity shareholders' funds

	2006 €'000	2005 €'000
Profit for the financial year	28,653	12,459
Actuarial (loss)/gain recognised on pension schemes	(24,436)	3,928
Deferred Tax related to actuarial (loss)/gain	3,054	(491)
Other shareholders' funds (see below)	-	1,374
Net increase in equity shareholders' funds	7,271	17,270
Opening equity shareholders' funds	66,191	48,921
Closing equity shareholders' funds	73,462	66,191
Other shareholders' funds		

On 19 December 2006 the Company issued 1,098,917 additional ordinary shares at €1.25 each in favour of the Minister for Transport for a total consideration of €1,373,646.25. This was in respect of funding received from the shareholder in 2005.

Notes to the Financial Statements

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23. Gross cash flows

	2006 €'000	2005 €'000
Return on investments and servicing of finance		
Interest received	127	151
Interest paid	(2,793)	(2,515)
	<u>(2,666)</u>	<u>(2,364)</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(14,753)	(14,052)
Receipts from sales of development land and tangible fixed assets	41	1,150
	<u>(14,712)</u>	<u>(12,902)</u>
Financing		
Receipts from issuing shares	-	1,374
Receipts from medium term borrowings	15,000	-
Repayment of amounts borrowed	(10,329)	(324)
	<u>4,671</u>	<u>1,050</u>

24. Analysis of changes in net debt

	1 January 2006 €'000	Cash flows €'000	Non cash Changes €'000	31 December 2006 €'000
Net Cash at bank and in hand	5,608	8,363	-	13,971
Debt due within one year	(10,337)	(4,671)	(1,454)	(16,462)
Debt due after one year	(63,454)	-	1,454	(62,000)
Total	<u>(68,183)</u>	<u>3,692</u>	<u>-</u>	<u>(64,491)</u>

25. Future capital expenditure not provided for

	2006 €'000	2005 €'000
Contracted for	12,075	779
Authorised by the Directors but not contracted for	3,500	223
	<u>15,575</u>	<u>1,002</u>

26. Directors' remuneration

	2006	2005
	€'000	€'000
Remuneration		
- fees for services as Directors	176	127
- emoluments for other services	364	323
- pension contributions	57	41
	<u>597</u>	<u>491</u>

27. Employees

The average number of persons employed by the Company during the year was 208 (2005: 241).

28. Related party transactions

In common with many other entities, Dublin Port Company deals in the normal course of business with Government entities and other state owned companies on an arm's length basis.

The Company held long-term borrowings from the Local Loans Fund at 31 December 2006 with interest rates being set by reference to market rates (see note 17). In January 2007 these borrowings amounting to €3.5m were redeemed in full.

Sales to companies connected with two Directors amounted to €2.1m and were on normal trading terms. Closing amounts receivable from these companies amounted to €0.3m.

Notes to the Financial Statements

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29. Pensions

a) Defined Benefit Pension Funds

The Company operates two defined benefit type pension schemes based on final pensionable pay for eligible employees, including employees and former employees of the Company's predecessor entity, Dublin Port & Docks Board. These schemes are at present under-funded as they had previously operated under the provisions of the 1946 Harbours Act. Pensions are currently paid by the Company out of operating cash flows.

Under the provisions of the Harbours Act, 1996 the Company is responsible for funding the payment of pension entitlements (including the entitlements relating to pre-Vesting Day service with Dublin Port & Docks Board) of:

- all eligible current employees of the Company;
- all eligible current and deferred pensioners of Dublin Port & Docks Board;
- former eligible employees of the Company who since Vesting Day have or may become current or deferred pensioners of the Company;
- eligible spouses and children of eligible employees or former employees.

Separate trustee administered funds have been established for this purpose. The most recent trustee elections were held on 15 December 2005 and the appointment of the four successful candidates was ratified by the Board at its' meeting on 26 January 2006. In addition to the four member trustees, the Company also appointed a further four trustees.

b) Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits'

The schemes have been valued by independent actuaries for the purposes of FRS 17 based on data provided for the actuarial valuations of the funds as at 1 January 2006. This data has been updated to reflect:

- fund asset data at 31 December 2006 and
- member data as at 31 December 2006 and salary information as at 1 January 2007 and used to calculate the liabilities of the scheme at the Balance Sheet date. The scheme assets are stated at market value at the Balance Sheet date.

As required by FRS 17 the valuation was carried out using the projected unit actuarial cost method.

Financial Assumptions:

The main financial assumptions used by the actuaries to calculate the liabilities under FRS 17 at the Balance Sheet date are:

	31 December 2006	31 December 2005
Rate of increase of pensionable salaries	4.00%	4.00%
Rate of increase of pensions in payment	4.00%	4.00%
Discount rate	4.50%	4.00%
Price Inflation	2.25%	2.25%

29 (b) Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits' - continued

Plan Assets:

The market value of the assets in the pension schemes at 31 December were:

	Market value at 31 December 2006 €'000	Market value at 31 December 2005 €'000
Equities	69,355	89,915
Bonds	81,594	42,679
Property	5,178	4,834
Other	784	691
Total Market value of Assets	156,911	138,119

The long term expected rates of return at 31 December were:

	Rate of Return Expected at 31 December 2006	Rate of Return Expected at 31 December 2005
Equities	7.50%	7.00%
Bonds	4.00%	3.50%
Property	6.50%	6.50%
Other	2.25%	2.25%

The amounts recognised in the Balance Sheet as part of the Provisions for Liabilities and Charges are as follows:

	31 December 2006 €'000	31 December 2005 €'000
Total Market Value of Assets	156,911	138,119
Actuarial value of scheme liabilities	(233,800)	(210,850)
Net Deficit in the pension scheme	(76,889)	(72,731)
Related Deferred Tax asset	9,611	9,091
Net pension liability	(67,278)	(63,640)

Notes to the Financial Statements

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29 (b) Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits' - continued

Demographic Assumptions:

The mortality assumptions used have been updated since the last actuarial valuation of the funds. The assumed life expectancy for a male and female member age 65 is 20.3 years and 23.2 years respectively. The impact of the change in mortality assumptions results in an actuarial loss of €24.1m recognised in the Statement of Total Recognised Gains and Losses.

All other demographic assumptions used are the same as those used in the actuarial valuation of the fund at 1 January 2006.

Analysis of the amounts recognised in the Profit and Loss Account:

	2006 €'000	2005 €'000
Charged to Operating Profit		
Current service cost	1,929	1,573
(Credited)/Charged to financing charges		
Expected return on pension scheme assets	(8,492)	(6,650)
Interest on pension scheme liabilities	8,287	8,541
Net financing (income)/cost	(205)	1,891
Total Profit and Loss Account Charge	1,724	3,464

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL):

	2006 €'000	2005 €'000
Actual less expected return on scheme assets	(2,445)	19,713
Experience gains and losses arising on scheme liabilities	(13,091)	(875)
Changes in assumptions underlying the present value of scheme liabilities	(8,900)	(14,910)
Actuarial (loss)/gain recognised in the STRGL	(24,436)	3,928

29 (b) Financial Reporting Standard 17 (FRS 17) 'Retirement Benefits' Disclosures - continued

The movement in the scheme deficit during the year is analysed as follows:

	2006 €'000	2005 €'000
Opening Liability at 1 January	72,731	93,429
Profit and Loss Account charge:		
- regular pension cost	1,929	1,573
- financing (income)/cost	(205)	1,891
Actuarial loss/(gain)	24,436	(3,928)
Payments to pensioners made by the Company	(9,902)	(8,584)
Contributions to pension fund:		
- regular	(12,100)	(11,650)
Closing Liability at 31 December	76,889	72,731

The agreed minimum Company contribution rate for the next year is 86% of pensionable salaries.

History of experience gains and losses for the year ended 31 December:

	2006	2005	2004	2003	2002
Difference between the actual and expected return on scheme assets:					
Amount (€ m)	(2.4)	19.7	(1.6)	1.9	(9.6)
Percentage of scheme assets	(1.6%)	14.3%	(1.6%)	2.9%	(19.2%)
Experience gains and losses on scheme liabilities:					
Amount (€ m)	(13.1)	(0.9)	(12.6)	1.7	(15.5)
Percentage of the present value of scheme liabilities	(5.6%)	(0.4%)	(6.5%)	1.2%	(10.8%)
Experience gains & losses on assumptions:					
Amount (€ m)	(8.9)	(14.9)	(19.2)	(5.2)	(9.4)
Percentage of the present value of scheme liabilities	(3.8%)	(7.1%)	(9.9%)	(3.5%)	(6.5%)
Total amount recognised in Statement of Total Recognised Gains and Losses:					
Amount (€ m)	(24.4)	3.9	(33.4)	(1.6)	(34.5)
Percentage of the present value of scheme liabilities	(10.5%)	1.9%	(17.3%)	(1.1%)	(23.9%)

Notes to the Financial Statements

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29. Pensions - continued

c) Funding

Contributions to the scheme have been determined by the actuary using the attained age method and the Company intends to make regular contributions to the trustee administered funds in accordance with these funding recommendations. The intention of the Company is that the schemes should be fully funded and that they should meet the Minimum Funding Standard (MFS) in accordance with Section 44 of the Pensions Act, 1990 and Section 41(3) of the Harbours Act, 1996 by the "appropriate date". The MFS, in general terms, measures whether the accumulated assets cover liabilities accrued to members assuming the schemes were wound up, using a prescribed basis. The Minister has intimated, following consultation with the Company, that the "appropriate date" for the schemes to meet the MFS would be 30 April 2008. The contribution rate recommended by the actuaries is intended to ensure that the Company achieves this funding requirement. Provision has been made for the pre-Vesting Day accrued liabilities in respect of the past service of employees and current and deferred pensioners.

An actuarial review was carried out at 1 January 2007 in order to confirm the funding position in relation to the Minimum Funding Standard. This review shows that the liability under the Minimum Funding Standard has reduced from €21.6m at the end of 2005 to €6.6m at the end of 2006. This results in the level of funding achieved rising from 86% to 96%.

In certain circumstances, such as where the Company or its' pension scheme is unable to meet its' superannuation benefit obligations as they fall due, the Minister for Transport may, under the provisions of the Harbours Act, 1996 pay to the trustees, such amounts as may be determined by the Minister in respect of liabilities of the relevant schemes that have arisen prior to 3 March 1997.

d) Actuarial Valuation

The most recent actuarial valuation for funding purposes was carried out by a qualified independent actuary as at 1 January 2006 and is available for inspection by the scheme members but not for public inspection. This actuarial valuation for funding purposes resulted in a pension deficit of €32.3m.

The principal actuarial assumptions adopted in this valuation were that the annual rate of return on pre-retirement investments would be 5.5% per annum, the annual rate of return on post-retirement investments would be 4.75% per annum, salary increases would average 4.0% per annum and pensions would increase at 3.25% per annum. The fair market value of the assets of the schemes at 1 January 2006 was €138.1m and the actuarial value of the accrued liabilities based on the present value of projected plan benefits was €170.4m. When compared to the actuarial value of assets this results in an unfunded liability of €32.3m. The funding ratio (assets: liabilities) has increased to 81% from 65% at the previous valuation date.

30. Post Balance Sheet Events

During 2006 Dublin Port Company agreed to the joint sale, with South Wharf plc, of the Irish Glass Bottle site located at Ringsend. The sale was entirely conditional on the approval of the High Court to a scheme of arrangement involving South Wharf plc. Without the approval of the High Court the contract would not have been completed and would have fallen away. The High Court considered the scheme of arrangement on 15 January 2007 and approved the scheme thus enabling the contract to become unconditional and move to completion. The sale completed on 29 January 2007. Dublin Port Company's share of the proceeds amounted to €138,427,632 before professional fees and Capital Gains Tax.

The Company held borrowings amounting to €3,462,182 from the Local Loans Fund. These borrowings were redeemed in full in January 2007.

There have been no events between the Balance Sheet date and the date on which the financial statement were approved by the Board, which would require adjustment to the financial statements or any additional disclosures.

31. Approval of the financial statements

The Directors approved the financial statements on 29 March 2007.

Port Statistics

The financial statements set out on pages 24 – 44 cover the year ended 31 December 2006 together with comparative figures for 2005.

For comparison purposes, the unaudited statistics reproduced below cover trade for Dublin Port Company for the calendar years 1997 - 2006.

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Vessels - Total Arrivals	6,333	6,596	7,424	7,955	7,749	7,798	7,917	7,502	7,579	7,427
Throughput ('000 tonnes)										
RoRo	8,960	9,886	10,365	11,354	12,190	13,006	13,565	14,306	14,901	16,075
LoLo	3,846	4,166	4,356	4,446	4,170	4,304	4,685	5,202	5,811	6,778
Bulk Liquid	2,518	2,814	3,423	3,345	3,471	3,469	3,477	3,907	4,037	4,055
Bulk Solid	1,251	1,348	1,623	1,692	1,892	1,353	1,704	1,756	2,085	2,285
Break Bulk	220	276	219	162	153	112	109	87	89	73
	16,795	18,490	19,986	20,999	21,876	22,244	23,540	25,258	26,923	29,266
RoRo Units ('000)	378	399	451	490	531	548	571	608	630	693
LoLo TEU's ('000)	381	424	442	444	435	456	496	541	590	681
Passenger numbers ('000)	962	1,279	1,351	1,438	1,406	1,437	1,426	1,363	1,194	1,185



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