Dublin Port Company
Annual Report & Financial Statements 2017

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DUBLIN PORT COMPANY

Annual Report & Financial Statements

2017

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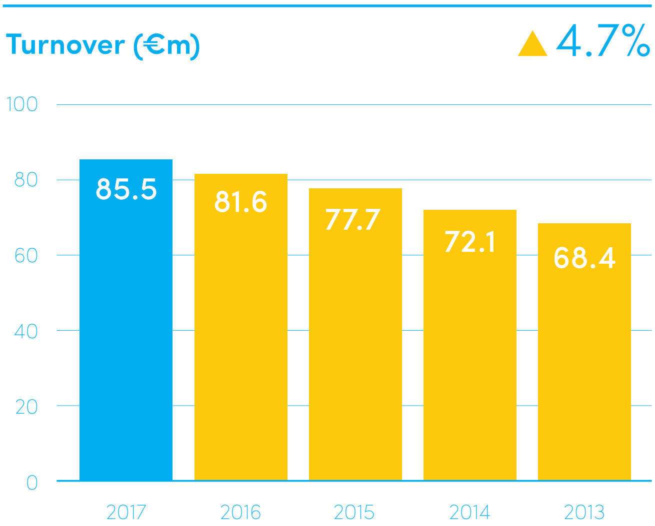
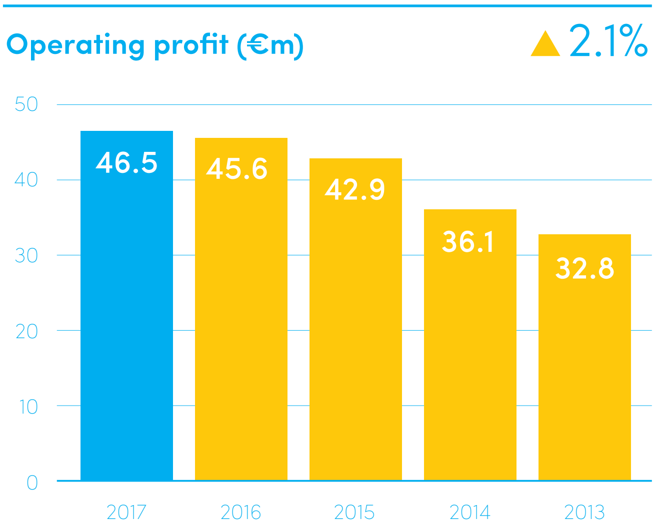
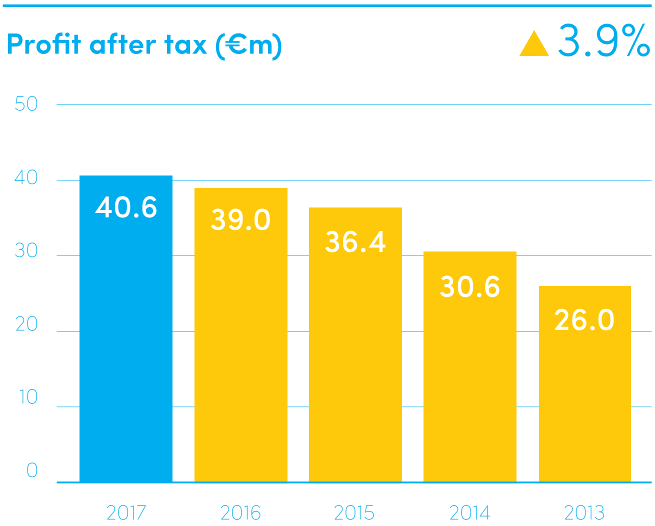
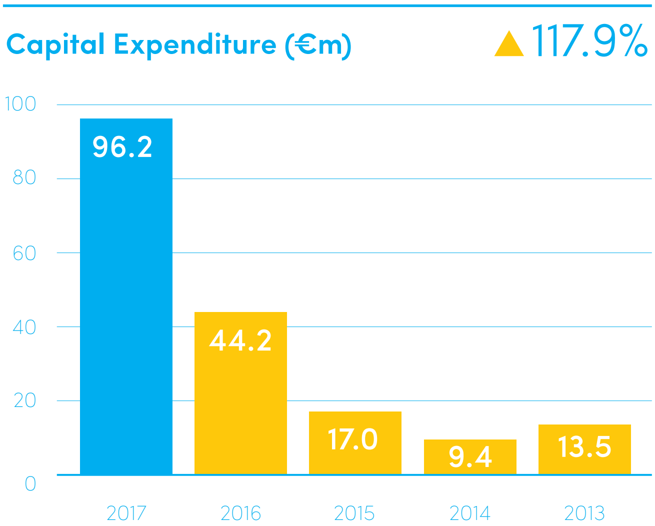
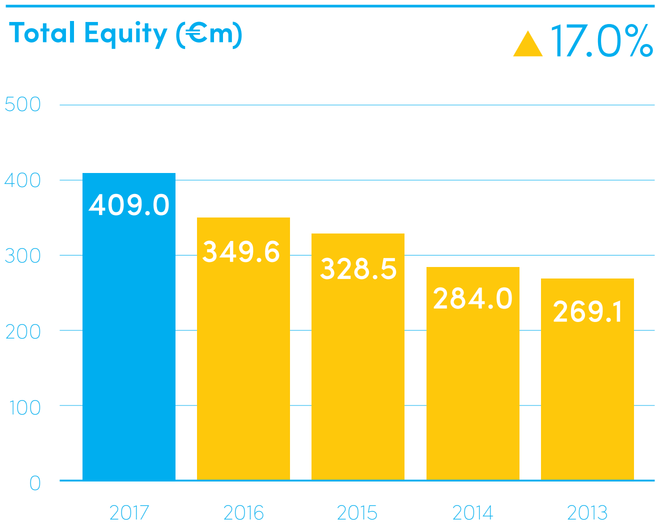
2017 Financial Highlights

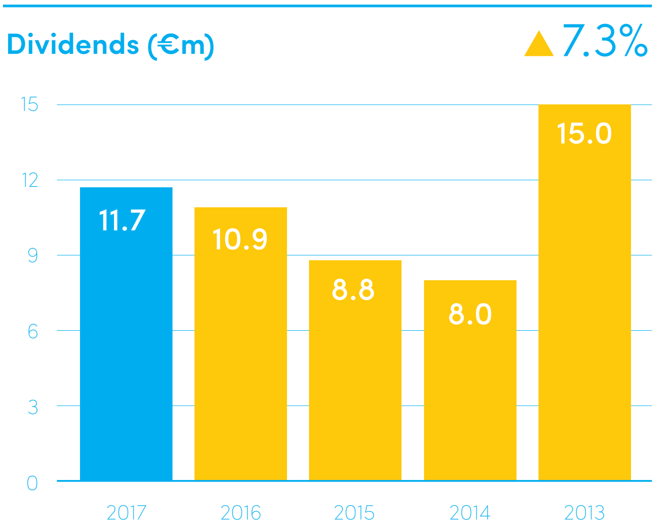












Trade volumes up 4.3% in 2017

2016: up 6.3%

Total throughput was 36.4 million tonnes

2016: 34.9 Million tonnes

992,062 RoRo units passed through the Ports Ferry Terminals

2016: 944,531 units

698,348 TEUs were handled in the Ports three container terminals

2016: 663,732 TEUs

1,846,553 passengers travelled through the Port

2016: 1,814,089

210,050 cruise Passengers and crew on 127 cruise vessels visited the Port

2016: 159,124

Key Financial Performance Indicators

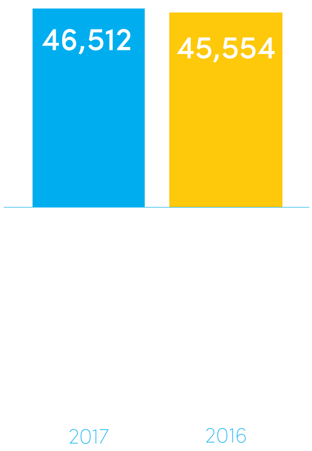
	2017 €'000	2016 €'000
Turnover	85,497	81,633
Operating Profit	46,512	45,554
Operating Margin (%)	54.4%	55.8%
EBITDA	53,625	53,642
EBIT	46,512	45,554
Net Interest Charges	422	847
Interest cover		
– EBITDA basis (times)	127.1	63.3
– EBIT basis (times)	110.2	53.8
Net (Debt) / Cash	(37,864)	2,986
Net (Debt) / Cash as a percentage of total equity (%)	(9.3%)	0.9%
Net (Debt) / Cash as a percentage of fixed assets (%)	(9.1%)	0.9%
Return on Capital Employed (ROCE) (%)	12.0%	13.9%

	2017 €'000	2016 €'000
EBIT	**46,512**	**45,554**
Depreciation	9,562	9,082
Amortisation	(542)	(475)
Revaluation of investment property	(1,600)	(350)
Profit on disposal of fixed assets	(307)	(169)
EBITDA	**53,625**	**53,642**

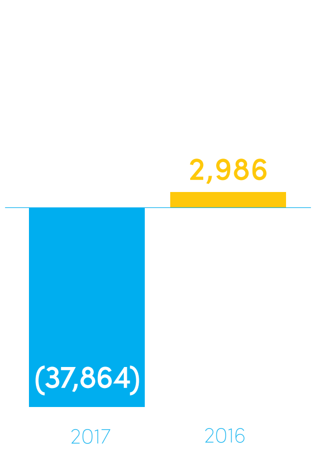
EBIT – earnings before finance costs and tax
EBITDA – earnings before finance costs, tax, depreciation, amortisation, exceptional items and non-exceptional redundancy costs
Interest cover – the ratio of EBITDA or EBIT to net interest charge
ROCE – the ratio of operating profit to average capital employed

EBITDA
(€'000)

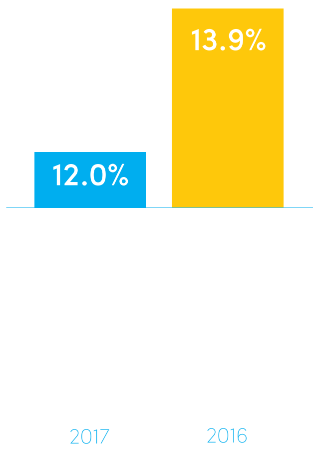
EBIT
(€'000)



Net (Debt) / Cash
(€'000)



Return on Capital Employed (ROCE)



Directors and Other Information

Lucy McCaffrey
Chairperson

In a career spanning thirty years, Lucy McCaffrey has worked as a business consultant with public and private sector organisations in Ireland and leading multinationals in Europe, the United States and Africa. In 1992, following a number of years with Boston-based innovation consultancy Synectics Inc. she founded Latitude, a consultancy that specialises in supporting strategic organisational change. Latitude's private sector assignments have spanned the financial services, manufacturing, professional and service sectors. Public sector work has included the facilitation of significant change programmes within a wide range of organisations and initiatives to foster inter-organisation effectiveness and collaboration.

Lucy was first appointed Chairperson of Dublin Port Company by the Minister for Transport in December 2009 and was re-appointed in 2014. She served as a Director of The Dublin Docklands Development Authority, was a Director of Dublin Port Company between 1997 and 2002 and served on the board of the Project Arts Centre for a five year term (1988-1993).

Eamonn O'Reilly
Chief Executive

Eamonn O'Reilly was appointed Chief Executive of Dublin Port Company in August 2010 having previously held the position of Chief Executive at Portroe Stevedores, the Dublin Port based cargo handling business, since 2005. Eamonn also held the role of group development manager of Portroe's parent company, Doyle Shipping Group, during that time.

Prior to joining the Doyle Shipping Group, Eamonn was Project Manager for Securicor Ireland and has also worked as a management consultant with KPMG. He served as Chief Executive of Marine Terminals Limited between 1992 and 1996.

Eamonn started his career as an engineer with Irish Cement Limited before working overseas in Egypt, Saudi Arabia and the Congo.

Eamonn is a chartered engineer having graduated from University College Dublin and holds an MBA from Trinity College Dublin. Eamonn is a member of Engineers Ireland, and current Chairman of the European Sea Ports Organisation (ESPO) and is a member of the General Stevedoring Council.

Paul Bates
Director

Paul was appointed to the Board in September 2013 by the Minister for Transport, Tourism and Sport. In a Civil Service career spanning 44 years, Paul served in a range of Government Departments, including 18 years on the Tourism portfolio and 4 years as Commercial Counsellor at the Irish Permanent Representation to the EU in Brussels. Before retiring in March, 2013, Paul served as Assistant Secretary General and Head of the Tourism Division in the Department of Transport, Tourism and Sport.

Paul's experience includes strategic policy development and analysis, programme design and management, effecting the restructuring of State agencies, governance of State bodies and drafting legislation.

Paul studied economics at UCD and has completed the Assistant Secretary Leadership Challenge Programme at Harvard University.

He previously was appointed by the Government as a member of the Irish Film Board, as a Director of the Shannon Free Airport Development Company Limited and as a Director of Overseas Tourism Marketing Initiative Limited.

Directors and Other Information (continued)

Geoffrey Darling
Director

Geoff was appointed to the Board by the Minister for Transport, Tourism and Sport in July 2014. A shipping consultant and investor in ships, Geoff has more than 40 years experience within the shipping industry, both at sea and ashore.

Geoff is an advisor to and founding member of a privately held investment group in the shipping industry. The company commercially manage, co-invest in, buy or build ships in various shipping market segments.

As a consultant he advises various clients on commercial and operational aspects within the shipping industry. Geoff was a founding shareholder/director of an independent ship commercial management company. The company developed into one of the foremost Specialised Reefer Operators. The company was sold in 2005.

His experience covers various shore based management roles within the shipping industry. He is a qualified and experienced Class 1 Master Mariner whose sea experience encompasses 15 years trading worldwide in seagoing ranks including Captain.

Emer Finnan
Director

Emer Finnan was first appointed to the Board of Dublin Port Company in February 2011 by the Minister for Transport and was reappointed in November 2016. Emer is a finance professional with over 20 year's experience, and is a Partner and Senior Managing Director of Kildare Partners (a private equity fund), since September 2013. Prior to taking up this position, Emer headed up NCB's financial institutions Group between September 2012 and September 2013. From January to September 2012 Emer worked as an independent consultant. Emer held the role of Finance Director with EBS Building Society from February 2010 to December 2011 and held strategic roles in EBS between 2005 and 2010, in addition to fulfilling the role of Company Secretary during much of that period. Prior to joining EBS, Emer worked as a Director with NCB Corporate Finance Limited and advised on a large number of transactions in the Irish market. Before that Emer worked with ABN AMRO Bank N.V. and Citibank in corporate finance in London. Emer trained as a Chartered Accountant with KPMG.

Emer is a graduate of University College Dublin and a Fellow of the Institute of Chartered Accountants in Ireland. Emer served on the Board of the RTÉ Authority from 2005 to 2010 and is a Director of C&C Group plc and Children's Fund for Health Limited, the charity associated with the Temple St. Children's Hospital.

Michael Hand
Director

Michael Hand was appointed to the Board in February 2018 for a period of three years. He has extensive experience over 40 years as a senior leader in the Consulting Engineering and Construction sectors in Ireland and has a track record in leading the design and delivery of major strategic infrastructure projects. He has acted as Chairman and Managing Director of PH McCarthy Consulting Engineers and as a Director of WYG Engineering and JB Barry Consulting Engineers.

From 2010 to 2016, Michael acted as CEO and Director of Grangegorman Development Agency. He is a Non-Executive Director of EirGrid Plc and Irish Archaeological Consultancy Ltd. He has also worked with distinction as a volunteer and Director in the voluntary community sector.

Michael is highly qualified in Engineering and Business. He holds a Degree in Civil Engineering from NUIG and a Masters in Business Administration from UCD. In 2014, he was conferred with an Honorary Doctorate by DIT. He is a Fellow of four professional institutions and is a Chartered Engineer, a Chartered Director and a Chartered Water & Environment Manager.

Helen Collins
Director

Helen first joined the Board in August 2012. She is a solicitor by profession and until 2010 was a partner in McCann FitzGerald, with particular experience in commercial litigation in company, banking, insurance, regulatory, EU, Constitutional and administrative law.

Helen is Secretary to the Board and Compliance Officer in NDRC, a company that resources and builds young digital companies to invest in, in order to ensure that digital entrepreneurship is a vibrant and growing part of the economy.

Helen is also a member of the Panel of the Irish Financial Services Appeals Tribunal, and an accredited CEDR mediator.

Keith Nolan
Director

Keith was appointed to the Board of Dublin Port Company in September 2017. Keith joined the Company in 1997 serving in the role of IT programmer. Keith has since progressed to his current role of ICT Operations Manager taking up more responsibilities and enhancing his skills along the way.

Keith has extensive experience with ICT and his 21 years' in the Company has exposed him to every section of the organisation and to all of Dublin Port Company's Operations.

Keith is a long standing member of SIPTU and has been actively involved in a central role on the SIPTU section committee for nearly 20 years.

Michael Sheary
Company Secretary & Chief Financial Officer

Michael Sheary joined the Company in 1982 and served in a number of senior roles including Assistant Financial Controller until his appointment as Company Secretary and Chief Financial Officer in 2001. Since then Michael has overseen the financial, legal and administrative functions of the Company.

Michael qualified as a Chartered Certified Accountant in 1988 and was admitted as a Fellow of the Association of Chartered Certified Accountants in 1996. Michael is a Director of Ringsend Bridge DAC having previously represented Dublin Port Company as a Director of East Link Limited. Michael also acts as a Trustee of Dublin Port Company's Defined Benefit pension scheme.

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

Registered Number:
262367

Principal Bankers
Bank of Ireland
2 Burlington Plaza
Burlington Road
Dublin 4

European Investment Bank
98-100 boulevard Konrad Adenauer
L-2950 Luxembourg

Ulster Bank DAC
Ulster Bank Group Centre
George's Quay
Dublin 2

Auditors
Deloitte
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Actuaries
Mercer
Charlotte House
Charlemont Street
Dublin 2

Solicitors
Beauchamps Solicitors
Riverside Two
Sir John Rogerson's Quay
Dublin 2

Eversheds
One Earlsfort Centre
Earlsfort Terrace
Dublin 2

Mason Hayes & Curran
South Bank House
Barrow Street
Dublin 4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Chairperson's Statement

> **In addition to being a record year for throughput, turnover and profit levels, 2017 was also a record year for investment in infrastructure by the Company**
>
> Lucy McCaffrey — Chairperson

Trade and Financial Review

In 2017, Dublin Port continued to serve as the main gateway for trade in and out of Ireland, with record levels of throughput being handled for the third successive year. Total throughput for the year amounted to 36.4m tonnes, representing a 4.3% increase on 2016 and with compound growth over the last five years amounting to 30.1%, volumes are now 5.5m tonnes (17.7%) higher than at the previous peak in 2007 prior to the economic downturn. The main features of throughput performance are summarised as follows:

- Total throughput up 4.3% from 34.9m tonnes to 36.4m tonnes
- Imports up 3.9% from 20.7m tonnes to 21.5m tonnes
- Exports up 4.9% from 14.2m tonnes to 14.9m tonnes

Volume growth in 2017 was again underpinned by strong growth in the unitised sector with the Ro-Ro and Lo-Lo trades recording increases of 5.0% and 5.2% respectively in terms of units handled. The combined tonnage of the unitised trades amounted to 30.1m tonnes in 2017, accounting for 82.6% of total trade through the port. Liquid bulk volumes, primarily oil products increased by 6.6% to 4.3m tonnes while bulk solid volumes fell by just 1.0% largely as a result of lower cement exports as the domestic construction sector continued to recover.

On the tourism side of the business, ferry passenger numbers at 1.8 million were 1.8% higher than the previous year while the Port welcomed 127 cruise ships in 2017 compared to 109 in 2016. Within this there was an increase in the number of large cruise ships with passenger / crew numbers increasing by 32.0% from 159,000 in 2016 to 210,000 in 2017.

The growth in throughput volumes has contributed to another strong financial performance in 2017 whereby:

- Turnover increased by 4.7% from €81.6m to €85.5m
- Operating Profit increased by 2.1% from €45.6m to €46.5m
- Profit for the Financial Year increased by 3.9% from €39.0m to €40.6m

As volumes through the Port continue to increase, Dublin Port Company's role in delivering the required capacity to handle higher trade volumes becomes all the more important. To this end, in addition to being a record year for throughput, turnover and profit levels, 2017 was also a record year for investment in infrastructure by the Company. In cash terms the Company invested in excess of €78m in port infrastructure during the year, primarily driven by investment in the Alexandra Basin Redevelopment Project, the first major project to be brought forward under the Company's Masterplan 2012-2040. The acquisition of lands in relation to the new Dublin Inland Port facility was also completed during the year and total additions to fixed assets as reported in the financial statements amounted to €96m.

Chairperson's Statement (continued)

The Board of Dublin Port Company is committed to ensuring delivery of the required capacity and to this end:

- The process of relocating non-core activities to the company's new Dublin Inland Port facility has commenced. This will ensure that lands within the port estate are used to the greatest extent possible for the transit storage of cargo.
- The review of the Masterplan 2012-2040 will be completed by April 2018 and will update the program for implementation of the projects required to deliver the necessary infrastructure to handle future growth
- The work to bring forward to planning the second Strategic Infrastructure Development (SID) envisaged under the Masterplan has commenced with the objective of being in a position to lodge an application for planning permission by the end of 2018.

Masterplan 2012-2040

In my report last year I set out the approach that the Company was taking with regard to the first review of the Masterplan 2012-2040. I am pleased that this work is now largely complete and we are currently finalising the Strategic Environmental Assessment that will accompany the Masterplan. It is envisaged that these documents will be issued in April 2018 for a final round of public consultation, with final publication expected by the end of June 2018.

The review of the Masterplan has led to an increase in our underlying long term growth assumption for throughput from 2.5% per annum to 3.3% per annum. On this basis throughput is expected to increase to 77m gross tonnes by 2040 compared to the 60m gross tonnes expected under the initial plan.

One of the most important outcomes from the review process is the commitment that Dublin Port Company will not seek to expand by way of infill into Dublin Bay. It is proposed to cater for this growth in throughput by utilising the existing footprint of the Port, both on the North Quays and within the Poolbeg Peninsula together with the additional lands we have acquired at Dublin Inland Port. On this basis we have prepared an ambitious Ten Year Capital Investment Programme which will see €1bn invested in the infrastructure projects set out in the Masterplan in order to deliver the capacity required to cater for the anticipated growth in trade.

The reviewed Masterplan will continue to play a significant role in providing guidance and a strategic context on the future of the Port not only to Dublin Port Company but also to National and Local Government, statutory agencies and planning and development agencies. The Masterplan helps to inform National Ports Policy, Transport Policy and guides the Planning and Permitting Authorities in determining policies and specific proposals concerning Dublin Port.

Dublin Inland Port

In 2016 the Board made the landmark decision to acquire 44 hectares of land located at the Dublin Airport Logistics Park adjacent to the M50, for the purpose of establishing an External Port Logistics Zone. The acquisition of these lands was completed during 2017.

Following completion of this acquisition the initial enabling works were completed including security fencing, landscaping works and construction of a new entrance to the facility. During 2018 we will lodge the appropriate planning applications to develop individual sites with a view to commencing construction before year end.

The development of Dublin Inland Port will be a key enabler in delivering on the overarching objective of the Masterplan, of utilising the existing footprint of the Port to the greatest extent possible, by facilitating the re-location of non-core activities from within the port estate. In addition it is envisaged that the lands will ultimately provide a staging area to cater for import/export cargoes as port volumes continue to grow.

Throughput is expected to increase to 77m gross tonnes by 2040 compared to the 60m gross tonnes expected under the initial Masterplan.

Alexandra Basin Redevelopment Project

Significant progress is being made in the implementation of the first major project to be brought forward under the Masterplan – the Alexandra Basin Redevelopment Project. Works undertaken in 2017 concentrated on new quay construction at the western end of the basin together with the reconstruction and deepening of berths along Ocean Pier. In addition, the first season of capital dredging was undertaken from October 2017 to March 2018. The capital dredging programme to be carried out over six seasons will ultimately lead to an increase in channel depth to -10.0m CD. The total spend on the ABR project in 2017 was €64m.

MP2 Project

We have now commenced the process to implement the second major project envisaged under the Masterplan – the MP2 Project.

This project is intended to provide additional capacity both for Ro-Ro and Lo-Lo as follows:

- Creation of a unified ferry terminal for up to three existing operators with a freight capacity of 1.5m Ro-Ro units per annum (equivalent to 67% of the throughput projected by 2040) and a passenger capacity of up to three million per annum
- Expansion of the existing DFT Container Terminal to provide a throughput capacity of 740,000 TEU per annum (equivalent to 47% of the throughput projected by 2040).

The MP2 Project will be of a scale which will require it to be considered directly by An Bord Pleanála as a Strategic Infrastructure Development and we envisage lodging the appropriate planning application by the end of 2018.

Poolbeg West SDZ

The Poolbeg West SDZ Planning Scheme was made by Dublin City Council in October 2017. The scheme, which provides a framework for the future development of the 34 hectares contained within the SDZ area, also incorporates land use zonings compatible with the Masterplan 2012-2040.

Approximately half of the SDZ lands are owned by Dublin Port Company and the zoning of these lands for port development is welcomed by the Board as a key element to facilitate the provision of additional facilities to deliver the cargo handling capacity requirements envisaged under the Masterplan 2012-2040. Importantly, the land use zoning provided for in the Planning Scheme contributed to our concluding that Dublin Port could be developed to provide capacity for projected volumes to 2040 without any further infill into Dublin Bay.

The Board of Dublin Port Company considers that the land use objectives of the Company for Poolbeg, as set out as part of the Masterplan Review process, are essential in the context of delivering the capacity to cater for throughput growth and that it is essential that the Company's lands at Poolbeg are retained to cater for this expansion of capacity.

Brexit

The strong correlation we have seen between our volume growth and GDP growth has been evident for many years. At a macroeconomic level, the degree to which the UK's Brexit decision impacts on GDP growth will have a knock-on effect for volumes through the Port.

At a practical level, Revenue and other statutory stakeholders will need to examine their requirements in the context of Brexit – for example the HSE, Department

of Agriculture and An Garda Síochána will all be faced with new requirements to ensure that the integrity of new border controls is respected in a post Brexit environment. For some of these entities there will be a requirement to inspect additional levels of cargo under their relevant statutory remits.

Dublin Port Company is planning on the basis that border controls will be in place from 29 March 2019 and is working with the OPW to ensure that the appropriate facilities are in place for the relevant State agencies.

Port – City Integration

Dublin Port Company values the centuries-old interdependence between Dublin City and its Port and actively works to strengthen Port/City integration. Our Corporate Social Responsibility and Soft Values strategies are the primary means to make this greater integration a reality.

Through its CSR programme, Dublin Port Company commits the Port to contribute to sustainable economic development. Working with employees, the local community and society at large, we aim to improve quality of life in ways that are both good for the business of the Port and good for Dublin City, its citizens and visitors.

In keeping with this commitment, Dublin Port Company is keenly aware of the strong connection with local communities which has been established over many years and the CSR programme seeks to support activities in local communities in the areas of education, sports and community projects.

Key initiatives in 2017 included our involvement with:

- Ringsend District Response to Drugs (RDRD)
- National College of Ireland Early Learning Initiative
- Dublin Port Company's on-going Scholarship programme
- Dublin Docklands Construction Skills Initiative
- Various sporting clubs and activities

In keeping with the commitments set out in the Masterplan, the Board has approved a soft values framework. This framework further underpins the objective of Port/City reintegration and points the way towards developments that are compatible with the requirements of E.U. environmental legislation.

The framework seeks to ensure that we:

- Integrate new development with the built and natural landscapes of the surrounding area
- Promote sustainable design in the natural and built environment
- Secure the preservation of all protected structures within the port estate
- Promote the principles of Universal Design to make environments inherently accessible for those with and without disabilities
- Provide access for recreation in Dublin Port by means of walking and cycle routes, facilities for bird watching and wildlife observation and for the appreciation of activity within the port and views across Dublin Bay
- Develop landmark attractions such as a Port Heritage Centre

> **Working with employees, the local community and society at large, we aim to improve quality of life in ways that are both good for the business of the Port and good for Dublin City, its citizens and visitors.**

- Maximise public access to the waterfront and enhance the public realm by landscaping and by high cleanliness standards.

The reconfiguration and official opening of Port Centre in October was the culmination of a landmark series of cultural and industrial heritage projects for Dublin Port Company throughout 2017.

Launched by An Taoiseach Leo Varadkar, TD and Ardmhéara Bhaile Átha Cliath and Honorary Admiral of Dublin Port, Mícheál Mac Donncha, the new public realm surrounding the Company's headquarters on Alexandra Road marks the beginning of a new chapter in the Port's history.

Front and centre is a four-tonne stainless steel ball inspired by the Time Ball, which originally stood on the roof of the Ballast Office at the corner of Aston Quay and Westmoreland Street. Surrounding the plaza is a landscaped maritime garden featuring a newly commissioned sculpture 'The Drop' by NCAD graduate and upcoming Irish artist Eimear Murphy. Made from solid concrete, the piece plays with the notions of fluidity and design.

Completing the new environs of the 1981 Scott Tallon Walker building is Crane 292, a refurbished 1960s Stothert & Pitt crane. It once served as a workhorse of the Port, loading and unloading bulky material from ships at Alexandra Quay from 1964 through to its retirement in 1997. Now restored to its former glory, Crane 292 - painted in 'port blue' - is illuminated at night. It provides a new focal point for docklands, a welcome enhancement to the City and port skyline and serves as an important reminder of the merchant trade that once graced the quay walls of the City.

In parallel, Dublin Port turned to the arts to tell its story in a new way and, throughout 2017, set about opening up different dimensions of the port to new audiences by means of Port Perspectives. Initiatives launched during the year included:

- Silvia Loeffler's 'Transit Gateway: A Deep Mapping of Dublin Port' which documented the transitional changes in the shape of Dublin Port, from its medieval shoreline to the modern day configuration
- Sheelagh Broderick's collaboration with international seafarers visiting the Seafarers' Centre in Dublin Port that resulted in the creation of a series of podcasts that give a unique insight into the usually unreported lives of seafarers
- Port|River|City, a unique programme of screenings and site-specific moving image installations, curated by Alice Butler & Daniel Fitzpatrick of Aemi and artist Cliona Harmey.

In addition to commissioning new public artworks, Port Perspectives featured Port Life: Eugeen Van Mieghem, a four-month exhibition at Dublin City Gallery The Hugh Lane. The exhibition brought the works of the acclaimed Belgian artist to Irish audiences for the first time, depicting life in the Port of Antwerp at the turn of the 20th century.

The final strand of Port Perspectives in 2017 was Dublin Port's sponsorship of Jesse Jones at the 57th International Venice Biennale. This was an initiative of Culture Ireland in partnership with the Arts Council.

Conclusion

The results achieved in 2017 were enabled by the staff and management of Dublin Port Company, under the dedicated leadership of Chief Executive, Eamonn O'Reilly. The Board appreciates their fine work.

We have greatly appreciated the collaboration of all those who have a stake in the Company's success – customers, suppliers and statutory agencies.

I wish to thank the Minister for his support and to acknowledge the dedicated personnel in the Department of Transport, Tourism and Sport.

Finally, I wish to thank my colleagues on the Board for their work over the past year.

Lucy McCaffrey
Chairperson

28th March 2018


DIVING


BELL

Growth was strong on both the import and export sides reflecting the generally positive performance of the economy during the year.

Eamonn O'Reilly – Chief Executive

Chief Executive's Review

Dublin Port Trade Review

In 2017, volumes grew to 36.4m tonnes, an increase of 4.3% on the previous year.

Growth was strong on both the import and export sides reflecting the generally positive performance of the economy during the year.

'000 gross tonnes	2017	2016	% change
Imports	21,546	20,745	3.9%
Exports	14,876	14,184	4.9%
Total	**36,422**	**34,929**	**4.3%**

Our business is increasingly dominated by the unitised modes which together account for 82.6%. A decade ago, they represented 78.5% of total gross tonnage.

'000 gross tonnes	2017	2016	% change
Ro-Ro	23,412	22,484	4.1%
Lo-Lo	6,673	6,328	5.4%
Bulk Liquid	4,281	4,017	6.6%
Bulk Solid	2,034	2,053	(1.0%)
Break Bulk	22	47	(52.8%)
Total	**36,422**	**34,929**	**4.3%**
Unitised	30,085	28,812	4.4%
Non-unitised	6,337	6,117	3.6%

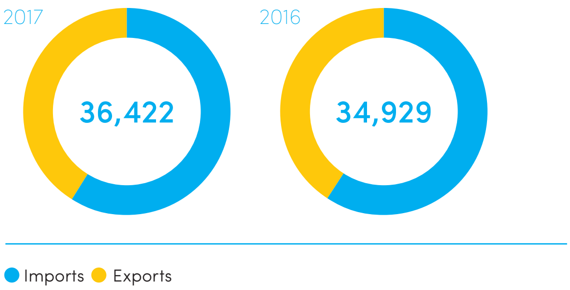
The major part of our growth of 1.5m gross tonnes in 2017 (85%) came in the larger unitised modes which grew by 4.4% while, the smaller non-unitised modes had a lower rate of growth at 3.6%.

	2017	%
Unitised	1,273	85.3%
Non-unitised	220	14.7%
Total	**1,493**	**100.0%**

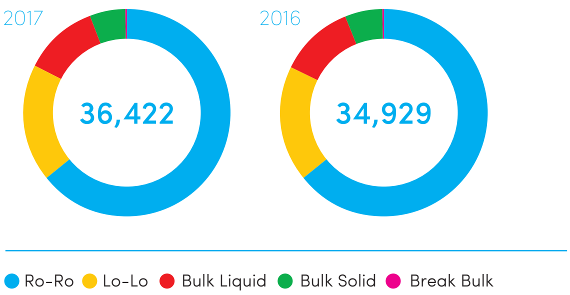
Looked at in terms of units for Ro-Ro and TEU for Lo-Lo, we saw strong growth in Ro-Ro in 2017 (+5.0%) and even stronger growth in Lo-Lo (+5.2%).

	2017	2016	% change
Ro-Ro units	992,062	944,531	5.0%
Lo-Lo TEU	698,348	663,732	5.2%

Gross tonnes imports/exports ('000)



Gross tonnes modes ('000)



Chief Executive's Review (continued)

Trade Vehicle volumes were down by 4.6% from 104,185 units to 99,383 units reflecting increased importation of used cars from the UK as a product of sterling weakness during the year.

Within the Bulk sector, Bulk Liquid (which is virtually all petroleum products) increased by 6.6% while Bulk solid decreased by 1.0% driven in the main by reductions in the export of cement products.

The tourism side of our business showed modest growth with ferry passengers up 1.8% at 1.8m and tourist vehicles ahead 1.9% at 514,908 units.

Cruise tourism grew strongly in 2017 with 127 cruise calls during the year representing a 16.5% increase on the previous year.

	2017	2016	%
Cruise calls	127	109	16.5%
Passengers and crew	210,050	159,124	32.0%
Aggregate gross tonnage	5,749,351	4,354,130	32.0%

Financial Performance in 2017

Dublin Port Company is an infrastructure provider with relatively little involvement in operational activities. As such, we have high operating leverage and expect to see volume increases directly driving revenue and profit levels.

During 2017, our 4.3% volume increase drove our revenues up by 4.7% from €81.6m to €85.5m.

Total operating costs in 2017 amounted to €40.9m representing a €4.3m (11.7%) increase on the previous year.

- Depreciation costs increased by €0.4m from €8.6m in 2016 to €9.0m in 2017 reflecting the higher fixed asset base as a result of the Company's on-going capital investment programme
- Pension funding costs are €2.7m higher in 2017. The 2016 charge benefitted from a €1.9m past service credit following the application of the impact of the pension levy to active members of the fund while a past service charge arises in 2017 amounting to €0.5m
- Payroll costs were €0.6m higher reflecting pay escalation arising in 2017 together with an increase in the average number of persons employed from 146 to 148
- Other costs in 2017 were €0.6m higher by comparison with the previous year, mainly as a result of a €0.4m legal fees recovery settlement in 2016.

Other operating income arising in 2017 in the amount of €1.9m relates to an increase in the valuation of the Company's investment property "P5" located in the Eastpoint Business Park amounting to €1.6m together with profit on disposal of fixed assets amounting to €0.3m. The comparative figure in 2016 was €0.5m comprised of €0.3m in respect of P5 and €0.2m in respect of profit on disposal of fixed assets.

As a result of the foregoing the Company's operating profit increased by €1.0m (2.1%) from €45.6m in 2016 to €46.5m in 2017. Excluding the increase in pension funding costs (which were impacted by the past service credit in 2016), the underlying operating profit level increased by €3.6m (7.9%) on the previous year.

€'000	2017	2016	% change
Turnover	85,497	81,633	4.7%
EBITDA	53,625	53,642	0.0%
Operating Profit	46,512	45,554	2.1%
PBT	46,344	45,082	2.8%
PAT	40,575	39,040	3.9%

As an infrastructure provider with large imminent capital expenditure requirements, cash generation, Return on Capital Employed and net debt are key measures of our business strength.

EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) amounted to €53.6m in both years, (taking account of the deduction for the non-cash item related to the increased valuation in respect of the investment property P5).

€'000	2017	2016
Operating Profit	46,512	45,554
Depreciation	9,562	9,082
Amortisation	(542)	(475)
Other income	(1,600)	(350)
Exceptional Items – profit on disposal of assets	(307)	(169)
EBITDA	**53,625**	**53,642**

Beyond this, our Return on Capital Employed (ROCE) decreased from 13.9% in 2016 to 12.0% in 2017. This reflects the higher level of Capital Expenditure arising in 2017 and the long term nature of port infrastructural investment. Fixed Assets at year end totalled €418.2m compared to €330.0m at the end of 2016. The movement in Fixed Assets for the year is explained by additions of €96.2

together with an increase in valuation of the Company's investment property amounting to €1.6m, offset by the depreciation charge for the year amounting to €9.5m. The Fixed Asset additions reflect a cash investment during the year in excess of €78m together with an additional €14m in respect of the completion of the land acquisition transaction in respect of the Dublin Inland Port Facility.

At year end our net debt position was €37.9m compared to a €3.0m net cash position at the end of 2016 again reflecting the high level of capital expenditure arising in 2017.

€m	2017	2016
Cash (including short term deposits)	€21.9m	€38.0m
Borrowings	(€59.8)	(€35.0m)
Net (Debt) / Cash	**(€37.9m)**	**€3.0m**

The Company has a €100m EIB long-term debt facility available (of which €25m was drawn down at year end) which, combined with medium term debt facilities of €50m (of which €35m is currently drawn), ensures that we are in a strong position to implement the continuing programme of essential capital investment in 2018 and beyond. With regard to full implementation of the Masterplan we have commenced discussions with various financial institutions with a view to putting appropriate funding in place to ensure delivery of our 10 year capital expenditure programme.

Events during the Year

Construction activities on a wide range of capital projects ramped up during 2017.

There was significant progress on the ABR Project, notably the commencement of the six year capital dredging campaign to deepen Dublin Port to -10.0m CD.

The first project at Dublin Inland Port (to construct an entrance and secure the perimeter) was completed during the year.

On the planning side, the Poolbeg West SDZ Planning Scheme was made by Dublin City Council in October 2017 and incorporated zonings compatible with the Masterplan 2012-2040. However, the planning scheme has been appealed to An Bord Pleanála and we await the outcome of this process.

The review of the Masterplan continued during 2017 and a clear vision is emerging that will see Dublin Port being developed to its full capacity by 2040 without further encroachment into Dublin Bay.

Outlook for 2018

A Strategic Environmental Assessment of the Masterplan Review will be completed during 2018 and it is planned to publish Masterplan 2040 by mid-year.

Allied to this, the Company is planning an accelerated capital programme which will see capital expenditure in the ten years to 2027 increase from the previously planned value of €600m to €1,000m. This creates a major financing challenge for the Company but is essential if we are to continue to provide capacity to meet the rapid growth we are experiencing.

The first planning permissions for the development of sites for port-related but non-core activities to be displaced from Dublin Port to Dublin Inland Port will be lodged during 2018 and it is anticipated that construction will be underway before year end.

With BREXIT due to occur in March 2019, and given the great uncertainty about what this will mean, we will during 2018 make the necessary preparations for the reintroduction of border controls in Dublin Port should that ultimately prove necessary.

Towards the end of 2018, we will commence a public consultation process on port infrastructure charges in a manner consistent with the Port services Regulation which comes into force in 2019. Port charges for the largest modes of cargo have not increased since the Company was corporatised in 1996. Given the high level of capital investment required, given the imperative to maximise the utilisation of the Port's lands and given the existence of some significant anomalies in the Port's charging structures, it is timely for a review of port charges to be carried out.

Finally, none of our development plans are possible unless we succeed in obtaining the necessary permissions and consents. This requires us to demonstrably manage and develop Dublin Port in accordance with the principles of proper planning and sustainable development. During 2018, we will continue our programme of initiatives to re-integrate the Port with the City across all of the areas we have been active in in recent years. These include the development of a Natural Capital Policy for Dublin Port and the continuation of a programme of heritage and cultural activities.

Eamonn O'Reilly
Chief Executive

28th March 2018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Directors' Report

The Directors present their Annual Report together with the audited financial statements of the Company for the financial year ended 31 December 2017.

Directors' Responsibility for Financial Statements

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with Irish law.

Irish law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and of the profit or loss of the Company for the financial year. Under that law the Directors have prepared the financial statements in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard (FRS) 102, the financial reporting standard applicable in the UK and the Republic of Ireland and promulgated by the Institute of Chartered Accountants in Ireland and Irish law).

Under Irish law, the Directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

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;
- state whether the financial statements have been prepared in accordance with applicable accounting standards and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the Directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The Directors 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Legal Status

Dublin Port Company is a Designated Activity Company limited by shares established under statute pursuant to the Harbours Act, 1996 and incorporated in Ireland. 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.

On 12 July 2011 the Minister for Transport transferred the assets and liabilities of Dundalk Port Company to Dublin Port Company under SI No. 361 of 2011.

Principal Activities

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

Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and employment of competent persons. The accounting records 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 2016, are set out in the Profit and Loss Account and the related notes. The Key Financial Performance Indicators of the business are set out below and in the Chief Executive's Review.

Throughput was ahead of 2016 by 4.3% at 36.4 million tonnes (2016: 34.9 million tonnes). Exports grew by 4.9% in the year to 14.9 million tonnes (2016: 14.2 million tonnes) while imports grew by 3.9% to 21.5 million tonnes (2016: 20.7 million tonnes).

Turnover for the year amounted to €85.5m, an increase of 4.7% on the previous year (2016: €81.6m).

Total Operating Costs at €40.9m in 2017 have increased by 11.7% on 2016 (2016: €36.6m). Pension costs have increased by €2.7m mainly due to the past service benefit in 2016 arising from the pension levy. Payroll costs have increased by €0.6m arising from an increase in the numbers employed together with pay escalation implemented in 2017. Other non-pay costs have increased by €1.0m mainly arising from increased professional fees and increased depreciation charges.

Operating Profit increased to €46.5m in 2017 from €45.6m in 2016 resulting in an Operating Margin of 54.4% (2016: 55.8%).

Excluding the increase in pension funding costs (which were impacted by the past service credit in 2016), the underlying operating profit level increased by €3.6m (7.9%) on the previous year.

Net financing costs were €0.2m (2016: €0.5m). Net Finance income amounts to €254k (2016: €414k).

Net Interest charges (excluding net interest on pension schemes) were €0.4m (2016: €0.9m) and the Company's interest cover is 110 times (2016: 54 times) based on Profit before Interest and Taxation over net interest charges. Net Cash decreased from €3.0m in 2016 to Net Debt of €37.9m in 2017, reflecting in particular the significant infrastructure investments made during the year. The Company is fully compliant with all covenants in respect of its borrowing facilities.

Profit for the financial year was €40.6m representing a 3.9% increase on the previous year, (2016: €39.0m).

The Profit and Loss Reserve increased from €334.3m at 31 December 2016 to €393.7m at 31 December 2017 and Shareholders' Funds increased from €349.6m to €409.0m during the same period.

The Company has a target throughput of 38.1 million tonnes for 2018. Throughput of 36.4 million tonnes was achieved in 2017, which was 0.6% ahead of the budgeted 36.2 million tonnes.

Principal Risks and Uncertainties

One of the principal uncertainties identified in previous reports relates to the Company's ability to deliver capacity to the market. In January 2012 the Company adopted the Masterplan 2012 to 2040 following an extensive public consultation, stakeholder engagement and environmental assessment process. The Masterplan provides a vision as to how Dublin Port could be developed to cater for an anticipated doubling in Port volumes over the 30 years from 2010 to 2040. It provides strategic guidance and direction on land use within Dublin Port recognising that the optimal use of a scarce land and quayside resource remains an important factor against which future development of Dublin Port must be carefully planned.

Construction work on the Alexandra Basin Redevelopment Project commenced in 2016 following receipt of the requisite planning permission from An Bord Pleanála in July 2015 and the additional consents received in 2016 in respect of Foreshore Licence, Dumping at Sea Licence and Industrial Emissions Directive Licence. This project will deliver approximately one-third of the infrastructure development options originally identified in the Masterplan. Delivery of further development options will be dependent on receiving the requisite planning and environmental consents.

In January 2017 the Company launched a review of the Masterplan and commenced a public consultation process in this regard. The review is intended to update and refine the infrastructure development options for Dublin Port and, in doing this, to ensure that the Masterplan continues to provide the best solution for the future sustainable development of Dublin Port through to 2040. The review of the Masterplan, which will be completed in early 2018, is pointing towards an increase in the underlying long term growth rate for throughput from 2.5% to 3.3%. As a result the capacity requirement for 2040 increases from 60m tonnes to 77m tonnes.

As evidenced by the fall in trade in the latter half of 2008 and continuing into 2009 the Company is exposed, through the normal course of its operations, to the impact of an economic slowdown on Port activities. Throughput growth through Dublin Port over the past five years has been 30.1% ensuring that trade levels are now 17.7% higher than at the previous peak in 2007. It is clear that the prospects for the Irish economy in general will continue to impact on the Company's growth prospects into the future.

In this regard the impact of Brexit on the Irish economy at a macro level and its impact in particular on GDP growth will have a knock-on impact on Dublin Port's volumes. In addition at a more practical level the possibility of a hard Brexit and the consequent introduction of customs controls will result in the Company having to allocate scarce land resources to facilitate customs and other state agencies. The Company has agreed with the Office of Public Works to provide the necessary facilities ahead of the 29 March 2019 Brexit date.

The Company is also exposed to the impact of an economic slowdown on its non-core Port activities. This has been evidenced by the diminution in value of the Company's investment property located in the Eastpoint Business Park from €10.9m in 2001 to €4.4m at the end of 2013. The value of the property has recovered progressively since 2013 and the property was again valued by our property advisors at the end of 2017 resulting in an increased valuation of €1.6m over the previous year to €7.9m. The cumulative diminution in value now stands at €3.0m.

The Company is committed to successfully managing its exposure to risk and to minimising its impact on the achievement of business objectives. The Board has an established Audit and Risk Committee with specific terms of reference reflecting the Committee's role in supporting the Board in managing the Company's exposure to risk.

The Company has put in place a Risk Management Framework comprising of the following components:

- Processes for identifying, prioritising and categorising risks,
- On-going assessment and measurement of risks, and
- Monitoring and reporting of risks to the Audit and Risk Committee as a sub-committee of the Board.

In addition overall business performance risk is managed through the following measures:

- The preparation of an Annual Budget and Five Year Financial Plans,
- Monthly Reporting and Variance Analysis,
- Financial Controls,
- Key Performance Indicators, and
- Detailed Policies, Standards and Guidelines to support the control and mitigation of risks.

Financial Risk Management

The Company's operations expose it to a variety of financial risks that include interest rate risk, credit risk and liquidity and cash flow risk. Policies to protect the Company from financial risks are kept under regular review. The Directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The Policies are set out by the Board of Directors and are implemented by the Company's Finance Department.

Liquidity and Cash Flow Risk:
The Company maintains a mix of short and medium term debt finance to ensure sufficient funds are available for planned capital investment. The Company put in place a €50m borrowing facility with Ulster Bank in March 2017 to replace and extend the Company's debt. At the end of 2017 the Company had in place un-drawn committed facilities of €15 million on this facility.

In December 2015 the Company entered into a Finance Contract with the European Investment Bank in respect of a €100m project finance facility. This facility is for a 20 year term and €75m was undrawn at year end 2017 (2016: €100m).

The Company's policy is to maximise investment return by placing surplus cash balances on low risk cash deposit on a short term basis. The Company has treasury mandates in place with a number of financial institutions for this purpose.

Credit Risk:
The Company is exposed to credit risk in the course of trading and to manage this risk it carries out appropriate credit checks on potential customers and trades only with recognised creditworthy third parties.

Interest Rate Risk:
In order to manage the Company's exposure to significant adverse interest rate movements, the Company has a policy of maintaining a minimum of 60 per cent (2016: 60 per cent) of its debt at fixed interest rates. In order to achieve this objective, the Company has entered into a fixed interest rate agreement with the European Investment Bank on the €100m project finance facility. In 2016 the Company had in place an interest rate swap agreement on its previous term loan facility agreement with Bank of Ireland. Both the facility and swap agreement matured in March 2017.

Events since the end of the financial year

There have been no events between the Balance Sheet date and the date on which the financial statements were approved by the Board.

Future Developments

The Company has a budgeted Capital Investment Programme of €132.2m for 2018. The planned Capital Investment Programme for 2018 includes €81.0m in respect of the Alexandra Basin Redevelopment project ("ABR").

Results and Dividends

The Company's profit for the financial year amounted to €40.6m. The Directors' allocations and recommendations in respect of this amount were as follows:

	2017 €'000	2016 €'000
Interim Dividend of €1.012 (2016: €0.943) per ordinary share paid	11,712	10,912
Increase in Profit Retained	28,863	28,128
Profit for the Financial Year	**40,575**	**39,040**

The Directors do not propose to declare a final dividend.

Directors' and Secretary's Interests

The Directors and Secretary had no interest in the share capital of the Company at 31 December 2017 and 2016.

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 2017 are set out below.

L McCaffrey	
E O'Reilly	
P Bates	
G Darling	
E Finnan	
J Moore	(term of office expired 12 September 2017)
K Nolan	(appointed 29 September 2017)

Directors' Report (continued)

Relations with Shareholders
The Chairperson, Chief Executive and management maintain an on-going dialogue with the Company's shareholders on trading performance, future plans and strategic issues. Certain specified matters require the approval of the Minister for Transport and/or the Minister for Finance and on-going communication with the relevant Minister is maintained through their respective departments. The Chairperson reports to the Minister for Transport as required under Section 28 of the Harbours Act, 1996 and as required under the Code of Practice for the Governance of State Bodies.

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 Public Expenditure and Reform in August 2016. The Company also complies with its obligations under the Ethics in Public Office Act, 1995 and the Standards in Public Office Act, 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 is responsible for exercising all the powers of the Company, other than those reserved to Shareholders, and has collective responsibility for all the operations of the Company. The Board may delegate such of its powers as it sees fit, to either a Board Committee or the Chief Executive, subject to whatever restrictions or regulation it imposes with such delegation. Subject to ministerial consent in certain cases, the Board has formally approved the reservation of decisions in relation to certain functions in the areas of Governance, Finance, Procurement, Operations, and Appointments in Human Resources. 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. This Committee was reconstituted in 2012 as the Audit and Risk Committee. The terms of reference set out the purpose, authority and membership of the Committee and its responsibilities in the areas of external financial reporting, external audit, corporate governance and internal audit. The full Board continued to perform the role of the Audit and Risk Committee during 2017 pending the filling of two Board vacancies with Ms Emer Finnan as Chairperson. On 23rd February 2018 the Audit and Risk Committee was re-established with Ms Emer Finnan (Chairperson), Mr Paul Bates and Ms Helen Collins being appointed to the Committee by the Board on that date.

The Audit and Risk Committee met five times during the year. The members of the Committee over the course of the year were Ms Emer Finnan (Chairperson), Mr Paul Bates, Mr Geoffrey Darling, Ms Lucy McCaffrey, Mr John Moore, Mr Keith Nolan and Mr Eamonn O'Reilly.

The Board also established a Remuneration Committee in 1999. The members of the committee during the year were Ms Lucy McCaffrey (Chairperson) and Mr Geoffrey Darling. The Committee operates under formal terms of reference.

During 2017 the Board undertook a self-assessment evaluation of its own performance in accordance with the requirements of para 4.6 of the Code of Practice for the Governance of State Bodies. The evaluation was undertaken using the template provided within the Code which sets out a detailed Board self-assessment evaluation questionnaire. The Code of Practice also requires that an external evaluation proportionate to the size and requirements of the State Body should be carried out at least every three years. An external evaluation was undertaken in 2014 and it is proposed to undertake a similar exercise in 2018.

Attendance at Meetings
There were 10 General Board Meetings during the year ended 31 December 2017.

The attendance of Directors at meetings of the Board was as follows:

	Attended	Eligible to Attend
L McCaffrey	10	10
E O'Reilly	10	10
P Bates	10	10
G Darling	10	10
E Finnan	10	10
J Moore	6	7
K Nolan	3	3

Audit and Risk Committee

	Attended	Eligible to Attend
E Finnan	5	5
P Bates	5	5
G Darling	5	5
L McCaffrey	5	5
J Moore	2	3
K Nolan	2	2
E O'Reilly	5	5

Remuneration Committee

There were no Remuneration Committee meetings during the year. All matters were dealt with at full Board during 2017.

Directors' Expenses

Expenses in the amount of €5,129 have been paid to Board members during the year in respect of other expenses.

Internal Controls

The Board has overall responsibility for the Company's systems of internal control. These systems which are maintained by the Company can only provide reasonable but not absolute 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. The Board confirms that it has reviewed the effectiveness of the system of internal control.

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 Company's Risk Management Framework process has been outlined above under the heading of "Principal Risks and Uncertainties". The latest Strategic Plan for the period 2017 to 2021 was formally adopted by the Board in December 2016;
- An annual budget approved by the Board and monthly consideration of actual results compared with budget forecasts;
- An Audit and Risk 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; and
- 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 Guidelines set out by the Office of Government Procurement and EU Directives applicable to Public Utilities are complied with.

The Board, through the Audit and Risk Committee, has reviewed the effectiveness of the system of internal control up to the date of approval of the financial statements.

A review of the effectiveness of the system of internal control was undertaken by the Internal Auditor and no significant control weaknesses which pose a significant risk of financial loss or operational disruption, that requires immediate attention at Board level, were revealed.

Compliance statement

The Directors of the Company acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in the Companies Act 2014 (the "2014 Act")) and, as required by section 225 of the 2014 Act, the Directors confirm that:

(i) a compliance policy statement setting out the Company's policies with regard to complying with the relevant obligations under the 2014 Act has been prepared;

(ii) arrangements and structures have been put in place that they consider sufficient to secure material compliance with the Company's relevant obligations; and

(iii) a review of the arrangements and structures has been conducted during the financial year to which this Directors' report relates.

Political Donations

The Board made no political donations during the year.

Disclosure of Information to Auditors

The Directors in office at the date of this report have each confirmed that:

- As far as he/she is aware, there is no relevant audit information of which the Company's statutory auditors are unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's statutory auditors are aware of that information.

Statutory Auditors

The auditors, Deloitte, Chartered Accountants and Statutory Audit firm, who were appointed during the financial year, continue in office in accordance with section 383(2) of the Companies Act, 2014.

On Behalf of the Board

Lucy McCaffrey
Eamonn O'Reilly

28th March 2018

Independent Auditors' Report to the members of Dublin Port Company

Report on the audit of the financial statements

Opinion on the financial statements of Dublin Port Company (the 'Company')

In our opinion the Dublin Port Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2017 and of the profit for the financial year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and, in particular, with the requirements of the Companies Act 2014.

The financial statements we have audited comprise:

- the Profit and Loss Account;
- the Statement of Comprehensive Income;
- the Balance Sheet;
- the Statement of Changes in Equity;
- the Cash Flow Statement; and
- the related notes 1 to 33, including a summary of significant accounting policies.

The relevant financial reporting framework that has been applied in their preparation is the Companies Act 2014 and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("the relevant financial reporting framework").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are described below in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (Ireland) require us to report to you where:

- the Directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements 2017, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilties Statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is

Independent Auditors' Report to the members of Dublin Port Company (continued)

not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.
This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2014
Based solely on the work undertaken in the course of the audit, we report that:

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.
- In our opinion the information given in the Directors' report is consistent with the financial statements and the Directors' report has been prepared in accordance with the Companies Act 2014.

Matters on which we are required to report by exception
Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (August 2016) (the "Code of Practice"), we are required to report to you if the statement regarding the system of internal financial control required under the Code of Practice as included in the Corporate Governance Statement in the Directors Report does not reflect the Company's compliance with paragraph 1.9(iv) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements. We have nothing to report in this respect.

Sinead McHugh
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

29th March 2018

Accounting Policies

The significant accounting policies used in the preparation of the financial statements are set out below. These policies have been consistently applied to all financial years presented, unless otherwise stated. The company adopted FRS 102 for the first time in the 2015 financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified by the measurement of investment properties and certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with FRS 102 requires the use of certain key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date. It also requires the Directors to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or areas where assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in note 3.

Going concern

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered, net of returns, discounts and rebates allowed by the Company and value added taxes.

The Company recognises revenue when the amount of revenue and costs can be measured reliably; it is probable that future benefits will flow to the entity and when the specific criteria relating to each of the Company's sale channels have been met, as described below.

Port Dues:
Port Dues revenue arises from charges to port users and comprises of goods dues, vessel dues and other key services provided such as towage and pilotage. Goods Dues are charged by reference to a schedule of charges based on Standard International Trade Classifications. Vessel Dues are charged in respect of the arrival of a vessel and rates are based and chargeable on the greater of the net tonnage or half the gross tonnage of a vessel. Towage and Pilotage Services are charged based on usage.

Port Dues revenue is recognised by reference to the date of arrival of the vessel in the Port.

Rents:
Rental income arises mainly from port related rental properties and is recognised by reference to the period to which the rent relates. Rent is charged in accordance with the terms of the rental agreement.

Other Revenue:
Other revenue included in Turnover comprises Licence Fees and income from the Company's integrated Service Station and Truck Park. Revenue is recognised by reference to the period to which the income relates.

Other Income:
The Company also earns interest income and grant income. Each of these revenue streams are accounted for as set out below:

Interest Income:
Interest income is recognised using the effective interest rate method. Interest income is presented as 'interest receivable' in the Profit and Loss account.

Grant Income:
The Company applies the accruals model in the recognition of grant income.

Grants relating to revenue are recognised on a systematic basis over the periods in which the Company recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses already incurred with no future related costs is recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred it is recognised as deferred income and not deducted from the carrying amount of the asset.

Grants are not recognised until there is reasonable certainty that:

(a) the Company will comply with the conditions attaching to them; and
(b) the grants will be received.

Where a grant becomes repayable it is recognised as a liability when the repayment meets the definition of a liability.

Accounting Policies (continued)

Tangible fixed assets

(i) Cost

Tangible fixed assets are stated at cost at the date of transition to FRS 102, less accumulated depreciation and accumulated impairment losses, except for the Company's investment property which is stated at fair value. Please refer to separate policy on investment property below.

Cost includes the original purchase price, costs directly attributable to bringing the asset to its working location and condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

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 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.

(ii) Depreciation and residual values

Depreciation on assets is calculated, using the straight-line method, to allocate the cost to their residual values over the estimated useful lives as follows:

Buildings, quays, roads and terminals	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

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as a separate asset where they have significantly different patterns of consumption of economic benefits and are depreciated separately over its useful life.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(iv) Assets in the course of construction

Assets in the course of construction are carried at cost. These assets are not depreciated until they are available for use.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in "Profit on disposal of assets".

Dredging

Capital dredging, which enhances Port access or infrastructure, is capitalised as part of the related fixed asset and depreciated over its estimated useful life.

Investment properties

The Company measures investment property at its cost on initial recognition. The cost of a purchased investment property comprises its purchase price and any directly attributable costs, such as professional fees for legal services, property transfer taxes and other transaction costs. Costs incurred in undertaking market studies before the purchase of a property are expensed as incurred.

Investment properties whose fair value can be measured reliably without undue cost or effort are measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

The Company engaged independent valuation specialists to determine fair value of investment properties at 31 December 2017. The key assumptions used to determine the fair value of investment property are further explained in note 11.

Although the Companies Act would normally require the systematic annual depreciation of fixed assets, the Directors believe that the policy of not providing depreciation is necessary in order for the financial statements to give a true and fair view, since the current value of the investment property, and changes to its value, are of prime importance rather than a calculation of systematic annual depreciation. Depreciation is only one of the many factors reflected in the annual valuation, and the amount, which might otherwise have been included, cannot be separately identified or quantified.

Intangible assets

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised over its estimated useful life, of 10 years, on a straight-line basis. Software is not considered to have a residual value. Where factors, such as technological advancement or changes in market prices, indicate that the software's useful life has changed, the useful life is amended prospectively to reflect the new circumstances. Intangible fixed assets are reviewed for impairment if there is an indication that the intangible fixed asset may be impaired.

Impairment of non-financial assets

At each Balance Sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is estimated.

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from continuing use of the asset (or cash-generating unit) and from its ultimate disposal. In measuring value in use pre-tax and interest cash flows are discounted using a pre-tax discount rate that represents the current risk-free market rate and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Profit and Loss account, unless the asset has been re-valued when the amount is recognised in other Comprehensive Income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Profit and Loss account, unless the asset is carried at a revalued amount.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank deposits which have original maturity dates of more than three months are not cash and cash equivalents and are presented as current asset investments.

Restricted cash

Restricted Cash comprises cash held in escrow which is ring-fenced for specific financing arrangements, and to which we do not have access.

Inventories

Inventories are stated at cost. Inventories are consumable items and are recognised as an expense in the period in which they are used.

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

At the end of each reporting period, inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its recoverable amount and an impairment charge is recognised in the Profit and Loss account. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Profit and Loss account.

Foreign currencies

i) Functional and presentation currency

The Company's functional and presentation currency is the euro, denominated by the symbol "€" and unless otherwise stated, the financial statements have been presented in thousands ('000).

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated to Euro using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and Loss account.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss account within 'interest payable/receivable'. All other foreign exchange gains and losses are presented in the Profit and Loss account within 'administration expenses'.

Employee benefits

The Company provides a range of benefits to employees, including short term employee benefits such as paid holiday arrangements and post-employment benefits such as defined benefit and defined contribution pension plans and annual bonus arrangements, for certain employees.

(i) Short term benefits

Short term benefits, including wages and salaries, holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Company operates an annual bonus plan for certain employees. An expense is recognised in the Profit and Loss account when the Company has a present legal or constructive obligation to make payments under the plan as a result of past events and a reliable estimate of the obligation can be made.

ii) Post-employment benefits

Defined contribution plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan. The liability recognised in the Balance Sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the plan assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the Company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in Euro and that have terms approximating the estimated period of the future payments.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. For most plan assets this is the quoted price in an active market. Where quoted prices are not available appropriate valuation techniques are used to estimate the fair value.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'other finance cost'.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to Other Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are presented as 're-measurement of net defined benefit liability' in Other Comprehensive Income.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the Profit and Loss account, except to the extent that it relates to items recognised in other Comprehensive Income or directly in equity. In this case tax is also recognised in other Comprehensive Income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total Comprehensive Income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Exceptional items

The Company's income statement separately identifies exceptional items. Exceptional items are those that in our judgement need to be disclosed separately by virtue of their size, nature or incidence. The Company believes that this presentation provides additional analysis as it highlights exceptional items. Such items include gains on disposal of assets and business restructuring costs to the extent they are significant.

In this regard the determination of 'exceptional items' as included in our definition uses qualitative and quantitative factors. Judgement is used by the Company in assessing the particular items, which by virtue of their size, nature and incidence, are disclosed in the Company income statement and related notes as exceptional items.

Reclassification

Certain immaterial prior year amounts have been reclassified to align with the current period presentation of those items.

Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and short term deposits, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest for a similar debt instrument.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If, in a subsequent financial year, the amount of an impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised the previously recognised impairment loss is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

These liabilities are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. Transactions costs and fees are amortised over the life of the loan.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Accounting Policies (continued)

iii) Derivatives
Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The Company does not currently apply hedge accounting for interest rate or foreign exchange derivatives.

iv) Offsetting
Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle to liability simultaneously.

Provisions and contingencies

Provisions are liabilities of uncertain timing or amount.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the best estimate of the amount required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at the end of each financial year and adjusted to reflect the current best estimate of the amount required to settle the obligation. The unwinding of the discount is recognised as a finance cost in profit or loss, presented as part of 'interest payable and similar charges' in the financial year in which it arises.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Contingent liabilities, arising as a result of past events, are not recognised as a liability because it is not probable that the company will be required to transfer economic benefits in settlement of the obligation or the amount cannot be reliably measured at the end of the financial year. Possible but uncertain obligations are not recognised as liabilities but are contingent liabilities. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity. Interim dividends are recognised when paid.

Share capital

Ordinary shares are classified as equity and are recognised at the proceeds received. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Profit and Loss Account

For the Financial Year ended 31 December 2017

	Note	2017 €'000	2016 €'000
Turnover	5	85,497	81,633
Cost of sales		(26,222)	(25,907)
Gross Profit		**59,275**	**55,726**
Administrative expenses		(14,670)	(10,691)
Other operating income	6	1,907	519
Operating Profit	8	**46,512**	**45,554**
Interest receivable and similar income	7	254	414
Interest payable and similar charges	7	(422)	(886)
Net Interest Expense		(168)	(472)
Profit on Ordinary Activities Before Taxation		**46,344**	**45,082**
Tax on profit on ordinary activities	10	(5,769)	(6,042)
Profit for the Financial Year		**40,575**	**39,040**

Turnover and Operating Profit arose solely from continuing activities.

Statement of Comprehensive Income

For the Financial Year ended 31 December 2017

	Note	2017 €'000	2016 €'000
Profit for the Financial Year		**40,575**	**39,040**
Re-measurement gain/(loss) recognised on defined benefit obligations	31	34,853	(7,965)
Deferred tax related to re-measurement (gain)loss on defined benefit obligations	10	(4,357)	995
Other Comprehensive Income for the financial year, net of tax		**30,496**	**(6,970)**
Total Comprehensive Income for the financial year		**71,071**	**32,070**

Balance Sheet

As at 31 December 2017

	Note	2017 €'000	2016 €'000
Fixed assets			
Tangible assets	11	417,734	329,491
Intangible assets	12	491	536
		418,225	**330,027**
Current assets			
Development land	13	1,246	1,246
Inventories	14	536	520
Debtors and prepayments	15	13,675	17,166
Cash at bank and in hand		21,924	37,986
Restricted Cash	16	–	14,125
Investments (including €50,985,000 (2016: €12,254,000) due after more than one year)	17	50,985	12,254
		88,366	**83,297**
Creditors – Amounts falling due within one year	18	**(12,193)**	**(43,943)**
Net current assets		**76,173**	**39,354**
Total assets less current liabilities		**494,398**	**369,381**
Creditors – Amounts falling due after one year	19	(71,959)	(11,136)
Provisions for liabilities			
Provision for post-employment benefit obligation	31	(398)	(1,161)
Other provisions for liabilities	22	(13,035)	(7,436)
Net Assets		**409,006**	**349,648**
Capital and reserves			
Called up share capital presented as equity	23	14,464	14,464
Capital conversion reserve fund	23	119	119
Profit and loss account		393,705	334,347
Capital contribution	23	718	718
Total equity		**409,006**	**349,648**

The financial statements on pages 35 to 67 were authorised for issue by the Board of Directors on 28th March 2018 and signed on its behalf.

On behalf of the Board

Lucy McCaffrey
Eamonn O'Reilly

28th March 2018

Statement of Changes in Equity

For the Financial Year ended 31 December 2017

	Note	Called up share capital	Capital conversion reserve fund	Capital contribution	Profit and loss account	Total
		€'000	€'000	€'000	€'000	€'000
Balance at 1st January 2016	23	**14,464**	**119**	**718**	**313,189**	**328,490**
Profit for the year		–	–	–	39,040	39,040
Other Comprehensive Income for the year		–	–	–	(6,970)	(6,970)
Total Comprehensive Income for the year		–	–	–	32,070	32,070
Dividends	9	–	–	–	(10,912)	(10,912)
Balance as at 31st December 2016	23	**14,464**	**119**	**718**	**334,347**	**349,648**
Balance at 1st January 2017	23	**14,464**	**119**	**718**	**334,347**	**349,648**
Profit for the year		–	–	–	40,575	40,575
Other Comprehensive Income		–	–	–	30,496	30,496
Total Comprehensive Income for the year		–	–	–	71,071	71,071
Dividends	9	–	–	–	(11,712)	(11,712)
Balance as at 31st December 2017	23	**14,464**	**119**	**718**	**393,705**	**409,006**

Statement of Cash Flows

For the Financial Year ended 31 December 2017

	Note	2017 €'000	2016 €'000
Net cash from operating activities	24	52,520	43,179
Taxation paid		(4,683)	(4,539)
Net cash generated from operating activities		**47,837**	**38,640**
Cash flows from investing activities			
Purchase of tangible assets		(78,316)	(44,715)
Purchase of intangible assets		(27)	(298)
Grants received		1,870	55
Grants repaid		(85)	–
Proceeds from disposal of tangible assets		381	304
Restricted Cash	16	–	(14,125)
Interest received		–	39
Movement in short term investments	17	–	35,115
Net cash generated/(used) in investing activities		**(76,177)**	**(23,625)**
Cash flow from financing activities			
Loans raised		60,000	–
Repayment of loan		(35,000)	–
Dividends paid	9	(11,712)	(10,912)
Interest paid and similar charges		(1,010)	(1,076)
Net cash used in financing activities		**12,278**	**(11,988)**
Net (decrease)/increase in cash at bank and in hand		**(16,062)**	**3,027**
Cash and cash equivalents at the beginning of the year		**37,986**	**34,959**
Cash and cash equivalents at the end of the year		**21,924**	**37,986**
Cash and cash equivalents consists of:			
Cash at bank and in hand		21,924	37,986
Cash and cash equivalents		**21,924**	**37,986**

Notes to the Financial Statements

1. General information

Dublin Port 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.

The Company is incorporated and domiciled in the Republic of Ireland. The address of its registered office is Port Centre, Alexandra Road, Dublin 1.

2. Statement of compliance

The financial statements have been prepared on a going concern basis and in accordance with Irish GAAP (accounting standards issued by the Financial Reporting Council of the UK and promulgated by the Institute of Chartered Accountants in Ireland and the Companies Act 2014). The financial statements comply with Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Companies Act 2014.

3. Critical judgments and estimates in applying the Company's accounting policies

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually and amended where necessary. See note 11 for the carrying amount of the Company's tangible assets and the Accounting Policies for the useful economic lives for each class of assets.

(ii) Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Balance Sheet. The assumptions reflect historical experience and current trends. See note 31 for the disclosures relating to the defined benefit pension scheme.

4. 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 31) 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 are held by the Minister for Transport at 31 December 2017.

5. Turnover

	2017 €'000	2016 €'000
By class of business (all within Republic of Ireland)		
Port dues	70,992	67,585
Rents	13,244	13,122
Licences	620	534
Other	641	392
	85,497	**81,633**

6. Other Operating Income

	2017 €'000	2016 €'000
Revaluation of investment property	1,600	350
Profit on disposal of fixed assets	307	169
	1,907	**519**

7. Net Interest Expense

	2017 €'000	2016 €'000
(a) Interest payable and similar charges:		
Interest on borrowings wholly repayable within five years	(570)	(1,123)
Derivative financial liability	148	237
	(422)	(886)
b) Interest receivable and similar income:		
Interest receivable	–	39
Net finance income-pension schemes *(see note 31)*	254	375
	254	414
c) Net interest expense	**(168)**	**(472)**

8. Operating Profit

	2017 €'000	2016 €'000
Operating Profit has been arrived at after charging/(crediting):		
Depreciation *(see note 11)*	9,490	9,004
Amortisation of intangible assets *(see note 12)*	72	78
Redundancy payments	–	365
Amortisation of capital grants *(see note 21)*	(542)	(475)
Surplus on revaluation of investment properties *(see note 6)*	(1,600)	(350)
Impairment (loss)/gain on trade receivables	–	(14)
Profit on disposal of tangible assets *(see note 6)*	(307)	(169)

Auditors remuneration:
Remuneration (including expenses) for the statutory audit and other services carried out by the Company's auditors is as follows:

	2017 €'000	2016 €'000
Audit of entity financial statements	42	46
Other assurance services	14	62
Other non-audit services	–	–
Tax advisory services	3	66
	59	**174**

External Support and Specialist Advisory Costs

	2017 €'000	2016 €'000
Legal Advice	308	119
Tax and Financial Advisory	102	–
Public Relations/Marketing	277	218
Pension and Human Resources	262	234
Engineering	509	386
Environmental	46	92
Other	273	233
Total Costs charged to the Profit and Loss Account	**1,777**	**1,282**
Costs Capitalised	7,507	8,517
Costs charged to the Profit and Loss Account	1,777	1,282
Total Costs	**9,284**	**9,799**

8. Operating Profit (continued)

Legal Costs and Settlements

	2017 €'000	2016 €'000
Settlements Paid	78	316
Settlements Received	(20)	(431)
Total	**58**	**(115)**

Travel and Subsistence Expenditure

	2017 €'000	2016 €'000
Domestic		
Board	–	–
Employees	8	14
International		
Board	7	3
Employees	116	88
Total	**131**	**105**

Hospitality Expenditure

	2017 €'000	2016 €'000
Staff Hospitality	94	50
Client Hospitality	120	140
Total	**214**	**190**

9. Dividend Paid

	2017 €'000	2016 €'000
Interim dividend paid of €1.012 per share (2016: €0.943 per share)	**(11,712)**	**(10,912)**

10. Taxation

(a) Tax expense included in Profit and Loss

	2017 €'000	2016 €'000
Current tax:		
Based on Port activity profits for the year:		
Corporation Tax at an effective rate of 12.5% (2016:12.5%)	(4,136)	(4,103)
Based on non-Port activity profits		
Corporation Tax at an effective rate of 25% (2016:25%)	(391)	(462)
	(4,527)	**(4,565)**
Adjustments in respect of prior periods	–	1
Total current tax	**(4,527)**	**(4,564)**
Deferred tax:		
Timing differences between pension contributions paid and pensions charged	(580)	(949)
Timing differences on accelerated Capital Allowances	(653)	(510)
Origination and reversal of other timing differences	(18)	(35)
Over provision in prior year	9	16
Total deferred tax	**(1,242)**	**(1,478)**
Total tax charge	**(5,769)**	**(6,042)**
(b) Tax income/(expense) included in other Comprehensive Income		
Deferred tax		
Deferred tax related to defined benefit pension re-measurement loss/(gain)	(4,357)	995
Total tax income/(expense) included in other Comprehensive Income	**(4,357)**	**995**

10. Taxation (continued)

(c) Reconciliation of tax charge

The total Corporation Tax charge for the financial year is lower (2016: higher) than the total tax charge that would result from applying the standard rate of Irish Corporation Tax to profit on ordinary activities. The differences are explained below:

	2017 €'000	2016 €'000
Profit on Ordinary Activities Before Tax	**46,344**	**45,082**
Profit on ordinary activities multiplied by the average rate of		
Irish Corporation Tax for the year of 12.5% (2016:12.5%)	(5,793)	(5,635)
Effects of:		
Disallowable expenses	(27)	(258)
Non-taxable income	238	65
Passive income liable to tax at 25%	(196)	(231)
Adjustment to tax charge in respect of prior year	9	17
Total tax charge for the year	**(5,769)**	**(6,042)**

Notes to the Financial Statements (continued)

11. Tangible Assets

	Land and Buildings	Terminals	Dock Structures, Dry Docks and Quays	Floating Craft	Cranes	Plant and Machinery	Investment Property	CIP	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Cost or valuation									
At 1 January 2017	112,817	210,777	81,314	16,432	3,800	26,026	6,300	17,404	474,870
Additions during year	23,210	25	18,250	28	–	1,172	–	53,533	96,218
Revaluation of Investment Property	–	–	–	–	–	–	1,600	–	1,600
Disposals	(130)	–	–	(20)	(430)	(2,009)	–	–	(2,589)
Transfer from CIP	1,454	–	4,613	–	–	140	–	(6,207)	–
At 31 December 2017	**137,351**	**210,802**	**104,177**	**16,440**	**3,370**	**25,329**	**7,900**	**64,730**	**570,099**
Accumulated Depreciation									
At 1 January 2017	15,884	81,215	25,823	4,049	3,797	14,611	–	–	145,379
Reclassified	–	–	–	–	–	–	–	–	–
Charge for year	1,950	2,953	2,881	551	2	1,153	–	–	9,490
Disposals	(62)	–	–	(4)	(429)	(2,009)	–	–	(2,504)
Write-offs	–	–	–	–	–	–	–	–	–
At 31 December 2017	**17,772**	**84,168**	**28,704**	**4,596**	**3,370**	**13,755**	**-**	**-**	**152,365**
Net Book Amounts									
At 1 January 2017	96,933	129,562	55,491	12,383	3	11,415	6,300	17,404	329,491
At 31 December 2017	**119,579**	**126,634**	**75,473**	**11,844**	**-**	**11,574**	**7,900**	**64,730**	**417,734**

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.

In 2017 €307,000 (2016: €169,000) profit on disposal of tangible assets was recognised (see note 6).

The investment property represents a 50% interest in freehold property and has been independently valued by Lisney as at 31 December 2017 on an open market valuation basis. The valuation represented the valuer's opinion of market value at 31 December 2017 and has been prepared in accordance with the RICS Valuation – Global Standards (incorporating the International Valuation Standards) published July 2017 by the Royal Institution of Chartered Surveyors. The valuer noted that values are subject to changes on account of market adjustments and other factors, and that values in the future may therefore be higher or lower than at the valuation date. The revaluation surplus of €1.6m million (2016: €0.35 million surplus) arising on this revaluation has been credited to the other operating income line of the Profit and Loss account.

12. Intangible Assets

	2017 €'000
Cost or valuation	
At 1 January	1,544
Additions during year	27
At 31 December	**1,571**
Accumulated Amortisation	
At 1 January	1,008
Charge for year	72
At 31 December	**1,080**
Net Book Amounts	
At 1 January	536
At 31 December	**491**

13. Development Land

The Company entered into a Development Agreement dated 6th July 1999 with Earlsfort East Point and Eastpoint (Development) Two Ltd. ("the Developer"), for a development comprising approximately 14 acres of land adjoining the East Point Business Park Development Phase I.

At 31 December 2016, a receivable of €1.246m remains outstanding relating to the final three sites of land (comprising approximately 6 acres of land) which are subject to this arrangement. The Directors are satisfied that the carrying value of this land is fully recoverable at 31 December 2016.

In addition to consideration for the land sold, the Company is also entitled to further consideration calculated based on a share of the net profits realised on the sale of the developed properties by Eastpoint (Development) Two Ltd.

The consideration under this agreement will be recognised in the financial statements in the period when it is realised by Dublin Port Company. No consideration was recognised during the year (2016: NIL).

The Company is currently engaged in discussions with the developer with a view to finalising the timeframe for receipt of both the consideration in respect of land and any further consideration to be received on the ultimate sale of the relevant properties.

14. Inventories

	2017 €'000	2016 €'000
Consumable items	**536**	**520**

Inventory comprises consumable items, spare parts and stores used in the maintenance of plant. There was no material difference between the replacement cost of inventory and the above book amount.

Inventories are stated after provisions for impairment of €Nil (2016: €Nil).

15. Debtors – Amounts falling due within one year

	2017 €'000	2016 €'000
Trade debtors	11,756	12,487
VAT	1,030	2,897
Contributions receivable from pension scheme	733	1,142
Other receivables	156	640
	13,675	**17,166**

Trade debtors are stated after provisions for impairment of €Nil (2016: €0.1m).

16. Restricted Cash

	2017 €'000	2016 €'000
Cash held in escrow	–	14,125
	–	**14,125**

A cash balance was held in escrow at 31 December 2016 in relation to the purchase of lands at Dublin Airport Logistics Park which was subject to appropriate rezoning. On 24 March 2017 this land sale transaction was completed.

17. Investments

	2017 €'000	2016 €'000
Defined benefit pension asset *(see note 31)*	50,985	12,254
	50,985	**12,254**

18. Creditors – Amounts falling due within one year

	2017 €'000	2016 €'000
Bank loans *(see note 20)*	–	34,987
Trade creditors	675	650
Accruals	9,948	6,757
Deferred income – grants *(see note 21)*	542	482
Professional Services Withholding Tax/Relevant Contracts Tax	214	273
Corporation Tax	148	303
Income tax deducted under PAYE	516	378
Pay related social insurance	150	113
	12,193	**43,943**
Creditors for taxation and social welfare included above	**1,028**	**1,067**

18. Creditors – Amounts falling due within one year (continued)

Trade and other creditors are payable at various dates in the next three months in accordance with the suppliers' usual and customary credit terms.

Tax and social insurance are repayable at various dates over the coming months in accordance with the applicable statutory provisions.

19. Creditors – Amounts falling due after one year

	2017 €'000	2016 €'000
Deferred income – grants *(see note 21)*	12,171	10,988
Bank Loans *(see note 20)*	59,788	–
Derivative financial liability *(see note 27)*	–	148
	71,959	**11,136**

20. Bank Loans

	2017 €'000	2016 €'000
Bank Loans	59,788	34,987
	59,788	**34,987**
These loans are repayable in the following periods after the year end:		
Within one year	–	34,987
Between one and two years	–	–
Between two and five years	34,788	–
In more than five years	25,000	–
	59,788	**34,987**

Bank Loans are shown net of capitalised debt issue costs of €212k (2016: €13k) which are being amortised over the term of the debt.

The Company has put in place an agreement with Ulster Bank DAC, amounting to a €50m revolving credit facility. This facility is for an initial five year term with an option to extend for two one year periods, subject to bank approval. The facility is due for repayment in full in March 2022 subject to exercise of the extension option. €35m of the facility was drawn down at the year end.

The rate of interest on the loan is variable based on EURIBOR and the applicable margin. There is no tangible security held by Ulster Bank on this facility.

In December 2015 the Company entered into a Finance Contract with the European Investment Bank in respect of a €100m project finance facility. This facility is for a 20 year term of which €25m was drawn down at year end.

21. Deferred Income

	2017 €'000	2016 €'000
Grants and contributions to fixed assets		
Opening Balance	11,470	11,890
Received during the year	1,870	55
Repaid during the year	(85)	–
Amortised to Profit and Loss Account during the year	(542)	(475)
Closing Balance	**12,713**	**11,470**
Creditors – amounts falling due within one year *(see note 18)*	542	482
Creditors – amounts falling due after one year *(see note 19)*	12,171	10,988
	12,713	**11,470**

Capital grants received from various authorities in respect of capital expenditure incurred are recorded as deferred income and released to the Profit and Loss Account over the expected useful lives of the relevant assets.

22. Provisions for Liabilities

The Company had the following deferred tax liabilities during the year:

	2017 €'000	2016 €'000
At 1 January	(7,436)	(6,954)
Additions dealt with in profit and loss	(1,242)	(1,477)
Additions dealt with in other comprehensive income	(4,357)	995
At 31 December	**(13,035)**	**(7,436)**

	2017 €'000	2016 €'000
	€'000	€'000
Presented as:		
Deferred tax liabilities within provisions for liabilities	**(13,035)**	**(7,436)**

The provision for deferred tax consists of the following deferred tax assets/(liabilities):

	2017 €'000	2016 €'000
Defined Benefit pension scheme	(6,324)	(1,387)
Derivative financial liabilities	–	19
Other timing differences	44	44
Accelerated capital allowances	(6,755)	(6,112)
	(13,035)	**(7,436)**

Deferred tax assets of €0.3m (2016: €0.3m) were not recognised in respect of capital losses on the basis that there is no likelihood of recovering the benefit from these tax losses.

23. Share Capital and Reserves

	2017 €'000	2016 €'000
Authorised		
96.5m ordinary shares of €1.25 each	**120,625**	**120,625**
Allotted, called up and fully paid – presented as equity		
11.571m ordinary shares of €1.25 each	**14,464**	**14,464**

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank dividends to the extent to which the total amount on each share is paid up.

Reserves
The opening balance, closing balance and movements in each reserve are outlined in the Statement of Changes in Equity. A description of each reserve is outlined below.

Called-up share capital
The authorised share capital of the Company comprises ordinary shares.

Capital conversion reserve fund
The ordinary shares of the Company were re-nominalised 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.

	2017 €'000	2016 €'000
Capital conversion reserve fund	**119**	**119**

Capital contribution
On 12 July 2011, as permitted by the Harbours Acts, 1996 to 2009, the Minister for Transport, Tourism and Sport ordered that the functions of Dundalk Port Company be transferred to the Company. The assets and liabilities taken on by the Company as a result of this Ministerial Order have been recorded at their fair values at that date. A corresponding amount has been recognised as a Capital Contribution in Shareholders' Funds reflecting that the assets received and liabilities assumed are considered to be a contribution from the Company's principal shareholder.

	2017 €'000	2016 €'000
Capital contribution	**718**	**718**

24. Note to the statement of cash flow

	Note	2017 €'000	2016 €'000
Profit for the financial year		**40,575**	**39,040**
Tax on profit on ordinary activities	10	5,769	6,042
Net interest expense	7	168	472
Operating Profit		**46,512**	**45,554**
Amortisation of capital grants	21	(542)	(475)
Depreciation of tangible assets	11	9,490	9,004
Amortisation of intangible assets	12	72	78
Revaluation of investment property	11	(1,600)	(350)
Profit on disposal of assets	6	(307)	(169)
Write-off of fixed assets	11	–	(7)
Increase in inventories		(16)	(12)
Decrease/(Increase) in debtors		3,488	(3,368)
(Decrease)/Increase in creditors		(190)	143
Change in relation to pension provision		(4,387)	(7,219)
Net cash inflow from operating activities		**52,520**	**43,179**

25. Commitments

At 31 December, the Company had the following capital commitments:

	2017 €'000	2016 €'000
Future capital expenditure not provided for		
Contracted for	68,612	20,296
Authorised by the Directors but not contracted for	–	–
	68,612	**20,296**

26. Lessor Operating Leases

Total operating minimum lease payments receivable under non-cancellable operating leases are as follows:

	2017 €'000	2016 €'000
Land		
One year	10,065	10,065
Two to five years	39,102	39,863
Greater than five years	307,521	316,825
	356,688	**366,753**

The Company earned €13.2m (2016: €13.1m) in rental income for the year. The above amounts represent future rental income receivable over the life or up to the first break clause of the operating lease agreements in place as at 31 December 2017.

27. Financial Instruments

The Company has the following financial instruments:

	2017 €'000	2016 €'000
Financial assets that are debt instruments measured at amortised cost:		
Trade debtors	11,756	12,487
Other debtors	156	640
	11,912	**13,127**
Cash at bank and in hand	**21,924**	**37,986**
Financial liabilities measured at fair value through profit or loss:		
Derivative financial instruments	**-**	**148**
Financial liabilities measured at amortised cost:		
Bank loans	59,788	34,987
Trade creditors	675	650
Other creditors	9,948	6,757
	70,411	**42,394**

Derivative financial instruments - Interest rate swaps

The Company enters into interest rate swap contracts to mitigate the interest rate exposure on the Company's borrowings. At 31 December 2017, there were no derivative contracts in place. At 31 December 2016 the contracts all mature within 3 months of the year end.

The interest rate swap contracts are measured at fair value, which is determined using valuation techniques that utilise observable inputs. The fair value takes into account the fixed, floating and market rates prevailing at the year end. As interest rate swaps are marked to market at the year end, their carrying value is equal to their fair value.

28. Directors' Remuneration

	2017 €'000	2016 €'000
Emoluments	380	396
Contributions to retirement benefit schemes		
Defined benefit	180	116

Retirement benefits are accruing to two Directors (2016: two Directors) under defined benefit schemes.

The Directors do not participate in any long term incentive schemes nor do they have any equity interests in the Company. There were no payments during the year (2016: NIL) in respect of compensation for loss of office or other termination payments.

28. Directors' Remuneration (continued)

Included in the above is the remuneration package of the Chief Executive made up as follows:

	2017 €'000	2016 €'000
Director's Fees	13	13
Salary	185	185
Other Benefits including Pension Costs and Taxable Benefits	161	95
	359	**293**

Directors' Fees

	2017 €	2016 €
L McCaffrey	21,600	21,600
E O'Reilly	12,600	12,600
P Bates	12,600	12,600
H Collins	–	7,198
E Finnan	12,600	3,176
G Darling	12,600	12,600
P Magner	–	12,600
J Moore *	8,855	12,600
K Nolan *	3,245	–
	84,100	**94,974**

*In Addition to the Directors' fees, Mr Moore and Mr Nolan were paid as employees of Dublin Port Company.

Key management compensation

The compensation paid or payable to key management is shown below:

	2017 €'000	2016 €'000
Salaries and other short term benefits	1,588	1,490
Post-employment benefits	354	316
Total key management compensation	**1,942**	**1,806**

The key management compensation amounts disclosed represents compensation to those people having the authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel include Board Members and members of the executive management team. The amounts stated above are inclusive of employer's PRSI.

29. Employees

	2017 €'000	2016 €'000
Staff costs comprise:		
Wages and salaries	11,031	10,163
Social insurance costs	942	907
Other pension costs - Defined Benefit Schemes *(see note 31)*	2,161	(452)
Other pension costs - Defined Contribution Scheme *(see note 31)*	300	239
	14,434	**10,857**

Of the total staff costs €595,000 (2016: €291,000) has been capitalised into tangible fixed assets and €13,839,000 (2016: €10,566,000) has been treated as an expense in the Profit and Loss account.

The average number of persons employed by the Company during the year was 148 (2016: 146).

Short-term employee benefits

	2017 No. of Employees in Band	2016 No. of Employees in Band
€50,000 – €74,999	67	59
€75,000 – €99,999	36	27
€100,000 – €124,999	10	10
€125,000 – €149,999	5	6
€150,000 – €174,999	1	1
€175,000 – €199,999	1	1

Short-term employee benefits in relation to services rendered during the reporting period include salary, overtime, allowances and other payments, but exclude employer's PRSI.

30. Related Party Transactions

In accordance with FRS102 the Company is exempt from disclosure of transactions with other state owned entities.

As noted in note 1, one ordinary share is held by the Minister for Finance and the remainder are held by the Minister for Transport at 31 December 2017.

No Board member, who would be regarded as a related party, or members of key management staff have undertaken any material transactions with the Company during the year.

As noted in note 15, there is €0.7m due to the Company from the pension funds (2016: €1.1m).

31. Post-employment benefits

The Company operates four defined benefit pension schemes and a defined contribution pension scheme. On 1 January 2005 the defined benefit schemes were closed to new entrants.

Defined Contribution Scheme

Employees joining the Company after 1 January 2005 are members of the defined contribution scheme. Contributions are paid by the members and by the Company at fixed rates. During the year the Company contributed €300k (2016: €239k) to the defined contribution scheme and this amount was charged to the Profit and Loss account. Irish Pensions Trust Limited, an independent professional trustee Company, is the sole trustee of the defined contribution scheme.

31. Post-employment benefits (continued)

Defined Benefit Schemes

a) The Company operates four defined benefit pension schemes based on final pensionable salaries for eligible employees, including employees and former employees of Dundalk Port Company and the Company's predecessor entity, Dublin Port & Docks Board.

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:

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

Separate trustee administered schemes have been established for this purpose and these schemes are "The Dublin Port Superannuation Fund 1996" and "The Dublin Port Company Pilots Superannuation Fund".

In 2012 a formal scheme was established in respect of the Chief Executive and the name of this scheme is "The Dublin Port Company Chief Executive Retirement Benefits Scheme".

A formal trustee administered scheme was established during 2013 in respect of eligible former employees of Dundalk Port Company and the name of this scheme is "The Dublin Port Company Pension Scheme for Former Employees of Dundalk Port Company".

Irish Pensions Trust Limited, an independent professional trustee Company, is the sole trustee of the Pilots Superannuation Fund, the Dublin Port Company Chief Executive Retirement Benefits Scheme and the Dublin Port Company Pension Scheme for Former Employees of Dundalk Port Company.

The Company and scheme members appoint the trustees of the Dublin Port Superannuation Fund 1996. The most recent member-nominated trustee selection process for the Dublin Port Superannuation fund 1996 was held in 2017 and the appointment of four candidates was ratified by the Board at its meeting on 8 December 2017. In addition to the four member trustees, the Company also appointed a further four trustees.

There are no unfunded schemes in place as at 31 December 2017.

b) Actuarial Valuation

The funding position of the main defined benefit schemes is assessed in accordance with the advice of independent actuaries. The funding position is formally assessed at three yearly intervals. The most recent applicable triennial actuarial valuations for the main schemes were prepared at 1 January 2018 and were completed by Mercer, who are neither officers nor employees of the Company. The actuarial valuation reports are available for inspection by scheme members but not for public inspection.

The Company intends to make regular contributions to the schemes in accordance with the recommendations set out by the actuaries in their reports at 1 January 2018. The next triennial actuarial valuations for the main schemses are due to be prepared as at 1 January 2021.

Minimum Funding Standard valuation basis (unaudited information):

The funded schemes are required to meet the Minimum Funding Standard (MFS) in accordance with Section 44 of the Pensions Act, 1990 (as amended). The MFS, in general terms, measures whether accumulated assets cover liabilities accrued to members, assuming the schemes were wound up at the valuation date. The assumptions on which the MFS liability is determined are prescribed in legislation and actuarial guidance. The most recently completed actuarial funding certificates, where applicable, will be submitted to the Pensions Authority with an effective date of 31 December 2017 and confirm that the schemes satisfied the MFS at that date.

31. Post-employment benefits (continued)

Following the actuarial review at 1 January 2018, it was found that the applicable schemes would have met the MFS as at 1 January 2018. Overall assets of the schemes were €281.8m and overall liabilities under the MFS were €206.7m, resulting in an aggregate surplus of €75.1m on the MFS basis.

Long-term valuation basis (unaudited information):

The Company's intention is to continue to provide funding in accordance with the actuary's recommendation to ensure that the schemes continue to operate and provide for pension payments in the long term future.

The valuation at 1 January 2018 for such funding purposes was prepared using an actuarial valuation method known as the "attained age" method. The principal actuarial assumptions adopted in the valuation were that the annual rate of return on investments before retirement would be 1.00% per annum for all funds, the annual rate of return on investments after retirement would be 1.00% per annum for all funds, the increase in salaries would be 2.50% for 2018-2022 and 3.0% per annum thereafter. The increase in pensions in payment would be 1.75% per annum. Under this valuation method at 1 January 2018, overall assets were €281.8m and overall accrued liabilities were €264.9m. This resulted in an aggregate surplus of €16.9m and a funding ratio (assets: liabilities) as at 1 January 2018 of 106%. This valuation was carried out in respect of the Dublin Port Superannuation Fund 1996, the Dublin Port Company Pilots Superannuation Fund, the Dublin Port Company Chief Executive Retirement Benefits Scheme and the Dublin Port Company Pension Scheme for Former Employees of Dundalk Port Company.

The next formal valuation will be prepared at 1 January 2021.

c) FRS 102 – Section 28 – "Employee Benefits"

The defined benefit obligations of the Company have been valued by independent actuaries for the purposes of section 28 of FRS 102 based on data provided for an actuarial valuation of the schemes as at 31 December 2017. As required by section 28 of FRS 102 the valuation was prepared using an actuarial valuation method known as the "projected unit credit" method. As the schemes are closed to new entrants, the schemes have an age profile that is rising and therefore under the projected unit method the current service cost will increase as members of the scheme approach retirement.

Financial Assumptions:

The main financial assumptions to calculate the benefit obligations (liabilities) under section 28 of FRS 102 at the Balance Sheet date were:

	31 December 2017	31 December 2016
Rate of interest applied to discount benefit obligations	1.90%	1.75%
Projected rate of increase of salaries	2.5% for 2018-2022, 3% thereafter	2% for 2017-2019, 3% thereafter
Projected rate of increase of pensions in payment	1.75%	2% for 2017-2019, 2.5% thereafter
Rate of increase of pensions in deferment	1.75%	2% for 2017-2019, 2.5% thereafter
CPI Inflation	1.75%	1.75%

The discount rate used in the calculation of the pension liability is determined by reference to market yields at the Balance Sheet date on high quality corporate bonds. The currency and term of the corporate bonds is consistent with the currency and estimated term of the benefit obligations. Having regard to the duration of the scheme benefit obligations, a discount rate of 1.90% was adopted at 31 December 2017.

31. Post-employment benefits (continued)

Demographic Assumptions:

The assumptions relating to the life expectancy at retirement for members is set out below:

	2017		2016	
	Male Years	Female Years	Male Years	Female Years
Current members age 40 (life expectancy at age 65)	24.5	26.5	25.8	27.9
Current pensioners age 65 (life expectancy at age 65)	22.3	24.2	23.0	25.0

Scheme Assets:

The investment allocations of assets at the Balance Sheet date were:

Asset Class	Proportion of Scheme assets at 31 December 2017	Proportion of Scheme assets at 31 December 2016
Equities	0.0%	16.40%
Bonds	83.13%	83.50%
Property	0.16%	0.40%
Other	16.71%	(0.30%)
	100.0%	**100.0%**

Under FRS102, the expected return on assets is set equal to the discount rate.

The fair value of the assets in the pension schemes at the Balance Sheet date were:

	Fair value at 31 December 2017 €'000	Fair value at 31 December 2016 €'000
Equities	–	45,964
Bonds	234,277	233,843
Property	463	1,004
Other	47,064	(813)
Total Fair value of Assets	**281,804**	**279,998**

31. Post-employment benefits (continued)

The amounts recognised in the statement of financial position are as follows:

	31 December 2017 €'000	31 December 2016 €'000
Fair value of scheme assets	281,804	279,998
Defined benefit obligation	(231,217)	(268,905)
	50,587	**11,093**
Presented in financial statements as follows:		
Investments – surplus on funded schemes *(see note 17)*	50,985	12,254
Provision for post-employment benefit obligation – unfunded schemes	(398)	(1,161)
Net defined benefit asset	**50,587**	**11,093**

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

	2017 €'000	2016 €'000
Cost (excluding interest)		
Current service cost	(1,699)	(1,496)
Past service (cost)/credit	(462)	1,948
	(2,161)	**452**
Net interest cost		
Interest income on scheme assets	4,878	6,415
Interest on pension scheme benefit obligations	(4,624)	(6,040)
Net interest cost	**254**	**375**
	(1,907)	**827**

The Profit and Loss charge includes the following cost/credit due to changes in plan provisions:

Past Service Cost: A past service cost arises in 2017 in respect of the additional benefits arising during the year. A past service credit arises 2016 in respect of the permanent reduction in the benefits of active and deferred members of the Dublin Port Superannuation Fund 1996 and the Dublin Port Company Pilots' Superannuation Fund due to the application of the pension levies for the years 2011 to 2015 inclusive. The reduction in benefits was agreed by the trustees of both plans. The gain is the present value of the reduction in pension benefits and calculated as at 31 December 2016 using financial assumptions appropriate at that date.

31. Post-employment benefits (continued)

Analysis of the re-measurements amounts recognised in other Comprehensive Income:

	2017 €'000	2016 €'000
Return on plan assets (excluding interest income)	(525)	18,431
Effect of experience adjustments	(4,692)	4,301
Effect of changes in assumptions	40,070	(30,697)
Total re-measurements included in other Comprehensive Income	**34,853**	**(7,965)**

Movement in scheme assets and benefit obligations

	Assets €'000	Benefit obligations €'000	Net (deficit)/surplus €'000
At 31 December 2015	258,040	(246,576)	11,464
Current service cost	–	(1,496)	(1,496)
Past service credit	–	1,948	1,948
Interest on scheme benefit obligations	–	(6,040)	(6,040)
Interest income on scheme assets	6,415	–	6,415
Return on scheme assets (excluding interest income)	18,431	–	18,431
Re-measurement due to experience adjustments	–	4,301	4,301
Re-measurement due to change in assumptions	–	(30,697)	(30,697)
Members' contributions	333	(333)	–
Benefits paid from scheme	(9,988)	9,988	–
Employer contributions	6,767	–	6,767
As at 31 December 2016	**279,998**	**(268,905)**	**11,093**

Movement in scheme assets and benefit obligations

	Assets €'000	Benefit obligations €'000	Net (deficit)/surplus €'000
At 31 December 2016	279,998	(268,905)	11,093
Current service cost	–	(1,699)	(1,699)
Past service credit	–	(462)	(462)
Interest on scheme benefit obligations	–	(4,624)	(4,624)
Interest income on scheme assets	4,878		4,878
Return on scheme assets (excluding interest income)	(525)	–	(525)
Re-measurement due to experience adjustments	–	(4,692)	(4,692)
Re-measurement due to change in assumptions	–	40,070	40,070
Members' contributions	283	(283)	–
Benefits paid from scheme	(9,378)	9,378	–
Employer contributions	6,548	–	6,548
As at 31 December 2017	**281,804**	**(231,217)**	**50,587**

The employer expects to contribute €0.5 million to the pension schemes in 2018.

31. Post-employment benefits (continued)

Sensitivity Analysis of Scheme Benefit obligations:

The sensitivity of the defined benefit obligation to changes in the mortality assumptions is set out below:

	2017 Existing Assumption	2017 -1 Year	2017 +1 Year
Current Male Member age 40 (Life Expectancy at age 65)	24.5	23.7	25.4
Current Male Pensioner age 65 (Life Expectancy at age 65)	22.3	21.5	23.1
Benefit obligations (€'000)	231,217	222,898	239,642
Change in benefit obligations (€'000)		8,319	(8,425)
% Change (as % of original)		3.6%	(3.6%)

The sensitivity of the defined benefit obligation to changes in the discount rate is set out below:

	2017 Existing Assumption	2017 -0.25%	2017 +0.25%
Discount Rate	1.90%	1.65%	2.15%
Benefit obligations (€'000)	231,217	240,072	222,876
Change in benefit obligations (€'000)		(8,855)	8,341
% Change (as % of original)		(3.8%)	3.6%

32. Events after the reporting date

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

33. Approval of the Financial Statements

The Directors approved the financial statements on 28th March 2018.

Port Statistics (un-audited)

The financial statements cover the year ended 31 December 2017 together with comparative figures for 2016.

For comparison purposes, the un-audited statistics reproduced below cover trade for Dublin Port Company for the calendar years 2015 – 2017.

	2017	2016	2015
Vessels – Total Arrivals	**7,802**	**7,749**	**7,166**
Throughput ('000 tonnes)			
Ro-Ro	23,412	22,484	21,191
Lo-Lo	6,673	6,328	5,960
Bulk Liquid	4,281	4,017	3,857
Bulk Solid	2,034	2,053	1,780
Break Bulk	22	47	50
	36,422	**34,929**	**32,838**
Ro-Ro units ('000)	**992**	**945**	**878**
Lo-Lo TEU's ('000)	**698**	**664**	**614**
Passenger Numbers (millions)	**1.8**	**1.8**	**1.8**

Vessels – Total Arrivals

Ro-Ro units ('000)

Lo-Lo TEU's ('000)

Passenger Numbers (millions)

Throughput ('000 tonnes) Ro-Ro

Throughput ('000 tonnes) Lo-Lo

Throughput ('000 tonnes) Bulk Liquid

Throughput ('000 tonnes) Bulk Solid

Throughput ('000 tonnes) Break Bulk

Towage Accounts (un-audited)

The Port Services Regulation (Regulation 2017/352) was introduced by the European Parliament on 15 February 2017. The Regulation establishes a framework for the provision of port services and common rules on the financial transparency of ports.

The financial contribution statement in respect of the Company's towage service for the year ended 31 December 2017, together with comparative figures for 2016, is set out below:

	2017 €'000	2016 €'000
Revenue	3,587	3,192
Direct Costs	1,400	1,323
Contribution to overheads and administration	**2,187**	**1,869**

Revenue

Direct Costs

Contribution to overheads and administration

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