DAA

Dublin Airport Authority plc

Annual Report 2008

2008

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Annual Report and Financial Statements

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Board of Directors
Dublin Airport Authority plc

Peter Barrett
Peter has been Chief Executive Officer of RBS Aviation Capital since 2004 and Head of Asset Finance for RBS Global Markets since 2008. RBS Aviation Capital is the aircraft leasing and financing business of RBS Group plc and is headquartered in Dublin. He held various management positions in KBC Bank's Irish operation before joining RBS Aviation Capital in 2001 as Chief Operating Officer.

Declan Collier
Declan Collier joined the Dublin Airport Authority as Chief Executive in April 2005. Prior to his appointment, Declan worked all his professional career with ExxonMobil, where he held various senior management positions in Ireland and the UK, including from 2000 to 2002 as Chairman and lead Country Manager, Esso Ireland Ltd. Declan is a member of the World and European Boards of Airports Council International.

Bill Cullen
Bill Cullen is Chairman of Glencullen Holdings Limited. A successful author, he is also President of the Irish Youth Foundation, where he has been the principal driver of successful fundraising campaigns for youth projects throughout Ireland.

Marion Keating
Marion Keating was appointed to the Board in March 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. She joined the company in 1976 and over the past 32 years has worked in the Human Resources, Corporate Marketing and Retail Marketing Departments. Since 1994 she has managed the company's Employee Assistance Programme, which provides information, advice, counselling and referral service to Dublin Airport staff.

Brian Lynch
Brian Lynch was appointed to the Board in March 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. He has worked at Dublin Airport for the past 22 years and has been manager of the Cleaning Section for the past 12 years. He is a member of SIPTU and has represented the Cleaning Section at Local and Branch level for many years. At present he is the Chairperson of the DAA section of the Professional & Managerial Branch.

Mary McCabe
Mary McCabe was appointed to the Board in December 2008 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Mary joined the company in 1998 and works in the Cleaning Department. Since 2007 Mary has held the position of Vice President of SIPTU's Civil Aviation Branch and for over eight years has represented the Cleaning Department at local and branch level.

Gary McGann, Chairman
Gary McGann held various senior executive positions in industry, including LM Ericsson, Gilbeys of Ireland and Grand Metropolitan Finance, prior to joining Aer Lingus as Group Chief Executive in 1994. In 1998, he joined the Smurfit Group as Chief Financial Officer and was appointed President and Chief Operations Officer the following year. Elected to the Board of Smurfit Group in 2000, he was appointed Chief Executive Officer in 2002. During 2005 he oversaw the successful merger of the Smurfit and Kappa Groups to create the Smurfit Kappa Group, of which he remains Group Chief Executive. Gary is a former President of IBEC.

Des Cummins
Des Cummins is Chairman of the Cummins Group of Companies and a member of the national executive of IBEC's Small Firms Association. He was appointed to the Company Law Reform Group, the National Sustainable Development Partnership and the Small Business Task Force. He has served on the Board of Repak and is currently a member of the Small Business Forum and the EPA National Committee.

Mary Davis
Mary Davis is CEO, Special Olympics Ireland and Former Chief Executive of the World Special Olympic Games held in Ireland in 2003. Mary was appointed by President McAleese as a Member of the Council of State in 2004. She chairs the Advisory Group of the Taskforce on Active Citizenship, established by the Taoiseach.

Sir Michael Hodgkinson
Sir Michael Hodgkinson joined the British Airport Authority (BAA) in 1992 as Group Airport Director, having held senior management positions in the motor and food industries in Britain and Europe. During his twelve years at BAA, including from 1999 to 2003 as Chief Executive, he had responsibility for expansion planning at BAA's airports including Heathrow and Stansted. He is a member of the UK's Commission for Integrated Transport, the UK Airports Advisory Council and the Transport for London Committee.

Barry Nevin
Barry Nevin was appointed to the Board in March 2005 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Barry joined the company in 1990 and works in the Airport Police / Fire Service. He is a member of the National Executive of SIPTU, the Irish Congress of Trade Unions Worker Directors Group and Dublin Airport Authority Group of Unions.

Marie O'Connor
Marie O'Connor has been an audit partner with PricewaterhouseCoopers since 1986. As a partner in the firm's Investment Management Practice, her most recent focus has been on advising international companies developing operations in Dublin's International Financial Services Centre. Marie is currently a member of the Irish Chapter of the Irish US Council for Commerce and Industry.

Anthony Spollen
Anthony Spollen is an international consultant and advisor on internal audit issues and standards and has advised the European Union Economic and Social Committee, amongst others, on financial regulation matters. During his previous career at AIB, a major Irish bank, he was Financial Controller of Allied Irish Investment Bank for 17 years and subsequently Head of Group Internal Audit at AIB itself for five years.

Chairman's Statement

Gary McGann

In reviewing the year 2008, I would like at the outset of this, my last Chairman's report, to restate that I submitted my resignation as Chairman of the Dublin Airport Authority (DAA) to the Minister for Transport, Noel Dempsey, TD, on February 24, 2009 and will step down from that role on March 12, following approval by the Board of the 2008 financial report and accounts.

I do not intend to again state the reasons for my decision, which were carried in a media statement on February 24. I would, however, like to take this opportunity to outline briefly the progress that, in my view, has been achieved by the DAA since its formal establishment in October 2004 and some of the challenges it continues to face.

In doing so, it is worth recalling the mandate given by the Government to the new Board of the DAA at the time of its establishment.

In essence, the Board was directed to manage, operate and develop the Company's airports at Dublin, Shannon and Cork, while continuing to operate them in a fully commercial manner. It was directed specifically to urgently address the capacity deficiencies and consequent service issues that were evident at Dublin Airport.

The Board was also directed to work closely with the boards of the newly-established Shannon and Cork Airport Authorities to seek to effect separation of the three airports as fully independent, commercial entities, as mandated by the State Airports' Act, 2004.

The DAA's statutory commercial requirement is predicated on the fact that the Group, while owned by the taxpayer, receives no financial support from the Exchequer and must meet all its operational and capital funding requirements from a combination of airport charges, commercial revenues and borrowings.

The combination of these developmental and commercial objectives has underpinned the DAA's strategic approach to, and actions regarding, the management of its various assets and business units. It has also informed the Company's relationship with all key stakeholders, including the Government as shareholder, the Commission for Aviation Regulation, the Cork and Shannon Airport Authorities, the Irish Aviation Authority, the airline customers, the other service providers at the airports and above all, the travelling public.

Therefore, in the case of Cork Airport, the Board of the DAA determined that it would complete the major airport development programme, which it had inherited, as expeditiously and cost-effectively as possible. It was also concerned, while working with the Cork Airport Authority, to ensure the potential for separation of Cork Airport took account of the investment made by the DAA in Cork being remunerated appropriately.

In the case of Shannon Airport, the DAA supported Shannon Airport Authority's actions to stimulate new traffic and services to Europe and thereby mitigate the inevitable impact of a full Open Skies regime on transatlantic volumes and revenues. With a view to moving Shannon Airport to sustainable viability, the DAA also actively promoted, and provided €40 million to finance, the comprehensive cost restructuring programme that was fundamental to Shannon's future.

The business evaluation and planning process required prior to any decision by Government regarding airport separation, proved more complex and time consuming than was envisaged by anyone when the 2004 legislation was enacted. Ultimately however, overriding commercial considerations led to the boards of each airport authority recommending to the Minister for Transport that any decision on separation should be deferred and supporting his decision late in 2008 to defer any such decision until 2011.

Commercial considerations also caused the Board of the DAA to address the significant challenge posed by its loss-making Great Southern Hotels subsidiary and to effect its very successful sale in 2006 while ensuring the rights and concerns of employees were appropriately catered for.

Similar commercial considerations also informed the DAA's decision to sell the stakes held by its wholly-owned subsidiary Aer Rianta International (ARI), in Birmingham Airport and in Hamburg Airport. In the case of Birmingham in particular, the timely decision to take advantage of exceptional valuations on offer for quality airport assets in 2007, resulted in an exceptional profit of some €238 million for the DAA and an outstanding return on investment over the ten-year life of the shareholding.

ARI has played a very important part in the DAA's business activities since its establishment just over 20 years ago. The Board of the DAA has played an active role in supporting ARI's strategic approach and continued development over recent years. ARI now ranks as a significant global player in the international airport retail and management sector. By leveraging key commercial and relationship-building skills in markets ranging from North America and the Middle East to Russia and the Ukraine, ARI not only represents one of Ireland's more successful international enterprises, but is also a very significant contributor to the DAA's profits and its capacity to invest in the Irish airports.

This has supported, in particular, the ongoing transformation of Dublin Airport, which was beset by very severe capacity constraints and consequent sub-standard levels of customer service when the Board of the DAA took office in late 2004. The problems experienced by the airport had arisen principally due to the impact of very strong traffic growth over almost a decade, coinciding with significant under-investment in facilities.

Acting to a clear mandate from Government, the DAA's response to these capacity and overcrowding challenges at Dublin Airport, is evident for all visitors to the airport to see just over four years later.

Facilitated by the Government's Aviation Action Plan of 2005, the Board of the DAA swiftly approved a major investment programme for Dublin Airport, which had been subjected to a comprehensive masterplanning process utilising highly reputable international expertise.

This addressed the airport's immediate congestion and capacity issues and also delivered, on an incremental basis, the range of airfield and terminal facilities required to support the airport's growth to over 30 million passengers and beyond.

This ten-year Transforming Dublin Airport Programme involves the investment of up to €2 billion to ensure Dublin Airport, one of the ten busiest for international passengers in Europe, is developed appropriately as the key transport gateway to Ireland and its economy in the 21st century.

As we enter the fourth year of that investment programme, Dublin Airport is indeed being transformed and T2, the second passenger terminal that represents the centrepiece of the programme, is rapidly taking shape as can be seen by all on the approaches to the existing terminal.

The new terminal together with the extension to Terminal 1 that will open later this summer; the Pier D passenger boarding gate facility that opened in 2007 and the Area 14 check-in facility that commenced operations in the same year, will provide for the first time in over a generation, the space, comfort, and service options that passengers expect at a capital city airport of Dublin's size.

But, as the Chief Executive's Report makes clear, there has been a lot more to this first phase of the investment programme than is immediately visible to passengers and other visitors. In fact, up to €500 million will have been invested by 2010 in areas such as the acres of concrete that aircraft require to park and taxi efficiently; the upgraded power, water, IT systems and other utility and environmental services that will drive and sustain the next generation of activity at the airport; and the car and coach parks, car hire services and campus roads that will help deliver people to and from the airport.

The DAA is proud of the customer-focused and developmental vision that underpins this investment programme and of the energy and skills that have delivered it with minimal disruption at the heart of a busy international airport. The DAA, as a commercial organisation, is also proud that the investment is being delivered even as Dublin Airport offers some of the most competitive airport charges of any major airport in Europe.

The investment programme itself followed unprecedented levels of consultation with airlines and other stakeholders and is being delivered cost-effectively and on schedule. There are more than 125 separate project contracts that have a minimum value of €5 million and all contracts have been awarded following rigorous public tendering processes that have resulted in the most competitive market rates available at that point in time. The largest single contract, for T2, was subject to the additional scrutiny of Government-appointed independent consultants, who verified that the design specification process and costs of the terminal were in line with best international practice.

As a commercial business, the DAA will play its full part in taking the operational cost management and capital rationing decisions required across all its businesses to reflect the dramatically changed economic environment and consequential passenger traffic forecasts.

But economic cycles inevitably turn and airports, as longer-term providers of infrastructure, require an equitable and consistent mechanism for delivering a reasonable return on investment, if they are to continue to make timely investment decisions to provide new capacity to match anticipated future demand.

It would be inappropriate to revisit in this report the arguments about the level of airport charges the Commission for Aviation Regulation (CAR) should allow in order to fairly remunerate the ongoing investment programme at Dublin Airport. But it would equally be inappropriate not to record the DAA's serious concern about aspects of the current regulatory model.

In particular, the Board believes that the consistent policy, adopted by CAR in times of high growth, of setting regulatory price caps at Dublin Airport well below international norms, has been ill-advised. The Board has a similar view of the most recent regulatory practice of deferring agreed remuneration into the future.

The reversal of these policies in CAR's regulatory determination of 2009, with the consequent challenges of passing through necessary pricing decisions in more difficult economic times, will be fundamental to the DAA's financial stability. This has been a key assumption by the DAA Board, following consultation with CAR, in deciding to progress with the Government-mandated T2 development.

In the interests of all Dublin Airport's stakeholders these regulatory concerns must be resolved. We must develop a model that unquestionably requires Dublin Airport to be operated efficiently and take appropriate investment decisions. However it must also provide greater clarity and consistency about the remuneration that will then accrue.

Chairman's Statement continued

The model should benchmark Dublin Airport's charges against those of relevant peer international airports but should also safeguard its financial viability during a period of major catch-up investment and ensure the airport is not overly dependent on commercial revenues and asset sales, as has been the case to date. The model should also take greater account of the requirements of non-airline stakeholders such as business and tourism representatives and the travelling public, who actually pay the airport charges.

I acknowledge that CAR is beset by many conflicting pressures and is now as heavily criticised by some parties as the DAA has long been accustomed to. But I also believe we must work with CAR to address these concerns and enable future DAA Boards to take the decisions required for longer-term investment at the airport, with greater certainty about the financial implications involved. Otherwise, such investment may not be undertaken, or not undertaken in time.

Such an outcome would run directly counter to Government aviation policy and the DAA's statutory mandate, which stress the importance of airport development in providing appropriate passenger services and attracting new airline and aviation services to an open island economy at the western edge of Europe.

Such an outcome could also prove an obstacle to the optimisation of the value of the DAA's unique available asset base, a process the current Board has set in train with its plans for Dublin Airport City.

The development of Dublin Airport City as a major new mixed commercial zone adjacent to the airport, can undoubtedly serve as a catalyst for a new generation of inward investment to Ireland and as a generator of significant employment and added value. It can also provide an important source of commercial revenues for the DAA, thus helping to sustain investment in the Group's business and maintain competitive airport charges at Dublin Airport. If this concept is properly embraced and supported it undoubtedly represents an exciting new opportunity for the airport's development but with a much wider benefit potential for the economy of Ireland.

I have enjoyed my tenure as the first Chairman of the DAA and I am proud of the achievements of the Board, the management and the staff in progressing delivery of the objectives set and meeting the needs of its many customers.

I want to thank the Minister for Transport, Noel Dempsey, TD and his predecessors for their support during my period of office. Likewise, I want to thank Julie O'Neill and David Doyle, Secretaries General of the Departments of Transport and Finance respectively and their colleagues for their help and advice.

In particular I want to record my deepest appreciation of my colleagues on the Board for their commitment, courage and wise counsel. I know they will offer similar support to my successor, to whom I convey my very best wishes.

Finally, I would like to pay special tribute to Declan Collier, Chief Executive of the DAA, for his professionalism and vision and I wish to express my gratitude to him, the management and employees of the company for their unstinting efforts in delivering for our customers and in so doing, enhancing the brand and reputation of a company I have been proud to serve.

Gary McGann, Chairman
9 March 2009

Chief Executive's Review

Declan Collier

The DAA recorded a satisfactory performance during 2008 against the background of a much more difficult operating environment.

Passenger numbers at our three Irish airports declined marginally to just under 30 million during 2008, the first decline since the Gulf War in 1991.

Lower passenger numbers, weaker economic conditions, increased competition, and negative consumer sentiment all impacted upon the Group's financial performance during the year. The impact was particularly felt in the second half of the year as passenger numbers fell at the Group's three Irish airports and was most acute during the last quarter with a fall of 6%.

Turnover increased by 1% to €631 million during the year under review. Group profit, excluding exceptional items, fell by 28% to €78 million while EBITDA (earnings before interest, taxation, depreciation and amortisation) declined by 9% to €155 million.

The fall in profits was due to the decline in passenger numbers, coupled with a slowdown in consumer spending, the fall in the value of sterling and the US dollar, higher operating costs reflecting inflationary pressures in the economy and increased regulatory costs. The DAA is also facing greater commercial competition, particularly in the area of car parking at Dublin Airport.

While 2008 proved a challenging year, the impact of the downturn on the Group's business units varied in terms of location and timing. Dublin Airport and Cork Airport handled a record number of passengers last year, as overall throughput increased at both locations. The retailing arm of our international business Aer Rianta International (ARI) also enjoyed an impressive performance during 2008. Shannon Airport however had a disappointing year, with terminal passengers down by 10% and commercial revenues impacted by the fall in passenger numbers post Open Skies.

It should be noted that the impressive first half performance of a number of the Group's activities masked a significant deterioration in business during the third and fourth quarters of last year, as the full impact of the global economic slowdown began to take hold.

The performance of the international airline industry is closely aligned to economic growth and sharp falls in passenger traffic were experienced in the latter months of 2008. European airport traffic increased by just 1% last year, according to Airports Council International.

The falls in passenger numbers, and consumer spending recorded in the latter part of last year have also continued into 2009, creating a number of challenges for the Group. The International Air Transport Association (IATA) believes that global air traffic will fall by about 3% during 2009. Airlines lost an estimated $8 billion during 2008 and the industry estimates that a further $4.5 billion will be lost globally this year.

While the current economic climate is difficult and the Group is taking measures to address its costs, as airport operators we must take a long-term view and continue to prudently invest in new and improved facilities for our customers. During the year under review, I am pleased to report that we made significant progress on the Transforming Dublin Airport investment programme.

Given the current economic climate, the Group's achievement in securing the necessary financial backing to fully fund the first €1.2 billion of the Transforming Dublin Airport programme by early summer of last year was noteworthy. The Group successfully raised €800 million in long-term facilities during 2008, providing the DAA with significant financial flexibility. A €600 million Eurobond was issued in early July and the Group also secured €200 million in funding from the European Investment Bank in the early summer.

Chief Executive's Review continued

These successful funding initiatives, combined with the proceeds of prior year non-core asset disposals, left the Group with a positive cash position of €879 million at the year-end. However this position will change markedly over the next year, as the current phase of the capital programme is completed and capital spending on major infrastructural projects such as Terminal Two (T2) at Dublin Airport continues.

Gross borrowings were a substantial €1.07 billion at year-end, largely provided to fund investments in much-needed airport infrastructure. These borrowings have to be repaid, over the medium to long term, and the interest cost will be serviced from the aeronautical and commercial activities at the company's three airports.

Since the year-end, Standard and Poor's Rating Services (S&P) changed the DAA's long term corporate credit rating from A to A- and the outlook was revised to negative from stable. The rating change reflects S&P's expectations of deteriorating economic conditions in the Irish economy resulting in an expected decrease in passenger traffic in 2009 and reduced commercial revenues at the company's airports.

The DAA places a high level of importance on its credit rating, especially in more difficult economic times, regarding it as essential to the financial health of the business. As net debt increases to more than €1 billion in the short to medium term, the Group is looking at measures to protect its financial position, including deferring capital expenditure, implementing a cost management programme, maximising commercial revenues and seeking a more appropriate level of airport charges at Dublin Airport.

Before the DAA embarked on the T2 construction programme, the Commission for Aviation Regulation (CAR), which regulates airport charges at Dublin Airport, signalled regulatory support for the existing €1.2 billion capital investment programme, consistent with enabling the Company to operate in a sustainable and financially viable manner. To do so, the DAA must maintain the key financial ratios that will allow us to service our current debts and fund the necessary additional investment into the future.

S&P's current credit rating for the DAA reflects an expectation that the Group's financial profile will start to improve in 2010, despite weaker traffic levels, reflecting the outcome of the forthcoming determination from CAR on airport charges. Hence, CAR's 2009 regulatory determination will be critical to the Group's financial profile in the future.

Despite a modest increase in passenger charges in 2006, Dublin Airport, which is Europe's eighth largest airport for international traffic, remains one of the lowest charged major airports in Europe. The regulator's decision to defer appropriate remuneration for T2 until possibly well after its completion has created additional uncertainty for the Group and unnecessarily weakened its financial profile.

In this context, it is worth recalling that the Group was instructed to deliver new passenger facilities at Dublin Airport by the Government in 2005 to address chronic over-crowding, long queues and sub-standard amenities for the travelling public. Over the past four years, the DAA has been investing not just in new facilities such as Pier D and Area 14, but also in improving service standards and reducing queuing times.

Dublin Airport's pricing regime for the next five years will be determined during 2009 and it is essential that the regulator delivers the increase in charges required to properly remunerate the Group for the significant investments that it has made on behalf of Dublin Airport's passengers in recent years.

In the often robust debates between an airport operator, the airlines and the regulator, the voice of the ultimate consumer – the passenger – should also be heard and carry significant weight. We survey tens of thousands of Dublin Airport passengers every year. While these surveys highlight areas in which the DAA can enhance customer service, they also reveal that the majority of passengers are willing to pay an increase in airport charges to fund the delivery and operation of new and improved facilities.

While the Group recorded a satisfactory performance during 2008, major challenges lie ahead. This year will see the first significant decline in passenger traffic for almost two decades. The global economy is in recession and its impact is being felt more acutely in Ireland than in many other countries.

As a commercial, state-owned, company that receives no Exchequer funding, airport passenger charges and commercial income are the sole revenue generators for the DAA. Like all companies, the DAA must continually manage its costs and due to the uncertain international and domestic financial climate and, consequently, the financial outlook, we intend to strive for even greater efficiencies in this area.

A major cost recovery review is underway across the Group, with the target of significantly reducing our annual operating costs to help offset the impact of falling passenger numbers and weak consumer demand. It is already clear that 2009 will be a very difficult trading year for the aviation industry and the DAA is moving swiftly to adjust to the current market environment.

It should be noted that some of the additional costs that we have incurred in recent years relate specifically to the recruitment of extra staff at Dublin Airport to cope with the challenges of handling an ever greater number of customers in a constrained passenger terminal. Extra employees were recruited, for example, in key frontline areas such as customer service and security search to improve the passenger experience and reduce queuing times.

During 2008, the Group reached agreement with the trade unions representing the majority of staff to establish, subject to Ministerial approval, certain additional pension arrangements independent of the existing scheme. The Group intends to make a once-off pension contribution in respect of past service and an amount of €36 million has been charged to the profit and loss account in the year and included in provisions at December 31, 2008.

Transforming Dublin Airport

It was a busy year for the Transforming Dublin Airport investment programme as more than 3 million hours were worked onsite to deliver new and improved facilities across the campus.

Understandably, the public focus is on high profile new passenger facilities such as T2 and the Terminal One (T1) Extension, but a host of other no less important construction projects are also required to modernise and expand Dublin Airport and to properly position it for the decades ahead.

Twenty-five projects started on site during 2008 and 12 projects were handed over during the year. The largest handover was Apron Six, a new area of aircraft parking, which at 190,000 square metres, is more than twice the size of St Stephen's Green in Dublin. Apron Six has room for up to 23 aircraft and was completed on time, despite an 18-month construction phase that included two of the wettest summers in living memory.

During the past year, the DAA's construction partners have been strengthening the infrastructural backbone for the new Dublin Airport, as improved electricity, gas, water, heating and telecommunications networks are being built throughout the campus. A total of €25 million was invested in utility related construction during the year, as a new reservoir and boiler house were opened and we continued to make progress on a new electricity substation and storm water attenuation projects.

These investments are essential to allow Dublin Airport to function efficiently and in an environmentally sustainable manner, and leave it well placed for future growth over the longer term.

Two major new passenger facilities that are currently under construction will come on-stream within the next 18 months. The T1 Extension, which will open this April, will provide a much improved passenger experience for travellers using Piers A and D at Dublin Airport.

The extension will create additional circulation space for passengers and afford an expanded retail offering and a much wider choice of airside catering options. Located at the north-western corner of the existing terminal, the T1 Extension will create a new airside space with views over the airfield for travellers en route to Piers A and D.

Huge progress was made on T2 during 2008, as any visitor to Dublin Airport will have witnessed. Looking at the structure now, it is sometimes difficult to believe that just 12 months ago, we had yet to begin building the steel frame of the new terminal.

The first steel column was lowered into place at the end of March and by year-end, T2 had reshaped the Dublin Airport skyline, as first the main terminal building and then the check-in hall rose out of the ground. Meanwhile the glass and steel of T2's new boarding gate facility Pier E is rapidly extending back across the apron to connect with the new terminal.

While the exterior of the terminal and the pier continue to take shape, work is also well advanced inside the building to install specialist IT and baggage handling systems and all of the other necessary fixtures and fittings.

The procurement of T2 was also completed last September, when the DAA awarded the last three contracts for the new terminal. Concluding this element of the project was a major milestone for the company. More than 2,000 people will be employed on the T2 project when it reaches peak construction later this year, and it is also worth noting that the project supports many thousands of additional jobs offsite.

Construction of T2 is expected to be completed in early 2010 and the new terminal will then be commissioned on a phased basis. T2 will open following an extensive operational readiness and staff training programme that is scheduled to begin before the end of this year.

When the Government required the DAA to build T2 as part of its Aviation Action Plan in May 2005, it indicated that operations in the terminal would be the subject of an open tender process. Post year-end, the Government announced that it intends that tenders be sought for the operation of certain facilities management activities at T2. The tender will cover a range of services that may include cleaning, maintenance and certain security screening processes.

Under the process that has been outlined by the Government, the DAA will prepare and submit a benchmark price for these services to the Government's consultants, who will run the tender competition. Bids will also be sought from third parties. The consultants will evaluate these bids, compare them to the DAA benchmark, and award the contract on that basis. The successful bidder will contract with the DAA for the delivery of these facilities management services.

State Airports Act

The State Airports Act 2004 provides for the separation of Dublin, Shannon and Cork airports. Last December, having examined the business plans submitted by the boards of the three airport authorities, the Minister for Transport accepted their view that, given current market conditions, separation should be deferred until 2011.

In the wake of the Minister's decision, and following consultation with the Cork Airport Authority and the Shannon Airport Authority, the DAA has now put in place new governance arrangements to ensure the most effective management of Dublin, Cork and Shannon Airports for all stakeholders.

CBP

The Governments of Ireland and the United States concluded an agreement in November to introduce new pre-clearance procedures for US-bound passengers at Dublin and Shannon Airports. Currently, US-bound passengers clear immigration in Ireland and must go through US Customs and Agriculture checks on their point of entry into the United States.

Under the new regime, all US Customs and Border Protection (CBP) inspection and clearance checks will be carried out in advance at Dublin and Shannon Airports. The DAA is currently constructing new facilities at both Shannon and Dublin Airports to enable the US authorities to operate the new CBP service. Shannon is due to begin full CBP later this year, while Dublin's CBP facility will open in 2010.

Dublin Airport

Dublin Airport had its busiest year on record in 2008, handling almost 23.5 million passengers. This satisfactory performance was underpinned by the steady growth enjoyed during the first six months of the year, as passenger traffic declined during the second half. The slowdown was particularly acute in the last three months of the year, as the global recession took hold. Dublin Airport's airline customers had to cope with the economic slowdown in the second half of the year and spiralling fuel prices in the early part of 2008. Two charter companies Futura Gael and XL Airways closed in September and three scheduled airlines Centralwings, SkyEurope and FlyLAL (Lithuanian Airlines) ended services from Dublin during the latter half of the year. However 22 new services were added to the existing network from Dublin, including a new route to Moscow. In the long-haul market, Etihad Airways increased its capacity significantly and the US and Canadian markets also performed positively throughout the year.

Turnover from retailing and other commercial activities at the three airports contributed 45% of Group turnover in 2008. The funds generated from such activities are used to meet operational costs and support investment in new and improved facilities.

In the wake of the full implementation of the EU-US Open Skies agreement, transatlantic traffic grew by 14% to a record 1.7 million passengers during 2008. Passenger volumes to destinations such as the Middle East and Africa increased by 8% to more than 250,000 last year.

European traffic increased by 1% with almost 12 million passengers travelling from Dublin to continental Europe during 2008. UK traffic declined by 1% to 8.6 million passengers. Domestic traffic fell by 5% with more than 840,000 passengers travelling on domestic flights during 2008.

A total of 76 airlines operated to 206 destinations from Dublin Airport in 2008. Between them, Ryanair (42%) and Aer Lingus (34%), now account for 76% of the airport's passenger traffic. The remaining 24% is divided between the other 74 airlines using Dublin Airport.

Last year, during the peak summer months, Dublin Airport had to cope with the difficulties arising from the failure of the Irish Aviation Authority's radar system and the resultant reduction in operating capacity.

Thanks to prudent management and additional staffing, Dublin Airport performed well during the busy peak periods and passenger queuing times at security screening areas remained within seven minutes 95% of the time.

Cork Airport

Passenger volumes at Cork Airport increased by 2.5% to almost 3.3 million during 2008, marking the 17th consecutive year of growth at the airport.

Seven new destinations, including services to Geneva and Poznan, were launched from Cork Airport in 2008. During the year, 10 airlines served 48 scheduled destinations and a further 19 charter destinations operated to and from the airport.

Both of Cork Airport's largest airline customers, Aer Lingus and Ryanair, continued to grow during the year. Aer Lingus passengers represented just over 40% of Cork Airport's total passenger throughput during 2008, while Ryanair accounted for 30% of traffic.

Behind the headline growth figures, traffic increased significantly in the first half of the year, before slowing into the summer and declining in the last four months of 2008.

Traffic on services to London increased by 4% to 927,000 passengers last year. This represents a return to a normalised level of traffic on these routes following a period of unsustainable levels of competition on London routes during 2006, and a significant reduction in passenger numbers in 2007. London continues to be the key market for Cork Airport and represented 28% of its total traffic in 2008.

Services to other British destinations grew substantially in 2008 with the 26% increase in passenger numbers driven primarily by the addition of Ryanair services to Glasgow and East Midlands. Unfortunately these two services were discontinued at year-end by Ryanair. Having availed of a 100% discount under the terms of the Cork Airport New Route Support Scheme, Ryanair failed to maintain the services as previously agreed, despite an 80% discount being available in the second year of the discount scheme.

The New Route Support Scheme is available to all airlines and has facilitated the growth in Cork Airport in recent years. European scheduled traffic was flat in 2008, having grown by 30% during the previous twelve months, as the new routes consolidated. Traffic on Polish routes declined by about 35% in 2008, due in large part to the impact of the economic slowdown. Increases across other scheduled European routes offset this decline.

Domestic traffic decreased by 11% to 443,000 passengers. The Cork-Dublin route represents 98% of the total domestic traffic. The fall in passenger numbers on this route is due in part to the competition from the other main modes of transport between the two cities – road and rail.

Shannon Airport

Almost 3.2 million passengers travelled through Shannon Airport in 2008, a decline of 12% on the previous year. Terminal traffic – i.e. passengers who began or ended their journey at Shannon Airport – declined by 10% to 2.8 million during the year.

The lower passenger volumes reflected the impact of the full operation of the EU-US Open Skies Agreement from the end of March and the withdrawal of the Aer Lingus Heathrow service in January 2008. The combination of Open Skies, economic conditions on both sides of the Atlantic and the adverse euro dollar exchange rate last summer, resulted in a drop in transatlantic traffic of 23% during 2008.

Despite these very challenging circumstances, Shannon Airport is pleased to have retained the services of four transatlantic carriers for 2009: Aer Lingus, Continental, Delta and US Airways.

The agreement between the US and Irish governments to offer full Customs and Border Protection (CBP) facilities at Shannon, the first such service in Europe, also offers significant opportunities for the airport.

The advent of CBP, which will open all US domestic airports and terminals to flights from Shannon, should leave the airport well positioned to generate additional transatlantic business. Shannon has already begun to win new customers to take advantage of the CBP offer. British Airways' new service from London City Airport to JFK, which is due to launch later this year, will refuel at Shannon and passengers will use the new CBP facility once it becomes available.

Ryanair remains the largest airline at Shannon, and carried 1.9 million passengers on its 32 services from the airport during 2008. Post year-end Ryanair announced that it planned to terminate services to five of the destinations served from Shannon due to the imposition of the Government's air travel tax. The decision to introduce an air travel tax does not afford Ryanair the basis on which to avoid its contractual commitments and the airport will continue to insist that Ryanair meets these commitments.

Air France/City Jet launched a new service to Paris Charles de Gaulle in February that restored Shannon's Airport's link to a global hub and the route is performing well with high load factors. Aer Lingus indicated in December that it will resume its London Heathrow service from Shannon, which will mean the airport, and the region, will have improved connectivity.

Commercial/Retail

Turnover from retailing and other commercial activities at the three airports contributed 45% of Group turnover in 2008. The funds generated from such activities are used to meet operational costs and support investment in new and improved facilities.

Total retail sales activity for 2008, including sales by concessionaires, at Dublin, Cork and Shannon at €294 million was marginally ahead of 2007 levels. This was a relatively robust performance, given the prevailing economic climate in the second half of the year. The strength of the euro compared to sterling had a particularly negative impact on pricing within core retail areas such as liquor, tobacco, cosmetics and perfumery. The EU security regulations governing liquids also continued to have a negative effect on retail sales.

The flat retail sales for the year masked a decline in second-half turnover, as sales were down 5% in the final quarter of the year, as retail turnover decreased in line with falling passenger numbers. Within the overall retail business, catering was the best performer during 2008, boosted in part by the introduction of a number of special promotions focused on value for money.

Turnover from car parking declined during the year as lower consumer confidence caused changes in travel behaviour. The Group also faced additional car parking competition at Dublin Airport from both new and existing operators.

A number of new car parking promotions were introduced at Dublin during 2008. The most significant was the move to an online booking facility in March, which allowed customers to pre-book long-term and short-term car parking at reduced rates. This innovation has been welcomed by consumers and online booking now accounts for a significant element of car parking turnover at Dublin Airport. The online parking product will be further enhanced in the coming months.

Post year-end, the DAA agreed to buy back the leasehold property that had been occupied by SR Technics at Dublin Airport. The land in question, which had always been owned by the DAA (formerly Aer Rianta), is occupied by six hangars and related ancillary facilities.

Dublin Airport City

Last April, the Taoiseach, Mr. Bertie Ahern TD, launched the DAA's plans for Dublin Airport City. Dublin Airport City is a new 350-acre development zone located east of the main airport complex. The 15-year development of the area, which has already been master-planned, will provide 700,000 square metres of new buildings.

Dublin Airport City, which will include offices, industrial and retail space, will be built to the highest environmental standards and will offer an unrivalled location for multi-national corporations. The DAA plans to develop Dublin Airport City over a 15 – 20 year period in six separate phases.

The development will be linked to the proposed new Dublin Airport Metro station via an automated people mover that will provide quick and convenient access to both Metro North and to the terminal facilities.

Dublin Airport City will be funded separately from the Group and it is expected that independent funding will be secured for the project from a range of external sources.

ARI

Aer Rianta International (ARI), a wholly-owned subsidiary of the DAA, manages airport retail operations overseas and holds minority shareholdings in a small number of overseas airports.

ARI, which celebrated 20 years in business during 2008, had another successful year. It contributed some €25 million or 32% of Group profits (excluding exceptional items), a decrease of 13% compared to 2007. On a like-for-like basis, after taking account of the loss of the income stream from ARI's former shareholding in Birmingham International Airport following its successful disposal in 2007, profit was up by 6%.

ARI's underlying retail business had another record year in 2008. A strong performance by its international retail operations, particularly in the CIS and Ukraine, was the principal reason for its continued profit contribution to the Group last year.

The performance of retail operations at many locations towards the end of 2008 has been impacted by the global downturn, resulting in a reduction in the number of airline passengers at locations where ARI operates retailing concessions. This trend has been maintained into early 2009 and is expected to continue through the year.

During the year under review, ARI increased its shareholding in its Middle Eastern company, Aer Rianta International (Middle East) WLL (ARIME) by acquiring an additional 11.25% of the business. ARI now owns 61.25% of ARIME, which in turns holds an 11% stake in the Cypriot airports concessions for Larnaca and Paphos through its shareholding in the Hermes consortium. A new terminal opened at Paphos in November 2008 while Larnaca's new terminal is due to open in late 2009.

The scheduled opening of Terminal 3 (SVO3) at Moscow's Sheremetyevo International Airport in early 2009, where ARI has secured a seven-year contract to provide Duty Free and Duty Paid retail operations, has been delayed with the new terminal now expected to be fully commissioned in late 2009.

Thanks

Finally, I wish to convey my appreciation to all of my colleagues at the DAA, who have worked tirelessly to improve the passenger experience at our three Irish airports and to grow our overseas businesses through Aer Rianta International. They continue to show professionalism, commitment and resourcefulness as they manage the day-to-day operation and strive to deliver our longer term strategic objectives.

I would also like to express my gratitude to the Board of the DAA for its support and in particular note the invaluable direction and advice provided by our Chairman Gary McGann, who recently announced his decision to step down from this position. During his four and a half years as Chairman of the DAA, Mr. McGann's drive and vision have helped transform the Group and his personal commitment to the business has been exemplary.

Declan Collier, Chief Executive
9 March 2009

Passenger numbers at the three airports were 29.9 million, a decrease of 0.6%. Passenger numbers at Dublin Airport were 23.5 million, an increase of 0.8%. At Shannon Airport passenger numbers declined to 3.2 million, a decrease of 12.5%. Passenger numbers at Cork Airport were 3.3 million, an increase of 2.5%.

2008 Financial Review

Group Financial Highlights	2008	2007	2006
Passengers			
Total ('000)	29,895	30,088	27,846
Growth (%)	-1%	8%	14%
Profitability (€'m)			
Turnover	631	623	591
Growth (%)	1%	6%	13%
Group EBITDA[1]	155	170	145
Growth (%)	-9%	17%	31%
Group profit excluding exceptionals	78	109	70
Group profit for the year	47	348	166
Cash Flow (€'m)			
Cash flow from operating activities	162	170	148
Cash flow before financing / liquid resources	(222)	171	244
Balance Sheet (€'m)			
Gross assets[2]	2,432	1,705	1,398
Shareholders' funds	1,009	977	631
Gross debt	1,067	481	511
Cash	879	516	375
Net debt / (funds)	188	(35)	136
Capital Expenditure (€'m)			
Capital expenditure additions	406	272	148
Key Ratios			
Group EBITDA: Net interest charge[3]	18.2x	21.4x	8.0x
Net debt: Group EBITDA	1.2x	n/a	0.9x
Group EBITDA: Turnover	25%	27%	25%
Return on average equity pre exceptionals[4]	8%	13%	13%

1 Group EBITDA comprises group earnings before interest, tax, depreciation, amortisation and exceptional items from group activities, excluding contributions from associated and joint venture undertakings.
2 Gross assets comprise fixed and current assets.
3 Net interest charge comprises Group net interest, excluding associated and joint venture undertakings.
4 Return on average equity is based on Group profit excluding exceptional items as a percentage of average shareholders' funds.

Profitability

Group profit for the financial year was €47.1 million (post-tax), compared with €347.5 million in 2007. Excluding net exceptional items of €30.8 million, the profit for the Group was €77.9 million in 2008 (2007: €108.5 million). Group EBITDA for the year decreased by €15.3 million (9.0%) to €154.7 million.

Passenger volume and growth

Passenger numbers at the three airports were 29.9 million, a decrease of 0.6%. Passenger numbers at Dublin Airport were 23.5 million, an increase of 0.8%. At Shannon Airport passenger numbers declined to 3.2 million, a decrease of 12.5%. Passenger numbers at Cork Airport were 3.3 million, an increase of 2.5%.

Turnover

Group turnover was €630.9 million, an increase of €7.6 million (1.2%) on the previous year. Some €417.5 million of turnover came from commercial activities both overseas and at the three airports, a decrease of €1.8 million (0.4%) on 2007. Turnover from aeronautical activities increased by €9.3 million (4.6%).

Operating costs

Total Group operating costs (excluding cost of sales, depreciation and amortisation, and exceptional items) increased by €18.5 million (6.4%) to €309.0 million. Group payroll costs (excluding exceptional items) increased by €4.9 million (2.7%) and Group non-payroll costs increased by €13.6 million (12.1%).

Exceptional items

Exceptional items are set out in Note 4 and includes provision for a pre-tax once off contribution to an additional pension arrangement of €36.0 million. Total net exceptional items after tax were €30.8 million in 2008 (2007: €239.0 million).

Depreciation and amortisation

Depreciation and amortisation increased by €8.7 million to €67.0 million.

Associates and joint ventures

The Group's total share of operating profits (before interest and taxation) from associates and joint ventures decreased by €8.2 million to €30.3 million.

Interest

The Group net interest charge (excluding associates & joint ventures) for 2008 was €8.5 million (2007: €7.9 million). The Group's share of net interest cost from associates and joint ventures decreased by €1.4 million to €8.7 million.

Taxation

The Group taxation charge decreased by €8.2 million to €16.6 million. Excluding tax on exceptional items, the taxation charge decreased by €3.5 million reflecting the decline in taxable profits. The effective tax rate in 2008 was 25% (2007: 7%). Excluding exceptional items, the effective tax rate was 21% (2007: 18%) reflecting that in particular, higher tax rates apply to the Group's international operations relative to its Irish activities.

Cash flow and funding

Net cash inflow from operating activities was €161.6 million (2007: €170.0 million). At the end of 2008 the Group had net debt of €188.0 million compared to net funds of €34.8 million in 2007. Cash was €878.5 million at year-end (2007: €515.6 million).

Group interest cover was 18.2 times (2007: 21.4 times) based on Group EBITDA divided by the Group net interest charge.

Balance Sheet

Shareholders' funds increased to €1,009.1 million (2007: €977.3 million).

Gross assets were €2.4 billion (2007: €1.7 billion). Fixed and financial assets were €1.5 billion (2007: €1.1 billion).

Company accumulated profit and loss account, the basis for determining company distributable reserves, increased by €18.0 million to €657.5 million at 31 December 2008.

2008 Financial Review continued

Treasury

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

On occasion, the Group utilises derivatives to eliminate or reduce foreign exchange and interest rate risks arising from the Group's operations and its sources of finance.

Liquidity risk

The Group's policy is to ensure continuity of funding by (a) maintaining committed facilities covering the minimum of twelve months capital expenditure or eighteen months net financing needs and (b) ensuring a substantial portion of borrowings mature in more than five years. Some 70% of the Group's borrowings at the end of 2008 were due to mature in more than five years. Undrawn committed facilities were €500.0 million at the year-end. At the year-end the Group had capital commitments (both contracted and uncontracted) of €561.0 million (Company: €534.9 million). Liquidity at the same date was €1,378.5 million, comprising cash of €878.5 million and undrawn committed borrowing facilities of €500.0 million.

Interest rate risk

The Group's policy is to protect the profit and loss account and cash flows from material adverse movements in interest rates by undertaking controlled management of the interest rate structure on the Group's borrowings and investments. At the end of 2008 all of the Group's debt was denominated as fixed interest debt, thus minimising exposure to interest rate fluctuations. This includes listed debt through two eurobond issues and long-term loans from the European Investment Bank. During 2008, the weighted average interest rate applicable to the Group's borrowings was 5.7%. The Group's policy is to maintain a minimum fixed ratio of 70% on existing debt.

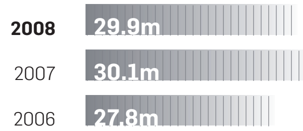
Foreign exchange risk management

The Group's Irish businesses are primarily euro denominated. The Group has a number of overseas subsidiary and associated undertakings from which dividends and management charges are denominated in foreign currencies. Where they do arise, the Group's policy is to minimise currency transaction risk, by seeking to hedge foreign exchange transaction exposures that might impact on reported profit. Currency exposures are disclosed in Note 27. The Group does not carry foreign currency exposures other than in the normal course of business.

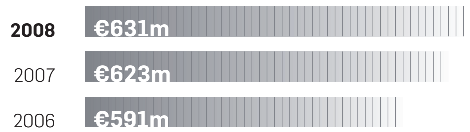
Credit risk

The Group's credit risk consists principally of cash deposits, short-term investments and trade debtors. Cash surpluses are only deposited with banks and institutions with an appropriate credit standing. The Group has formalised procedures for the setting of credit limits, including the monitoring of trade debtors, and deposit limits.

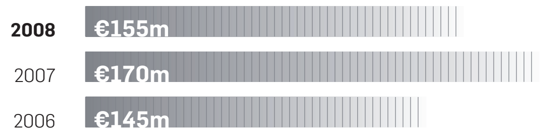
Total Passenger Numbers (m)



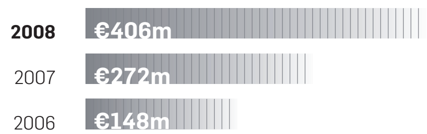
Group Turnover (€'m)



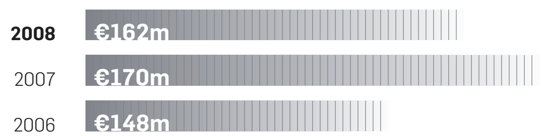
Group EBTIDA (€'m)



Fixed Asset Additions (€'m)



Cashflow from Operating Activities (€'m)



Group Net Debt (€'m)

Dublin
Lat. 53°25'17"N
Long. 006°16'12"W

Cork
Lat. 51°50'29"N
Long. 08°29'28"W

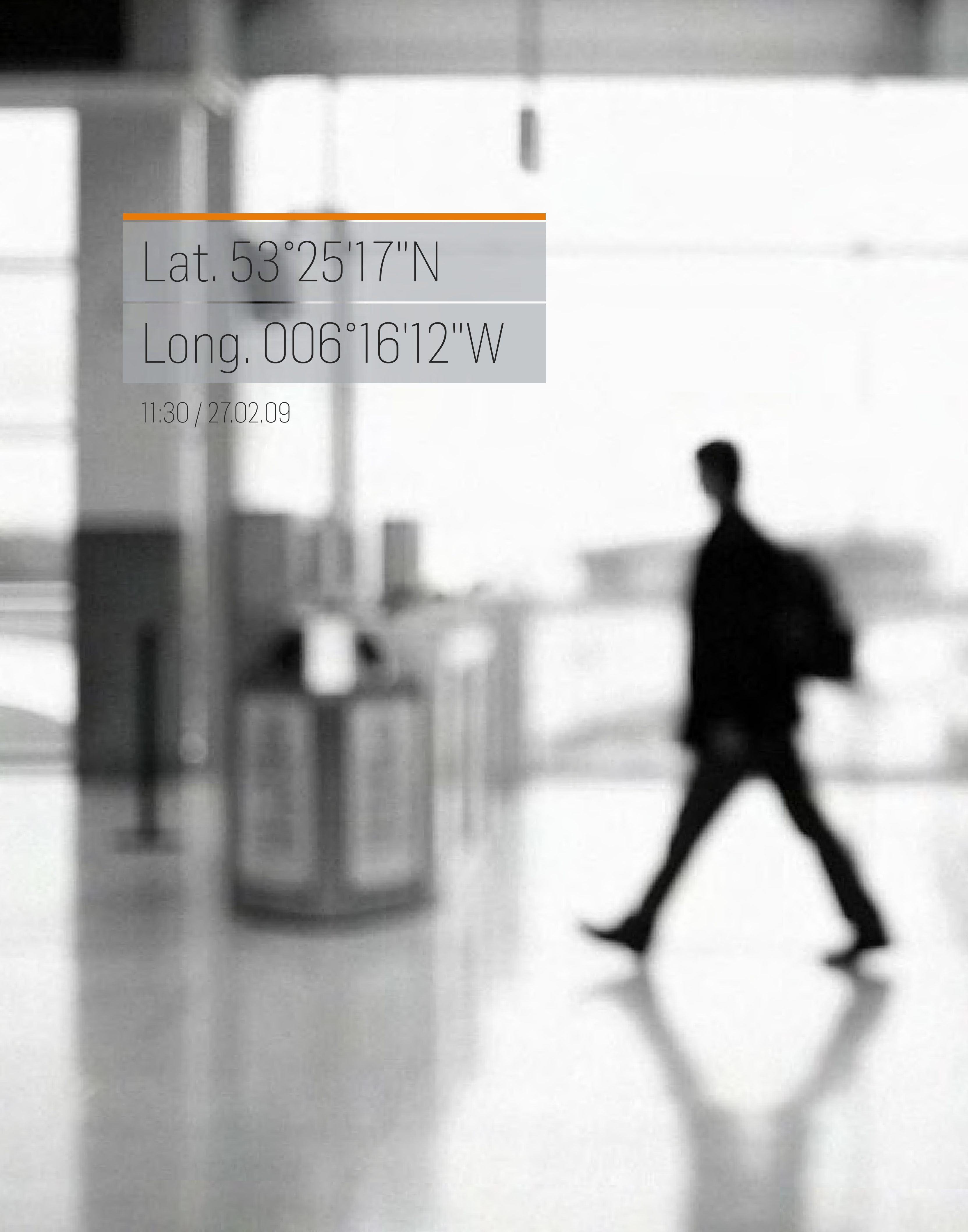
Shannon
Lat. 52°42'07"N
Long. 08°55'29"W


Lat. 51°50'29"N
Long. 08°29'28"W
12:30 / 26.02.09

Lat. 53°25'17"N

Long. 006°16'12"W

10:30 / 27.02.09



Lat. 53°25'17"N

Long. 006°16'12"W

11:30 / 27.02.09

Lat. 52°42'07"N

Long. 08°55'29"W

13:00 / 04.03.09


SHANNON AIRPORT
FIRE & RESCUE

Lat. 52°42'07"N

Long. 08°55'29"W

14:30 / 04.03.09

Lat. 53°25'17"N

Long. 006°16'12"W

09:30 / 27.02.09


Lat. 53°25'17"N
Long. 006°16'12"W
11:00 / 02.03.09

Lat. 53°25'17"N

Long. 006°16'12"W

13:00 / 02.03.09

Lat. 53°25'17"N

Long. 006°16'12"W

14:00 / 02.03.09


Lat. 53°25'17"N
Long. 006°16'12"W
09:00 / 02.03.09
daa

Directors' Report and Consolidated Financial Statements 2008

Report of the directors

The directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2008.

Principal Activities

The Group's principal activities are airport development, operation and management, Irish and international airport retail management and international airport investment.

Review of the Business and Future Developments

Detailed commentaries on performance for the year ended 31 December 2008, including information on recent events, likely future developments, principal risks and uncertainties facing the business and key performance indicators, required in accordance with Statutory Instrument 116 of 2005: European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005, are contained in the Chairman's Statement, the Chief Executive's Review and the Financial Review.

As set out below the financial results of the Group for the year show a profit for the financial year amounting to €47.1 million compared with €347.5 million for 2007, summarised as follows:

	2008	2007
	€ million	€ million
Group operating profit before exceptional items	**87.7**	111.6
Exceptional item – pension cost	**(36.0)**	–
Group operating profit after exceptional item	**51.7**	111.6
Share of operating profit of associates and joint ventures	**30.2**	38.5
Other exceptional items	**0.8**	239.3
Group profit before interest and taxation	**82.7**	389.4
Interest (net)[a] – Group, associates and joint ventures	**(17.1)**	(17.1)
Group profit before taxation	**65.6**	372.3
Tax – Group, associates and joint ventures	**(16.6)**	(24.7)
Group profit after taxation	**49.0**	347.6
Minority interest	**(1.9)**	(0.1)
Group profit for the financial year	**47.1**	347.5

a. Includes income from other financial assets

Details of the results for the year are set out in the Group profit and loss account and related notes.

In 2008, the Group recorded a net exceptional loss of €30.8 million comprising a once-off pension provision of €31.5 million (€36.0 million pre-tax) and a net adjustment of €0.7 million (€0.8 million pre-tax) in respect of prior year exceptional items. In 2007, the Group recorded a net exceptional gain of €239.0 million comprising the profit of €237.5 million on the disposal of its 24.125% stake in Birmingham Airport and a net adjustment of €1.5 million (€1.8 million pre-tax) in respect of prior year exceptional items. Exceptional items are discussed further in Note 4 to the financial statements.

State Airports Act 2004 and Separation of Cork and Shannon Airports

In 2003, the Government announced its intention to restructure the Company, the necessary legislative basis for which is set out in the State Airports Act 2004 ("the 2004 Act"), pursuant to which it is proposed that the Group will, in the future, cease to own Shannon and Cork airports (the "Restructuring"). In December 2008, the Minister for Transport announced that the Restructuring is to be deferred until 2011.

Pending the completion of the Restructuring, all assets and liabilities of Cork and Shannon airports remain within the Company as does ultimate responsibility for the management, operation and development of these airports. Following the Restructuring, Cork Airport Authority plc ("CAA") and Shannon Airport Authority plc ("SAA"), which are owned by the Minister for Finance but are not part of the Group, will act as fully independent and legally autonomous airport authorities for Cork and Shannon airports respectively. Pending this, and pursuant to the 2004 Act, the Company has entered into a management agreement with each of CAA and SAA for the performance of certain of its functions in relation to Cork and Shannon airports respectively.

Corporate Governance

The directors are committed to maintaining high standards of corporate governance. Set out below are details of how the relevant principles of good governance contained in the Combined Code on Corporate Governance (the "2006 Combined Code") are applied in Dublin Airport Authority plc. The directors believe that the application of these principles assist the Group to comply with the ethical and other considerations implicit in the Code of Practice for the Governance of State Bodies published by the Department of Finance.

The following paragraphs deal with the Group's compliance with the 2006 Combined Code.

The Board and Committees

The Group is headed by a Board, which comprises eight non-executive directors, four employee representative directors and one executive director (the Chief Executive). The role of the Chairman is separate from that of the Chief Executive. The Minister for Transport, with the consent of the Minister for Finance, appoints the Chairman and the non-executive directors to the Board. Non-executive directors are appointed for terms not exceeding five years. The Chief Executive is appointed by the Board of Directors of the Company and is an ex officio member of the Board. The employee representative directors are appointed for a term of up to four years following a nomination and election process under the Worker Participation (State Enterprises) Acts, 1977 to 2001.

The Board considers that all non-executive directors, which for this purpose comprise directors other than the Chief Executive and employee representative directors, are independent and has specific procedures to deal with potential conflicts of interest that may arise. The Board considers that all non-executive directors are independent in character and judgement, notwithstanding that they have been appointed to the Board with the consent of the Minister for Finance, the principal shareholder. In line with the 2006 Combined Code, it is Board policy that the Chairman holds meetings with the non-executive directors, without the other directors being present, at least once a year.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives. The Chairman is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of non-executive directors and constructive relations between the executive director and non-executive directors, ensures that directors receive accurate, timely and clear information and manages effective communication with the shareholder.

A scheduled meeting of the Board is usually held each month, except January and August. Additional meetings are convened as required. The Board is responsible for the proper management of the Group and takes all significant strategic decisions and retains full and effective control while allowing management sufficient flexibility to run the business efficiently and effectively within a centralised reporting framework.

On 15 and 31 August 2008 respectively, Mr. Ian McDonnell and Mr. Colm Barrington resigned as directors. Ms. Mary McCabe and Mr. Peter Barrett were appointed to the Board with effect from 1 December 2008. There were no other changes in Board composition during the year. Subsequent to the year end, Mr. Gary McGann (Chairman) has informed the Company of his intention to resign from the Board and Mr. Brian Lynch (Employee Director) has informed the Company of his intention to retire consequent on which he will cease to be a director.

The total number of meetings held by the Board during the year was nine and were attended as follows:

Director	Attendance
Mr. Gary McGann	9/9
Mr. Declan Collier	9/9
Mr. Colm Barrington	4/6
Mr. Bill Cullen	8/9
Mr. Des Cummins	9/9
Ms. Mary Davis	7/9
Mr. Ian McDonnell	5/6

Director	Attendance
Sir Michael Hodgkinson	7/9
Ms. Marion Keating	9/9
Mr. Brian Lynch	8/9
Mr. Barry Nevin	8/9
Ms. Marie O'Connor	6/9
Mr. Anthony Spollen	9/9

The Board has reserved certain items for its review including, inter alia, the approval of the annual financial statements, annual budgets, corporate plan, significant acquisitions, disposals, investments in joint ventures, significant contracts, property transactions, major investments and capital expenditures and senior management appointments and remuneration. The Group has a comprehensive process for reporting management information to the Board. The Board is provided with monthly information, which includes key performance indicators for all aspects of the business. Regular reports and papers are circulated to the directors in a timely manner in preparation for Board and committee meetings. These papers are supplemented by information specifically requested by the directors from time to time.

All directors, including the non-executive directors, receive monthly management accounts and regular management reports and information which enables them to scrutinise the Group's and management's performance against agreed objectives.

All directors have access to the advice and services of the Company Secretary who is responsible to the Board for ensuring that board procedures are followed and that applicable rules and regulations are complied with. The Company's professional advisers are available for consultation by the Board as required. Individual directors may take independent professional advice, in line with Company procedures, at the Company's expense.

On appointment, all directors are provided with briefing documents on the Group and its operations as well as relevant training.

Ms. Marie O'Connor is the Senior Independent Non-Executive Director.

Performance Evaluation

The Board has formally evaluated Board and Committee performance in line with the requirements of the 2006 Combined Code.

Board Committees

The Board has activated an effective committee structure to assist in the discharge of its responsibilities.

Details in relation to both the Audit and the Remuneration & Appointments Committees, including their current Board membership, are set out below.

Audit Committee

The Audit Committee comprises Mr. Anthony Spollen (Chairman), Mr. Des Cummins and Ms. Mary Davis. This committee normally meets at least four times a year and operates under formal terms of reference and an audit charter. The committee may review any matters relating to the financial affairs and internal control arrangements of the Group. The committee is responsible to the Board for the review of internal controls, the review of draft financial statements and the scope and performance of the Group Internal Audit function.

It also reviews the scope and results of the external audit and the nature and extent of the services provided by the external auditors. The Board maintains an objective and professional relationship with the Group's auditors. Where the external auditor provides non-audit services, review procedures are in place to safeguard auditor objectivity and independence. The Chairman of the Audit Committee reports to the Board on all significant issues considered by the committee.

The Company has established procedures to ensure that appropriate arrangements are in place for employees to raise, in confidence, matters of possible impropriety, with suitable subsequent follow-up action.

Remuneration & Appointments Committee

The Remuneration & Appointments Committee comprises Mr. Gary McGann (Chairman), Ms. Marie O'Connor and Sir Michael Hodgkinson who replaced Mr. Colm Barrington following his resignation from the Board. This committee advises the Board on new Board and senior management appointments and determines and approves remuneration and bonus arrangements for the Chief Executive and other senior management.

There were six meetings of the Company's Audit Committee and four meetings of the Remuneration & Appointments Committee in the year. Details of attendance by individual directors at these meetings are as follows:

Audit Committee

Director	Attendance
Mr. Anthony Spollen	6/6
Mr. Des Cummins	5/6
Ms. Mary Davis	4/6

Remuneration & Appointments Committee

Director	Attendance
Mr. Gary McGann	4/4
Mr. Colm Barrington	1/1
Ms. Marie O'Connor	4/4
Sir Michael Hodgkinson	2/2

In addition to the Audit and Remuneration & Appointments Committees, the Board has a number of other committees to assist in the discharge of its responsibilities. These include the Airport Development Committee, the Bond Committee, the Customer Standards & Market Development Committee, the Health, Safety & Aviation Security Committee and the Sealing Committee.

Directors' and Secretary's Interests

The directors and secretary had no beneficial interest in the shares of the Company or in those of its subsidiaries at any time during the year or the preceding financial year.

The Board is satisfied that its directors are free from any business or other relationship that could materially affect, or could appear to affect, the exercise of their independent judgement. Members of the Board may hold directorships or (in the case of non-executive directors) executive positions in third party companies, including certain banks and financial institutions, some of which (or their affiliates) may, in the normal course of business, undertake transactions on an arm's length basis with the Group.

It is the practice, in accordance with the provisions of section 34 of the Air Navigation and Transport (Amendment) Act, 1998 and the Code of Practice for the Governance of State Bodies, that all directors disclose any required interest and absent themselves from Board discussions where they have a direct or indirect interest. Disclosure is provided, as required, in Note 29 "Related Party Disclosures" of related party transactions where the director holds a material interest in the relevant entity. In accordance with company law, details of directorships held by members of the Board are filed in the Companies Office.

Directors' Remuneration

Fees for directors are determined by the Minister for Transport, with the consent of the Minister for Finance. The remuneration of the Chief Executive is determined in accordance with the arrangements issued by the Department of Transport for determining the remuneration of Group Chief Executives of Commercial State Bodies under its aegis and is subject to the approval of the Remuneration & Appointments Committee and the Minister for Transport. A proportion of the Chief Executive's remuneration is performance-related and, in this way, is linked to Group objectives and strategies.

Details of directors' fees and emoluments are set out in Note 6 to the financial statements in accordance with the requirements of the Companies Acts, 1963 to 2006.

Accountability and Audit

The directors acknowledge their overall responsibility for establishing and maintaining the system of internal control throughout the Group.

The system of internal control comprises those ongoing processes for identifying, evaluating and managing the significant risks faced by the Group in pursuing its business objectives. Such a system is designed to manage rather than eliminate risk of failure and can therefore only provide reasonable and not absolute assurance that the Group will achieve those objectives or that the Group will not suffer material misstatement or loss.

The organisation structure of the Group under the day-to-day direction of the Chief Executive is clear. Defined lines of responsibility and delegation of authority have been established.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. As part of this identification process management have identified the significant risks which could materially adversely affect the Group's business, financial condition or results of operations. These risks are assessed on a continual basis and management report to the Board significant changes in the business and external environment, which affect the significant risks identified.

The directors have established a number of key procedures designed to provide an effective system of internal control, which includes an annual review of the effectiveness of the system of internal control. The key procedures, which are supported by detailed controls and processes, are as follows:

- active Board involvement in assessing key business risks faced by the Group and determining the appropriate course of action for managing these risks;
- a schedule of items reserved to the Board for approval;
- a clearly defined organisation structure with appropriate segregation of duties and delegation of responsibility and authority within which the Group's activities can be planned, executed, controlled and monitored to achieve the strategic objectives which the Board has adopted for the Group;
- a formalised risk reporting system;
- a formal code of business ethics;
- a comprehensive system of management and financial reporting, accounting, treasury management and project appraisal;
- clearly defined limits and procedures for financial expenditure including procurement and capital expenditure;
- annual budgets and financial plans for the Group and business units;
- representation at board level in the Group's principal associates and joint ventures by senior Group executives;
- monitoring of performance against budgets for the Group and its principal associates and joint ventures and reporting thereon to the Board on a monthly basis;
- an Internal Audit department which reviews key systems and controls;
- an Audit Committee, comprised of three non-executive directors, which reviews audit plans and deals with significant control issues raised by the internal or external auditors and meets periodically with the internal auditors and the external auditors;
- full and unrestricted access to the Audit Committee for internal and external audit;
- an active Board sub-committee structure;
- Aviation Security, Safety and Standards management functions which monitor and report on aviation safety and security standards and operational procedures at the airports;
- a Health, Safety & Aviation Security Committee of the Board that monitors and reviews matters in relation to aviation safety and security, and health and safety at the airports.

The directors confirm that the Group's ongoing process for identifying, evaluating and managing the significant risks facing it is in accordance with the guidance in Internal Control: Guidance for Directors on the Combined Code (Turnbull). In particular, the Board has reviewed the process for identifying and evaluating the significant risks affecting the business and the policies and procedures by which these risks are managed. Investment in associated and joint venture companies are considered as part of the Group's ongoing risk review process.

Communication with Shareholder

Through regular contact with relevant Government Departments, the Board and management maintain an ongoing dialogue with the Company's shareholder on strategic issues including the proposed restructuring of the Group provided for in the State Airports Act, 2004.

The Board has established procedures to ensure that Board members have an understanding of the views of the shareholder.

Compliance Statement

The Group has been in compliance with the Code of Best Practice provisions of the Combined Code relevant to it throughout the financial year under review and up to the date of this report other than as follows:

- The Minister for Transport, with the consent of the Minister for Finance, appoints the Chairman and the non-executive directors to the Board. The employee representative directors are appointed to the Board for a term of up to four years by the Minister following a nomination and election process under the Worker Participation (State Enterprises) Acts 1977 to 2001 which were last held in 2005. The Chief Executive is appointed by, and is an ex officio member of, the Board. As a result, the Board is satisfied that the provisions in relation to a Nomination Committee and director re-election do not apply.
- As remuneration for directors, including the Chairman, is determined by the Minister for Transport, with the consent of the Minister for Finance, the Remuneration & Appointments Committee is chaired by the Chairman of the Board.
- Full disclosure is made in these financial statements relating to directors' emoluments and pension contributions in accordance with the requirements of the Irish Companies Acts, 1963 to 2006 and the Department of Finance. However, these disclosures do not extend to those contained in the 2006 Combined Code.

Companies (Auditing and Accounting) Act, 2003

The directors note that the sections of the Companies (Auditing and Accounting) Act, 2003, as amended, dealing with Directors Compliance Statements have not yet become effective.

It is the intention of the directors to ensure they are in compliance with all relevant provisions of the Act when it becomes effective.

Going Concern

The directors have a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at the Company's premises at Dublin, Shannon and Cork airports.

Health and Safety
The well being of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 2005 imposes certain requirements on employers and all relevant companies within the Group take the necessary action to ensure compliance with the Act.

Subsidiary, Associated and Joint Venture Undertakings
The information required by Section 158 of the Companies Act, 1963 in relation to subsidiary, associated and joint venture undertakings is set out in Note 11.

Prompt Payments Act
Dublin Airport Authority plc's policy is to comply with the provisions of the European Communities (Late Payments in Commercial Transactions) Regulations 2002 and the Prompt Payment of Accounts Act 1997. The Group's standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. Appropriate internal financial controls are in place, including clearly defined roles and responsibilities and the regular review of payment practices. These procedures provide reasonable but not absolute assurance against material non-compliance with the regulations. As in previous years, substantially all payments were made within the appropriate credit period as required.

Electoral Act, 1997
The Group did not make any political donations during the year.

Post Balance Sheet Events
Subsequent to year end, the directors intend to propose a final dividend of €19.4 million to the Minister for Finance.

There have been no other significant post balance sheet events which require adjustment to the financial statements or the inclusion of a note thereto.

Auditors
In accordance with Section 160(2) of the Companies Act, 1963, the auditors, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board
Gary McGann, Chairman
Anthony Spollen, Director
9 March 2009

Statement of directors' responsibilities in respect of the annual report and the financial statements

The directors are responsible for preparing the Annual Report and financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent company financial statements for each financial year. Under that law the directors have elected to prepare the Group and parent company financial statements in accordance with Generally Accepted Accounting Practice in Ireland, comprising applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland.

The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Group and the parent company and of the profit or loss of the Group for that period. In preparing each of the Group and parent company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Acts, 1963 to 2006. They are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Acts, 1963 to 2006. The Directors have also elected to prepare a report on Corporate Governance which is included in the Directors' Report.

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

On behalf of the Board
Gary McGann, Chairman
Anthony Spollen, Director
9 March 2009

Independent auditor's report to the member of Dublin Airport Authority plc

We have audited the Group and Company financial statements (the ''financial statements'') of Dublin Airport Authority plc for the year ended 31 December 2008 on pages 54 to 86 which comprise the Statement of Accounting Policies, Group Profit and Loss Account, Statement of Total Recognised Gains and Losses, Reconciliation of Movement in Shareholders' Funds, Group Balance Sheet, Company Balance Sheet, Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's member, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's member those matters we are required to state to the member 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 member, as a body, for our audit work, for this report or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and the accounting standards issued by the Accounting Standards Board and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland), are set out in the Statement of Directors' Responsibilities on page 52.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you whether, in our opinion: proper books of account have been kept by the Company; at the balance sheet date, there exists a financial situation requiring the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the Company balance sheet is in agreement with the books of account.

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

We review, at the request of the directors, whether the voluntary statement on page 50 reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for auditor review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report and consider whether it is consistent with the audited financial statements. The other information comprises only the Report of the Directors, Board of Directors section, Chairman's Statement, Chief Executive's Review, 2008 Financial Review, Five Year Summaries, DAA Group Structure and Management section, Aeronautical Information and General Business Information. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the Group's and Company's affairs as at 31 December 2008 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The Company balance sheet is in agreement with the books of account.

In our opinion, the information given in the Report of the Directors is consistent with the financial statements.

The net assets of the Company, as stated in the Company balance sheet on page 60, are more than half of the amount of its called-up share capital and, in our opinion, on that basis there did not exist at 31 December 2008 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.

KPMG
Chartered Accountants, Registered Auditor
1 Stokes Place, St. Stephen's Green, Dublin 2
9 March 2009

Statement of accounting policies

for the year ended 31 December 2008

The financial statements have been prepared in accordance with the following accounting policies which have been applied consistently with last year.

Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

As set out in Note 10 to the financial statements the Group has taken a true and fair view override in accordance with Financial Reporting Standard 2 (FRS 2) "Subsidiary Undertakings" in the calculation of goodwill on the acquisition of an additional shareholding in an associate undertaking which as a result became a subsidiary undertaking.

The State Airports Act, 2004 sets out the necessary legislative basis for the Restructuring which is more fully described in the Report of the Directors. It is not possible for the directors to determine at this juncture the impact of the completion of the proposed Restructuring on the financial position of the Group and no account of any proposed new arrangements has been taken in these financial statements.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings (subsidiaries) made up to 31 December 2008.

Joint venture undertakings (joint ventures) are those undertakings over which the Group exercises control jointly with one or more other parties. Associated undertakings (associates) are those undertakings in which the Group has a participating interest in the equity capital and over which it is able to exercise significant influence.

The Group includes its share of associates' and joint ventures' profits and losses and separately discloses its share of its joint ventures' turnover in the consolidated profit and loss account. For associates, the Group includes its share of net assets in the consolidated balance sheet. For joint ventures, the Group includes its share of gross assets and gross liabilities in the consolidated balance sheet.

The results of subsidiaries, associates and joint ventures acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Financial Assets

Investments in subsidiaries, joint ventures and associates are shown in the Company balance sheet as financial fixed assets and are valued at cost less provisions for impairment in value. Other financial fixed assets (excluding listed investments) are also carried in both the Company and the Group balance sheet on the same basis, with income from such assets being recognised on a receivable basis in the profit and loss account.

Listed investments are carried at the lower of cost and net realisable value.

Turnover

Turnover represents the fair value of goods and services, net of discounts, delivered to external customers in the accounting period excluding intra-Group sales and value added tax. For certain commercial activities, where the provision of a service is delivered over a time period, turnover is recognised proportionately to the time elapsed.

Foreign Currency

Transactions arising in foreign currencies are translated into euro at the rates of exchange ruling at the date of the transactions or at contracted rates. Monetary assets and liabilities denominated in foreign currencies are translated into euro at the contracted rates or at year-end rates of exchange. The resulting profits or losses are dealt with in the profit for the year.

Where applicable, the Group's net investment in overseas subsidiaries, associates and joint ventures is translated at the rate ruling at the balance sheet date. The results of overseas subsidiaries, associates and joint ventures are, where applicable, included at the average rate of exchange. The resulting translation differences are taken to reserves and reflected in the statement of total recognised gains and losses.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any impairment losses. Depreciation is calculated to write off the cost of tangible fixed assets other than land and assets in the course of construction on a straight-line basis over the estimated useful lives as follows:

Terminal complexes	10–50 years
Airfields	10–50 years
Plant and equipment	2–20 years
Other property	10–50 years

Assets in the course of construction are transferred to completed assets when substantially all the activities necessary to get the asset ready for use are complete.

Borrowing costs incurred up to the time that separately identifiable major capital projects are ready for service are capitalised as part of the cost of the assets. Where appropriate, cost also includes own labour costs of construction related architectural and engineering services and directly attributable overheads.

Where a tangible fixed asset is to be withdrawn from use, the depreciation charge for that asset is accelerated to reflect the asset's remaining useful life based on the period between the date of the decision to withdraw the asset and the forecast date when withdrawal will take place.

On an annual basis the Group estimates the recoverable amount of its airport assets based on the higher of their net realisable values or the present values of future cash flows expected to result from their use. For the purposes of this review, Dublin, Shannon and Cork Airports combined are considered to form one income-generating unit. Where the recoverable amount is less than the carrying amount of the assets the Group recognises an impairment loss in the financial statements.

Statement of accounting policies continued
for the year ended 31 December 2008

Intangible Assets and Goodwill
Purchased goodwill arising on an acquisition (representing the excess of the fair value of the consideration given over the fair value of the separate net assets acquired) is capitalised and is amortised on a straight line basis over its estimated useful life, the period during which benefits are expected to accrue.

Where control of a subsidiary undertaking is obtained in stages, in accordance with FRS 2 "Subsidiary Undertakings", using the true and fair override, purchased goodwill is calculated as the sum of the goodwill arising on each purchase of shares, being the difference at the date of each purchase between the fair value of the consideration given and the fair value of the identifiable assets and liabilities attributable to the interest purchased. This represents a departure from Irish company law, under which goodwill is calculated as the difference between the total acquisition costs of the interests held and the fair value of the identifiable assets and liabilities on the date that the entity becomes a subsidiary undertaking.

Purchased goodwill is being amortised over a 10 to 20 year period depending on the period of the concession agreement entered into in the acquired entity.

Where events or circumstances are present which indicate that the carrying amount of goodwill may not be recoverable, the Group estimates the recoverable amount based on the present value of future cashflows expected to result from the use of the asset and its eventual disposition. Where this amount is less than the carrying amount of the asset, the Group will recognise an impairment loss.

Negative goodwill arising on acquisitions of associate undertakings is included within financial assets and released to the profit and loss account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered.

Other intangible assets are recorded at acquisition cost, being fair values at date of acquisition, less the amounts amortised to the profit and loss account. These intangible assets are amortised over their economic lives, being the terms of various concessions which currently range from three to eleven years.

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is based on invoice price on either an average basis or on a first in first out basis depending on the stock category. Net realisable value is calculated as estimated selling price less estimated selling costs.

Taxation
Corporation tax in respect of the Company and its subsidiary undertakings is provided at current rates and is calculated on the basis of their results for the year adjusted for taxation purposes. The taxation charge in the profit and loss account includes taxation on the Group's share of profits of associated and joint venture undertakings.

Full provision without discounting is made for all timing differences, other than those arising from unremitted earnings of certain overseas subsidiaries and associates, at the balance sheet date in accordance with Financial Reporting Standard 19 (FRS 19) "Deferred Tax". Provision is made at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. No deferred tax has been recognised on the unremitted earnings of certain overseas subsidiaries and associates as no tax is expected to be payable on them and there is no contractual arrangement to pay dividends. Deferred tax assets are recognised to the extent that they are regarded as recoverable based on the likelihood of there being suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date and are discounted to present value where the effect is material.

Pension and Other Post-Retirement Obligations
The Group operates or participates in contributory pension schemes, covering the majority of its employees. The schemes are administered by trustees and are independent of the Group.

For schemes accounted for as defined contribution, contributions are accrued and recognised in operating profit in the period in which they are earned by the relevant employees.

For the schemes accounted for as defined benefit schemes:

- The difference between the market value of the schemes' assets and actuarially assessed present value of the schemes' liabilities, calculated using the projected unit credit method, is disclosed as an asset/liability on the balance sheet net of deferred tax (to the extent that it is recoverable).
- The amount charged to operating profit is the actuarially determined cost of pension benefits promised to employees earned during the year plus any benefit improvements granted to members during the year.
- The expected return on the pension schemes' assets during the year and the increase in the schemes' liabilities due to the unwinding of the discount during the year are shown in finance income/costs in the profit and loss account.
- Any differences between the expected return on assets and that actually achieved and any changes to the liabilities due to changes in assumptions or because actual experience during the year was different to that assumed, are recognised as actuarial gains and losses in the statement of total recognised gains and losses.

The Group has certain unfunded retirement benefit liabilities which are accounted for as defined benefit arrangements.

Statement of accounting policies continued
for the year ended 31 December 2008

Operating Leases

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset, normally on a straight-line basis over the lease period.

Capital Grants

Capital grants are treated as deferred income and amortised over the expected lives of the related fixed assets.

Derivative Financial Instruments

The principal objective of using derivative financial instruments, including forward exchange contracts, forward rate agreements and interest rate swaps, is to hedge the Group's interest rate and currency exposures. Where these derivative financial instruments hedge an asset, liability or interest cost reflected in the financial statements, the cost of the hedging instrument is included in the carrying amount together with the income and expenses relating to the asset and liability. Where the derivative is a hedge of future cash flow, the gains and losses on the hedging instruments are not recognised until the hedged future transaction occurs.

Cash and Liquid Resources

Within the Group cash flow statement, cash is defined as cash, deposits repayable on demand and overdrafts. Other deposits with maturity or notice periods of over one working day, but less than one year, are classified as liquid resources.

Debt and Finance Costs

Debt is initially stated at the amount of the net proceeds after deduction of finance/issue costs. Finance and issue costs are charged to the profit and loss account over the term of the debt at a constant rate on the carrying amount.

Group profit and loss account

for the year ended 31 December 2008

	Note	2008 Pre-exceptional €000	2008 Exceptional €000	2008 Total €000	2007 Pre-exceptional €000	2007 Exceptional €000	2007 Total €000
Turnover							
Group and share of joint ventures		**631,627**	**–**	**631,627**	623,940	–	623,940
Less: share of joint ventures' turnover		**(687)**	**–**	**(687)**	(576)	–	(576)
Group turnover - continuing operations	1	**630,940**	**–**	**630,940**	623,364	–	623,364
Operating costs							
Cost of goods for resale		**(167,242)**	**–**	**(167,242)**	(162,867)	–	(162,867)
Payroll and related costs	2	**(182,562)**	**–**	**(182,562)**	(177,707)	–	(177,707)
Materials and services		**(126,479)**	**–**	**(126,479)**	(112,873)	–	(112,873)
Depreciation and amortisation		**(67,000)**	**–**	**(67,000)**	(58,309)	–	(58,309)
		(543,283)	**–**	**(543,283)**	(511,756)	–	(511,756)
Group operating profit before exceptional item		**87,657**	**–**	**87,657**	111,608	–	111,608
Exceptional item – pension costs	4	**–**	**(36,000)**	**(36,000)**	–	–	–
Group operating profit – continuing operations		**87,657**	**(36,000)**	**51,657**	111,608	–	111,608
Share of operating profit/(losses)							
Joint venture undertakings		**(6,920)**	**–**	**(6,920)**	458	–	458
Associated undertakings	3	**37,192**	**–**	**37,192**	38,013	–	38,013
Exceptional items							
Profit on disposal of investment in associate	4	**–**	**–**	**–**	–	237,518	237,518
Profit on sale of discontinued operations	4	**–**	**1,356**	**1,356**	–	3,453	3,453
Costs of fundamental restructuring – continuing operations	4	**–**	**(550)**	**(550)**	–	(1,651)	(1,651)
Group profit before interest and taxation		**117,929**	**(35,194)**	**82,735**	150,079	239,320	389,399
Income from other financial assets		**126**	**–**	**126**	1,000	–	1,000
Interest receivable							
Group		**33,282**	**–**	**33,282**	16,015	–	16,015
Joint venture undertakings		**1**	**–**	**1**	3	–	3
Associated undertakings		**289**	**–**	**289**	934	–	934
Interest payable and similar charges							
Group	5	**(41,781)**	**–**	**(41,781)**	(23,954)	–	(23,954)
Joint venture undertakings	5	**(979)**	**–**	**(979)**	(825)	–	(825)
Associated undertakings	5	**(8,055)**	**–**	**(8,055)**	(10,278)	–	(10,278)
Group profit on ordinary activities before taxation	6	**100,812**	**(35,194)**	**65,618**	132,974	239,320	372,294
Tax on profit on ordinary activities	7	**(20,941)**	**4,369**	**(16,572)**	(24,441)	(294)	(24,735)
Group profit on ordinary activities after taxation		**79,871**	**(30,825)**	**49,046**	108,533	239,026	347,559
Minority interest	30	**(1,972)**	**–**	**(1,972)**	(33)	–	(33)
Group profit for the financial year	22	**77,899**	**(30,825)**	**47,074**	108,500	239,026	347,526

On behalf of the Board

Gary McGann, Chairman

Anthony Spollen, Director

9 March 2009

Statement of total recognised gains and losses

for the year ended 31 December 2008

	Note	2008 €000	2007 €000
Group profit for the financial year		**47,074**	347,526
Exchange differences on translation of overseas investments (arising on net assets)			
Subsidiary undertakings	22	**(2,328)**	122
Associated undertakings	22	**2,842**	(1,711)
Actuarial loss recognised in pension schemes			
Group	21	**(18,070)**	(89)
Associated undertakings		**–**	174
Deferred tax credit thereon			
Group	21	**2,259**	11
Associated undertakings		**–**	(52)
Total recognised gains and losses for the year		**31,777**	345,981

Reconciliation of movement in shareholders' funds

for the year ended 31 December 2008

	2008 €000	2007 €000
At 1 January	**977,346**	631,365
Total recognised gains and losses for the year	**31,777**	345,981
At 31 December	**1,009,123**	977,346

Group balance sheet

at 31 December 2008

	Note	2008 €000	2008 €000	2007 €000	2007 €000
Fixed assets					
Tangible assets	9		**1,344,260**		1,006,126
Intangible assets	10		**11,509**		3,327
			1,355,769		1,009,453
Financial assets					
Investments in joint venture undertakings					
Share of gross assets		**24,834**		19,907	
Share of gross liabilities		**(34,605)**		(21,780)	
Loans to joint venture undertakings		**4,882**		4,882	
Total investments in/(liabilities relating to) joint venture undertakings			**(4,889)**		3,009
Investments in associated undertakings			**104,157**		91,166
Other financial assets			**4,713**		–
Total financial assets	11		**103,981**		94,175
Total fixed assets			**1,459,750**		1,103,628
Current assets					
Stocks	12	**29,225**		30,424	
Debtors	13	**64,182**		55,779	
Cash at bank and in hand	26	**878,522**		515,587	
		971,929		601,790	
Creditors: Amounts falling due within one year	15	**(271,947)**		(215,570)	
Net current assets			**699,982**		386,220
Total assets less current liabilities			**2,159,732**		1,489,848
Creditors: Amounts falling due after more than one year	16		**(1,067,138)**		(479,710)
Capital grants	18		**(16,909)**		(18,024)
Provisions for liabilities	19		**(38,156)**		(13,916)
Net assets excluding net pension liability			**1,037,529**		978,198
Net pension liability	21		**(19,002)**		(2,280)
Net assets			**1,018,527**		975,918
Capital and reserves					
Called up share capital	20		**186,337**		186,337
Profit and loss account	22		**823,542**		792,279
Other reserves	22		**(756)**		(1,270)
Shareholders' funds			**1,009,123**		977,346
Minority interest	30		**9,404**		(1,428)
			1,018,527		975,918

On behalf of the Board

Gary McGann, Chairman

Anthony Spollen, Director

9 March 2009

Company balance sheet

at 31 December 2008

	Note	**2008 €000**	2007 €000
Fixed assets			
Tangible assets	9	**1,331,565**	993,061
Financial assets	11	**34,547**	29,549
		1,366,112	1,022,610
Current assets			
Stocks	12	**10,527**	12,674
Debtors	13	**61,242**	50,295
Cash at bank and in hand		**857,930**	492,255
		929,699	555,224
Creditors: Amounts falling due within one year	15	**(308,412)**	(234,270)
Net current assets		**621,287**	320,954
Total assets less current liabilities		**1,987,399**	1,343,564
Creditors: Amounts falling due after more than one year	16	**(1,069,470)**	(484,180)
Capital grants	18	**(16,909)**	(18,024)
Provisions for liabilities	19	**(38,156)**	(13,185)
Net assets excluding net pension liability		**862,864**	828,175
Net pension liability	21	**(19,002)**	(2,280)
Net assets		**843,862**	825,895
Capital and reserves			
Called up share capital	20	**186,337**	186,337
Profit and loss account	22	**657,525**	639,558
Shareholders' funds		**843,862**	825,895

On behalf of the Board

Gary McGann, Chairman

Anthony Spollen, Director

9 March 2009

Group cash flow statement

for the year ended 31 December 2008

	Note	2008 €000	2007 €000
Cash inflow from operating activities	23	**161,624**	170,001
Dividends received from associated undertakings	11	**13,567**	9,628
Returns on investments and servicing of finance	24	**(13,750)**	(12,875)
Payments in respect of restructuring programme	19	**(9,028)**	(27,017)
Taxation paid		**(15,342)**	(23,520)
		137,071	116,217
Capital expenditure and financial investment	24	**(349,152)**	(248,485)
Acquisitions and disposals	24	**(9,588)**	303,677
Cash (outflow)/inflow before management of liquid resources and financing		**(221,669)**	171,409
Management of liquid resources			
Net cash transferred to liquid resources	26	**(381,252)**	(162,267)
Financing	24	**585,295**	(29,758)
Decrease in cash in year	26	**(17,626)**	(20,616)

Notes on and forming part of the financial statements

for the year ended 31 December 2008

1. Turnover

	Group	
	2008	2007
	€000	€000
Ireland		
Aeronautical revenue	**213,425**	204,088
Commercial activities	**282,642**	302,887
Total Ireland	**496,067**	506,975
Overseas – commercial activities	**134,873**	116,389
	630,940	623,364

A segmental analysis of results and net assets is not provided, as disclosure of such information would, in the opinion of the directors, be seriously prejudicial to the interests of the Group.

2. Payroll and related costs

	Group	
	2008	2007
	€000	€000
Wages and salaries	**161,237**	156,606
Social welfare costs	**14,367**	13,841
Pension costs (Note 21)	**7,537**	7,417
Other staff costs	**2,361**	2,000
	185,502	179,864
Staff costs capitalised into fixed assets	**(2,940)**	(2,157)
Payroll and related costs (pre-exceptional)	**182,562**	177,707
Exceptional pension costs (Notes 4 and 21)	**36,000**	–
Net staff costs charged to the profit and loss account	**218,562**	177,707

	2008	2007
Average employee figures (full time equivalents) were as follows		
Airports	**2,665**	2,668
International activities	**572**	495
	3,237	3,163

Notes continued
for the year ended 31 December 2008

3. Share of operating profits of associated undertakings

This relates to the Group's share of profits before interest and taxation for the year in its associated undertakings (Note 11) as defined in the Statement of Accounting Policies. Management fees and other direct income from these undertakings are included in turnover of the Group.

4. Exceptional items

a. Pension costs

During 2008, as more fully set out in Note 21, the Group reached agreement with the trade unions representing the majority of staff to establish, subject to Ministerial approval, certain additional pension arrangements independent of the existing scheme. The Group intends to make a once-off pension contribution in respect of past service and an amount of €36.0 million has been charged to the profit and loss account in the year and included in provisions at 31 December 2008 (see Note 19). The impact on taxation was to reduce the charge by €4.5 million.

b. Profit on sale of discontinued operations

In 2008, €1.356 million (2007: €3.453 million) was released to the profit and loss account arising from the revisions of cost estimates relating to the disposal of the Group's former hotel business. The impact on taxation was to increase the charge by €0.2 million in 2008 (2007: €0.4 million).

c. Costs of fundamental restructuring

In 2008, following a revised assessment of the related cost, a further €0.550 million before tax was charged to the profit and loss account in respect of the fundamental restructuring at Shannon Airport which was originally announced in 2006. The impact on taxation was to reduce the tax charge for the year by €0.1 million. In 2007 €1.651 million was provided in respect of the fundamental restructuring at Shannon Airport and the impact on taxation was to reduce the tax charge by €0.2 million.

d. Profit on disposal of investment in associate

In 2007, the Group disposed of its entire holding in its associated undertaking, Birmingham Airport Holdings Limited ("BAHL"). The Group received net sales proceeds of €303.7 million and a profit of €237.5 million arose, with no tax charge, on the disposal.

Notes continued
for the year ended 31 December 2008

5. Interest payable and similar charges

		Group
	2008	2007
	€000	€000
Interest payable on loans wholly repayable by instalments:		
Within five years	**384**	1,022
After five years	**10,108**	10,448
Interest on loan notes	**34,277**	15,375
Amortisation of issue costs/other funding costs	**791**	156
Amounts written off financial assets	**550**	–
Other interest payable	**6**	5
Other finance costs	**97**	29
	46,213	27,035
Interest capitalised	**(4,432)**	(3,081)
Total interest payable – Group	**41,781**	23,954
Joint venture undertakings:		
Interest on loans repayable by instalments within five years	**1,353**	825
Interest capitalised	**(374)**	–
Total interest payable – joint venture undertakings	**979**	825
Associated undertakings:		
Interest payable on loans repayable by instalments within five years	**1,681**	2,578
Interest payable on loans repayable by instalments after five years	**6,374**	7,808
Interest capitalised	**–**	(108)
Total interest payable – associated undertakings	**8,055**	10,278

Notes continued
for the year ended 31 December 2008

6. Statutory and other information

Group profit on ordinary activities before tax is stated after charging/(crediting):

	2008 €000	2007 €000
Auditors' remuneration (including expenses):		
For audit services	**437**	387
For other services	**704**	581
	1,141	968
Operating lease rentals:		
Equipment	**1,246**	817
Buildings	**7,277**	6,948
Depreciation	**65,795**	57,294
Impairment, loss on retirements and disposals of tangible fixed assets	**1,308**	1,363
Amortisation of capital grants	**(1,115)**	(1,356)
Amortisation of intangible assets and goodwill/negative goodwill		
Group (Note 10)	**1,266**	821
Associated undertakings	**(254)**	187
	1,012	1,008
Directors' remuneration:		
Fees	**218**	219
Other emoluments (including pension contribution)	**621**	681
Compensation or other payments on retirement or loss of office	**–**	126
	839	1,026

In the case of employee directors elected pursuant to the Worker Participation (State Enterprises) Acts 1977 to 2001, remuneration in respect of services as director is included above. Other remuneration relating to their normal contracts of employment, is not regarded as directors' emoluments and consequently is not disclosed.

The remuneration of the Chief Executive, disclosed in accordance with the applicable government department guidelines relating to the remuneration arrangements for chief executives of commercial state bodies, is provided below.

	2008 €000	2007 €000
Fees	**17**	17
Basic salary	**348**	333
Performance related remuneration paid in year	**89**	167
Pension contributions and other taxable benefits	**184**	181
	638	698

Notes continued
for the year ended 31 December 2008

7. Tax on profit on ordinary activities

	2008 €000	2007 €000
Current tax:		
Corporation tax – Ireland	**8,325**	11,645
Overseas corporation tax of subsidiary undertakings	**3,626**	3,429
Capital gains tax – Ireland	**491**	188
Over provision in respect of prior periods	**(207)**	(268)
Tax attributable to Group	**12,235**	14,994
Share of overseas tax of associated undertakings	**8,014**	8,881
Share of Irish tax of associated undertakings	**(9)**	222
Tax attributable to associated undertakings	**8,005**	9,103
Current tax charge	**20,240**	24,097
Deferred tax:		
Origination/reversal of timing differences		
Attributable to Group (Note 14)	**(3,617)**	1,231
Attributable to Group share of associated undertakings	**(18)**	(985)
Adjustment in respect of prior years (Note 14)	**96**	374
Timing differences relating to FRS 17 pension liabilities	**(129)**	18
Deferred tax (credit)/charge	**(3,668)**	638
Tax on profit on ordinary activities	**16,572**	24,735

A further deferred tax credit of €2.259 million (2007: €0.011 million) in relation to timing differences relating to FRS 17 liabilities is included in the statement of total recognised gains and losses.

The Group's Irish operations are subject to differing rates of corporation taxation, according to, inter alia, the nature of activities. During 2008 and 2007, these rates varied from 12.5% to 25% while the standard rate of corporation taxation was 12.5%.

The current tax charge for the period is higher than that based on the standard rate of tax in the Republic of Ireland. The differences are set out in the tax reconciliation below:

	2008 €000	2007 €000
Profit on ordinary activities before taxation	**65,618**	372,294
Profit on ordinary activities at standard corporation tax rate in Republic of Ireland of 12.5% (2007: 12.5%)	**8,202**	46,537
Effects of:		
Non taxable gain on disposal of associate (Note 4)	**–**	(29,690)
Differences between capital allowances and depreciation for period	**(1,829)**	(947)
Expenses not deductible/(deductible) for tax purposes (timing differences)	**3,644**	(413)
Expenses not deductible for tax purposes (permanent differences)	**2,312**	691
Profits of foreign undertakings taxable at higher rates	**7,065**	7,077
Irish profits taxable at higher rates	**1,323**	1,173
Losses utilised	**–**	(40)
Over provision in respect of prior periods	**(207)**	(268)
Other	**(270)**	(23)
Current tax charge for the year	**20,240**	24,097

8. Profit for the financial year

A separate Company profit and loss account is not presented, as provided for under the Companies Act 1963, Section 148(8).
A profit for the financial year of €33.8 million (2007: €347.0 million) has been dealt with in the financial statements of the Company.

Notes continued
for the year ended 31 December 2008

9. Tangible fixed assets

Group	Terminal complexes	Lands and airfields	Plant and equipment	Other property	Assets in the course of construction	Total
	€000	€000	€000	€000	€000	€000
Cost						
At 1 January 2008	391,513	198,920	294,622	199,675	343,310	1,428,040
Additions	830	1,333	17,321	378	385,672	405,534
Transfer to completed assets	98,825	101,407	55,799	44,430	(300,461)	–
Disposals	–	–	(1,876)	–	–	(1,876)
Retirements	(11,479)	(416)	(9,618)	(1,721)	–	(23,234)
Translation reserves	–	–	(624)	–	–	(624)
At 31 December 2008	**479,689**	**301,244**	**355,624**	**242,762**	**428,521**	**1,807,840**
Depreciation						
At 1 January 2008	123,179	71,994	150,278	76,463	–	421,914
Charge for the year	17,532	8,378	29,660	10,225	–	65,795
Impairment	–	–	516	–	–	516
Disposals	–	–	(1,764)	–	–	(1,764)
Retirements	(11,279)	(260)	(9,272)	(1,663)	–	(22,474)
Translation reserves	–	–	(407)	–	–	(407)
At 31 December 2008	**129,432**	**80,112**	**169,011**	**85,025**	**–**	**463,580**
Net book value						
At 31 December 2008	**350,257**	**221,132**	**186,613**	**157,737**	**428,521**	**1,344,260**
At 31 December 2007	268,334	126,926	144,344	123,212	343,310	1,006,126

Company	Terminal complexes	Lands & airfields	Plant & equipment	Other property	Assets in the course of construction	Total
	€000	€000	€000	€000	€000	€000
Cost						
At 1 January 2008	391,513	192,034	281,914	193,649	343,310	1,402,420
Additions	830	1,333	14,766	378	385,672	402,979
Transfer to completed assets	98,825	101,407	55,799	44,430	(300,461)	–
Disposals	–	–	(771)	–	–	(771)
Retirements	(11,479)	(416)	(9,618)	(1,721)	–	(23,234)
At 31 December 2008	**479,689**	**294,358**	**342,090**	**236,736**	**428,521**	**1,781,394**
Depreciation						
At 1 January 2008	123,179	71,994	141,800	72,386	–	409,359
Charge for the year	17,532	8,378	27,598	10,175	–	63,683
Disposals	–	–	(739)	–	–	(739)
Retirements	(11,279)	(260)	(9,272)	(1,663)	–	(22,474)
At 31 December 2008	**129,432**	**80,112**	**159,387**	**80,898**	**–**	**449,829**
Net book value						
At 31 December 2008	**350,257**	**214,246**	**182,703**	**155,838**	**428,521**	**1,331,565**
At 31 December 2007	268,334	120,040	140,114	121,263	343,310	993,061

Lands and airfields include airport land at a cost of €19.2 million (2007: €19.2 million). Fixed asset additions include internal architectural and engineering costs of €2.9 million (2007: €2.2 million). Fixed assets include cumulative interest capitalised of €19.4 million (2007: €15.0 million). Interest of €4.4 million (2007: €3.1 million) was capitalised during the year at an average rate of 5.7% (2007: 5.4%) per annum.

Notes continued
for the year ended 31 December 2008

10. Intangible assets

Group	Goodwill €000	Concession Rights €000	Total €000
Cost			
At 1 January 2008	526	17,008	**17,534**
Additions	9,847	–	**9,847**
Exchange movement	–	(2,585)	**(2,585)**
At 31 December 2008	**10,373**	**14,423**	**24,796**
Amortisation			
At 1 January 2008	301	13,906	**14,207**
Charge for the year	522	744	**1,266**
Exchange movement	–	(2,186)	**(2,186)**
At 31 December 2008	**823**	**12,464**	**13,287**
Net book value			
At 31 December 2008	**9,550**	**1,959**	**11,509**
At 31 December 2007	225	3,102	3,327

On 1 August 2008, the Group, through its subsidiary Aer Rianta International cpt, increased its interest in Aer Rianta International (Middle East) WLL ("ARIME") from 50% to 61.25% consequent upon which ARIME is now accounted for as a subsidiary undertaking, having previously been accounted for as an associated undertaking. Goodwill has been calculated using a true and fair override of company law in accordance with the Group's accounting policies and Financial Reporting Standard 2 (FRS2) "Subsidiary Undertakings". In the opinion of the directors, the company law method would not give a true and fair view because it would result in a lower goodwill figure (negative goodwill of €0.019 million) which would not reflect the cost associated with acquiring control of the undertaking and the fair value of the underlying businesses. The effect of this departure is to increase retained profits by €9.866 million and to increase purchased goodwill by €9.866 million. The consideration paid for the shares acquired was €12.154 million.

The total net assets in ARIME on the acquisition date and the share acquired are set out below. The fair value of the net assets acquired equalled the book value of the net assets acquired.

	Total net assets €000	Share of net assets acquired €000
Fixed assets	**196**	**22**
Financial assets	**16,192**	**1,822**
Stocks	**1,732**	**195**
Debtors	**3,954**	**444**
Creditors	**(5,380)**	**(605)**
Net assets at fair value excluding cash	**16,694**	**1,878**
Goodwill arising on acquisition		**9,847**
		11,725
Satisfied by:		
Cash transferred on acquisition		**12,154**
Less: share of cash acquired		**(429)**
		11,725

The goodwill arising on the acquisition will be amortised over ten years which is the average term of the concession agreements held by ARIME.

Notes continued
for the year ended 31 December 2008

11. Fixed assets – financial

Group	1 January 2008 €000	Additions/ other increases during the year €000	Disposals/ other movements during the year €000	31 December 2008 €000
Joint venture undertakings				
Share of gross assets	19,907	4,927[a]	–	**24,834**
Share of gross liabilities	(21,780)	–	(12,825)[a]	**(34,605)**
Loans to joint venture undertakings	4,882	550	(550)	**4,882**
	3,009	**5,477**	**(13,375)**	**(4,889)**
Associated undertakings				
Equity interest at cost	56,139	15,507[b]	(425)	**71,221**
Goodwill	544	–	(168)	**376**
Negative goodwill	–	(2,813)[c]	422	**(2,391)**
Loan to associated undertaking	563	–	–	**563**
Share of post acquisition profits	99,346	21,438	(11,899)	**108,885**
Dividends paid	(66,054)	–	(13,567)	**(79,621)**
Translation reserve	628	2,842	1,654	**5,124**
	91,166	**36,974**	**(23,983)**	**104,157**
Other financial assets				
Listed investments at cost	–	4,713[d]	–	**4,713**
Total financial assets	**94,175**	**47,164**	**(37,358)**	**103,981**
Company				
Ordinary shares in subsidiary undertakings at cost	22,614	–	–	**22,614**
Capital contributions to subsidiary undertakings	1,490	5,000[e]	(552)	**5,938**
Loan to subsidiary undertaking	–	550	–	**550**
Loan to associated undertaking	563	–	–	**563**
Loan to joint venture undertaking	4,882	–	–	**4,882**
	29,549	**5,550**	**(552)**	**34,547**

a. The movements in joint venture undertakings reflects the share of assets and liabilities of a new joint venture, as adjusted for the share of losses of joint ventures for the year of €7.9 million. This includes the share of adjustments of €7.5 million to the asset values of a joint venture undertaking. The negative joint venture balance reflects the current value of joint venture assets and related liabilities, principally debt.

b. The increase in equity interests in associated undertakings principally relates to the acquisition of:
i. €12.0 million of associated undertakings of ARIME, which itself became a subsidiary undertaking (Note 10).
ii. a 50% share of the net assets in CJSC Arial for €3.5 million (see (c) below).

c. On 1 April 2008, the Group, through a subsidiary undertaking, acquired a 60% shareholding in CJSC Arial which operates duty free concessions in Domodedovo Airport, Moscow. It has been agreed with the other shareholder that profits will be shared on a 50/50 basis. In the opinion of the directors the investment should be treated as an associated undertaking as defined under Financial Reporting Standard 9 (FRS9) "Associates and Joint Ventures" on the grounds that the Group exercises significant influence rather than dominant influence or joint control over this entity. In accordance with Financial Reporting Standard 7 (FRS7) "Fair Values in Acquisition Accounting", negative goodwill has been calculated as €2.8 million. The consideration paid for the shares acquired was €0.7 million. The total net assets in CJSC Arial on the acquisition date and the shares acquired are set out below. The fair value of the net assets acquired equalled the book value of the net assets acquired.

Notes continued
for the year ended 31 December 2008

11. Fixed assets – financial continued

	Total net assets €000	Share of net assets acquired €000
Fixed assets	**2,430**	**1,215**
Stocks	**7,830**	**3,915**
Debtors	**1,397**	**698**
Creditors	**(9,264)**	**(4,631)**
Net assets at fair value excluding cash	**2,393**	**1,197**
Negative goodwill arising on acquisition		**(2,813)**
		(1,616)
Satisfied by:		
Cash transferred on acquisition		**695**
Less: share of cash acquired		**(2,311)**
		(1,616)

The goodwill arising on the acquisition will be amortised over five years which corresponds to the minimum expected duration of the rolling concession contracts.

d. Listed investments are held by a subsidiary undertaking and are stated at cost. The market value at 31 December 2008 was not materially different.

e. During the year, the Company made a capital contribution of €5.0 million to DAA Finance plc, a subsidiary undertaking.

In the opinion of the directors, the net realisable value of the investments is not less than the book amounts shown above. The basis on which financial assets are stated is set out in the Statement of Accounting Policies.

The principal operating subsidiary, associated and joint venture undertakings of the Group, all of which are included in the Group financial statements, are as set out below:

Undertaking	Registered office	Nature of business	% holding of ordinary shares
Subsidiary undertakings			
Aer Rianta International cpt	Shannon, Ireland	International management services and airport investor	100
Aer Rianta International (North America) Inc.	Montreal, Canada	Duty-free shopping and related activities	100
Aer Rianta International Kosovo LLC	Pristina, Kosovo	Duty-free shopping and related activities	100
DAA Finance plc	Dublin, Ireland	Financing company	100
Derryquin Hotels Limited	Dublin, Ireland	Former hotel operator	100
Kievrianta LLC	Kiev, Ukraine	Duty-free shopping and related activities	99
Aer Rianta International Sardana (JFK) Inc.	Delaware, USA	Airport shopping and related activities	70
Aer Rianta International (Middle East) WLL	Manama, Bahrain	Duty-free shopping and related activities	61.25

Notes continued
for the year ended 31 December 2008

11. Fixed assets – financial continued

Undertaking	Registered office	Nature of business	% holding of ordinary shares
Associated undertakings			
CJSC Arial[f]	Moscow, Russia	Duty-free shopping and related activities	60
Caribbean ARI Inc.	Bridgetown, Barbados	Duty-free shopping and related activities	50
Lenrianta JSC	St. Petersburg, Russia	Duty-free shopping and related activities	48.3
Airport Partners GmbH[g]	Düsseldorf, Germany	Airport investor	40
Media Port LLC	Moscow, Russia	Advertising	40
Brooklyn Properties Limited	Cork, Ireland	Cork Airport Business Park development	37.5
Aerofirst JSC	Moscow, Russia	Duty-free shopping and related activities	33.3
Rex Trading JSC	Moscow, Russia	Duty-free shopping and related activities	19.9
Joint venture undertakings			
Gatland Property Limited	Dublin, Ireland	Property development	50
Turckton Developments Limited	Dublin, Ireland	Business park development	50

f. See Note 11 (c).
g. The Group has a beneficial interest of 20% in the share capital of Flughafen Düsseldorf GmbH (Düsseldorf Airport) through its investment in Airport Partners GmbH (Note 31).

All financial statements of subsidiary, associated and joint venture undertakings are coterminous with the year-end of the Group other than in respect of DAA Finance plc whose financial statements are prepared to a 28 February year-end. Management accounts have been prepared to 31 December 2008 for the purposes of including the results of that company in the Group financial statements.

Transactions between the Group and its associated and joint venture undertakings are detailed in Note 29.

12. Stocks

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Goods for resale	**26,880**	28,391	**8,184**	10,641
Maintenance	**2,345**	2,033	**2,343**	2,033
	29,225	30,424	**10,527**	12,674

The replacement value of stocks is not materially different from the carrying amounts.

Notes continued
for the year ended 31 December 2008

13. Debtors

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Trade debtors	**32,779**	36,420	**23,397**	26,048
Prepayments and accured income	**3,306**	1,058	**1,419**	–
Due from subsidiary undertakings	**–**	–	**14,325**	8,800
Due from associated undertakings	**6,356**	2,474	**–**	–
VAT	**13**	3,893	**5**	3,514
Corporation tax	**2,316**	–	**2,316**	–
Deferred tax asset (Note 14)	**239**	–	**922**	–
Other debtors	**19,173**	11,934	**18,858**	11,933
	64,182	55,779	**61,242**	50,295

Debtors of €7.3 million (2007: €4.1 million) in the Group and debtors of €20.5 million (2007: €12.6 million) in the Company, fall due after more than one year.

14. Deferred tax asset/(liability)

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Deferred tax asset/(liability)				
Liability at 1 January	**(3,282)**	(1,677)	**(2,551)**	(901)
Credit/(charge) for the year	**3,617**	(1,231)	**3,569**	(1,270)
Adjustment in respect of prior years	**(96)**	(374)	**(96)**	(380)
Asset/(liability) at 31 December	**239**	(3,282)	**922**	(2,551)
Comprising:				
Timing differences on capital allowances	**(6,148)**	(5,721)	**(5,465)**	(4,990)
Amounts not deductible for corporation tax in the current year	**6,387**	2,439	**6,387**	2,439
Deferred tax asset/(liability)	**239**	(3,282)	**922**	(2,551)

The deferred tax asset related to the pension liability is not included above and is disclosed separately in Note 21.

15. Creditors: Amounts falling due within one year

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Bank loans (Note 17)	**11,319**	9,757	**4,669**	3,432
Trade creditors	**27,826**	23,823	**12,046**	10,648
Due to subsidiary undertakings	**–**	–	**97,765**	70,701
Due to associated undertakings	**296**	997	**–**	–
Other creditors	**13,214**	14,810	**11,616**	14,110
Accruals and deferred income	**112,885**	107,795	**75,909**	76,991
Capital accruals	**106,407**	58,388	**106,407**	58,388
	271,947	215,570	**308,412**	234,270
Tax included in other creditors:				
Corporation tax	**3,298**	3,855	**2,216**	3,505
Capital gains tax	**–**	188	**–**	188
PAYE	**3,521**	3,381	**3,521**	3,227
PRSI	**2,200**	2,185	**2,200**	2,108
Other taxes	**587**	851	**587**	812

Notes continued
for the year ended 31 December 2008

16. Creditors: Amounts falling due after more than one year

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Bank loans	**208,575**	220,171	**108,262**	113,208
Loan notes (Note 17)	**845,104**	249,446	–	–
Loan from minority interest to subsidiary undertakings	**1,564**	1,409	–	–
Other creditors	**8,270**	8,684	**8,270**	8,684
Due to subsidiary undertakings	**–**	–	**949,313**	362,288
Capital accruals	**3,625**	–	**3,625**	–
	1,067,138	479,710	**1,069,470**	484,180

Other creditors of €5.1 million (2007: €5.7 million), Group and Company, fall due after more than five years.

17. Financial liabilities

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
Repayable by instalments:				
Repayable within one year	**11,319**	9,757	**4,669**	3,432
Repayable within one to two years	**13,377**	11,597	**6,389**	4,946
Repayable within two to five years	**43,557**	43,187	**20,255**	19,703
Repayable after five years	**153,205**	166,796	**81,618**	88,559
	221,458	231,337	**112,931**	116,640
Repayable other than by instalments:				
Repayable within two to five years	**249,612**	249,446	**–**	–
Repayable after five years	**595,492**	–	**–**	–
	1,066,562	480,783	**112,931**	116,640
Included in creditors falling due within one year	**11,319**	9,757	**4,669**	3,432
Included in creditors falling due after more than one year	**1,055,243**	471,026	**108,262**	113,208

The Group, through its subsidiary DAA Finance plc, has in issue €600 million of loan notes repayable 2018 with a fixed coupon of 6.5872% payable annually; €250 million of loan notes repayable 2011 with a fixed coupon of 6.15% payable annually; and a €125 million 18 year amortising bank loan (balance at 31 December 2008 of €107 million) from the European Investment Bank at a fixed rate of 5.12% payable semi-annually. The loan notes are included in financial liabilities repayable other than by instalments above, net of issue costs, and the bank loan is repayable by instalments. The €600 million loan notes are listed on the Official List of the Irish Stock Exchange and the €250 million loan notes are listed on the Official Lists of the Irish and London Stock Exchanges. All amounts are guaranteed by Dublin Airport Authority plc.

The Company's bank loan of €112.9 million at 31 December 2008 is unsecured and is repayable by instalments.

Borrowing facilities

The Group has various undrawn committed borrowing facilities. At 31 December 2008, the Group had €500 million undrawn committed facilities available in respect of which all conditions precedent had been met, which expire in more than two years.

18. Capital grants

	Group		Company	
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
At 1 January	**18,024**	19,380	**18,024**	19,380
Amortised to profit and loss account	**(1,115)**	(1,356)	**(1,115)**	(1,356)
At 31 December	**16,909**	18,024	**16,909**	18,024

Notes continued
for the year ended 31 December 2008

19. Provisions for liabilities

	Pension Costs (Notes 4 and 21) €000	Deferred tax (Note 14) €000	Restructuring (Note 4) €000	Total €000
Group				
At 1 January	–	3,282	10,634	13,916
Charge/(credit) for the year	36,000	(3,617)	550	32,933
Adjustment in respect of prior years	–	96	–	96
Utilised during the year	–	–	(9,028)	(9,028)
Transfer to debtors (Note 13)	–	239	–	239
At 31 December	**36,000**	**–**	**2,156**	**38,156**
Company				
At 1 January	–	2,551	10,634	13,185
Charge/(credit) for the year	36,000	(3,569)	550	32,981
Utilised during the year	–	–	(9,028)	(9,028)
Adjustment in respect of prior years	–	96	–	96
Transfer to debtors (Note 13)	–	922	–	922
At 31 December	**36,000**	**–**	**2,156**	**38,156**

20. Called up share capital

	Group and Company 2008 €000	Group and Company 2007 €000
Authorised:		
317,500,000 ordinary shares of €1 each	**317,500**	317,500
Allotted, called up and fully paid:		
186,336,813 ordinary shares of €1 each	**186,337**	186,337

All the ordinary shares are beneficially held by the Minister for Finance of the Irish Government.

Notes continued
for the year ended 31 December 2008

21. Pensions
The Group operates, or participates in, pension schemes in respect of the parent company and its principal subsidiary undertakings covering the majority of its employees. Pension scheme assets are held in separate, Revenue approved, trustee administered funds.

The Group accounts for pensions in accordance with Financial Reporting Standard 17 (FRS 17) "Retirement Benefits".

Dublin Airport Authority plc
The majority of the Group's employees are those of the parent company, Dublin Airport Authority plc, whose permanent employees over the age of twenty are members of the multi-employer Irish Airlines (General Employees) Superannuation Scheme ("the IAS Scheme"). The parent company's current and past employees comprise approximately 27% of the membership of the IAS Scheme as at the last valuation date.

Both the benefits and the contributions are defined within the rules of the IAS Scheme. Benefits payable are determined by reference to final salary and the IAS Scheme is registered as a defined benefit scheme with the Pensions Board. However, under the trust deed governing the scheme, normal contributions are specified for both the employer and employees at the rate of 6.375% of pensionable salary. Employer contributions cannot be varied without the consent of all of the participating employers, whether in the event of a deficiency or otherwise, and DAA is of the view that it has no legal or constructive obligation to alter its contribution rate. Accordingly, the IAS Scheme is accounted for as a defined contribution scheme under FRS 17 with the annual charge to the profit and loss account being the actual contributions payable by the parent company to the scheme during the year.

During 2008, the parent company reached agreement with trade unions representing the majority of staff to establish, subject to Ministerial approval, (a) additional discretionary, fixed contribution, pension arrangements for DAA members of the multi-employer IAS Scheme ("Additional Fixed Contribution Funds for Existing Employees") and (b) new "hybrid" (i.e. part defined benefit and part defined contribution) pension scheme arrangements, for new employees ("Hybrid Scheme for New Employees"). These new arrangements will, in each case, be independent of the IAS Scheme.

The purpose of the Additional Fixed Contribution Funds for Existing Employees will be to seek to provide to eligible members, insofar as available funds permit and subject to the trustees' discretion, additional pensions in payment to those paid by the IAS Scheme.

The parent company intends to make a once-off contribution to the Additional Fixed Contribution Funds for Existing Employees in respect of past service (see Notes 4 (a) and 19), which will be conditional, inter alia, upon employee election to join and contribute to the funds, the associated cost of which was estimated at €36.0 million at 31 December 2008. The parent company, and current eligible employees who opt to become members of the funds, will also pay ongoing annual defined contributions. As is the case with the IAS Scheme, these funds are being established on the basis that neither the parent company nor a participating employee can be obliged to pay more than the specified contribution to the funds without their written consent. Accordingly, they will be accounted for as defined contribution schemes under FRS 17.

It is intended that the Hybrid Scheme for New Employees will be funded by ongoing annual contributions from both the parent company and eligible employee members of the scheme.

The parent company also contributes to certain other pension arrangements, accounted for as defined benefit schemes under FRS 17, the principal one of which is the Aer Rianta Supplemental Superannuation Scheme ("the AR Supplemental Scheme"), a scheme for certain categories of company employees to provide certain retirement pension benefits supplementary to those payable under the IAS Scheme.

The parent company also has an unfunded obligation to provide for the costs of early retirement for a certain category of employees (the "Early Retirement Obligation") as a result of agreements entered into in prior years which up to 2008 did not result in any significant cost to the Group. Due primarily to a change in the relevant actuarial assumptions arising during 2008, the Group has recognised a pension liability in respect of the Early Retirement Obligation at 31 December 2008 of €17.0 million, of which €0.4 million is included in the profit and loss account, representing current service costs, and €16.6 million is reflected in the statement of total recognised gains and losses, representing actuarial losses.

Aer Rianta International cpt
Aer Rianta International cpt ("ARI") operates defined contribution pension schemes or makes the required statutory contribution in respect of ARI and its principal subsidiary undertakings, covering the majority of its employees. Aer Rianta International (North America) Inc., a subsidiary of ARI, operates a defined benefit scheme which is not material in the context of the Group. Full details of the scheme are set out in the financial statements of that company.

FRS 17 "Retirement Benefits" disclosures
The pension cost to the Group charged against operating profit under FRS 17 for the financial year amounted to €43.5 million, including a €36.0 million exceptional pension cost (2007: €7.4 million).

		2008	2007
		€000	€000
Defined benefit schemes		**1,474**	1,212
Defined contribution schemes:	*- pre-exceptional*	**6,063**	6,205
	- exceptional	**36,000**	–
		43,537	7,417

Notes continued
for the year ended 31 December 2008

21. Pensions continued

FRS 17 Defined Benefit Scheme disclosures

The combined net pensions liabilities of arrangements, accounted for as defined benefit schemes under FRS 17, consisting primarily of the Early Retirement Obligation and the AR Supplemental Scheme were as follows:

	2008	2007
Group and Company	**€000**	€000
Net pensions liability	**19,002**	2,280

The AR Supplemental Scheme is actuarially valued every three years by independent professionally qualified actuaries. In accordance with FRS 17 at each reporting date the most recent valuation of the scheme is updated by the actuaries to reflect financial assumptions that are current at the balance sheet date. The Early Retirement Obligation has been valued by an independent professionally qualified actuary at the balance sheet date.

At 31 December 2008, the net pensions liability in the Group and Company was €19.002 million (2007: €2.28 million) being assets of €4.106 million (2007: €5.428 million) and present value of accrued scheme liabilities of €25.822 million (2007: €8.034 million) net of a related deferred tax asset of €2.714 million (2007: €0.326 million).

As at 31 December 2007, the Group had pension assets and liabilities of €13.056 million each (net pension liability of zero) in relation to the former pension scheme of the former Great Southern Hotels Group ("the GSH scheme"). The GSH scheme was wound up in 2008. The assets and liabilities of the GSH scheme have been excluded from the disclosures in this note.

The main financial assumptions, given on a combined basis, used by the actuaries of these arrangements to value the liabilities were:

	As at 31/12/2008	As at 31/12/2007
Valuation method	**Projected Unit**	Projected Unit
Rate of increase in salaries	**3.75%**	4.0%
Rate of increase in pension payment	**0%**	0%
Discount rate	**5.75%**	5.5%
Inflation assumption	**2.00%**	2.25%
Life expectancy		
Male member age 61 (current life expectancy)	**24.4**	23.6
Male member age 40 (life expectancy at age 61)	**25.1**	25.1
Female member age 59 (current life expectancy)	**29.4**	28.4
Female member age 40 (life expectancy at age 59)	**30.3**	30.3

The discount rate of 5.75% is based on AA Corporate Rated Bonds which are appropriate for the duration of the liabilities of the schemes.

The asset allocations and expected long-term rate of return on assets at the year-end were as follows:

		2008		2007
	Percentage of plan assets	**Expected Return**	Percentage of plan assets	Expected Return
Equities	**64.2%**	**8.5%**	71.7%	7.7%
Bonds	**21.6%**	**4.0%**	11.3%	4.3%
Property	**4.7%**	**7.0%**	5.1%	6.7%
Other	**9.5%**	**3.0%**	11.9%	4.0%
	100.0%		100.0%	

Notes continued
for the year ended 31 December 2008

21. Pensions continued

To develop the expected long term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long term rate of return on assets assumption for the portfolio. This resulted in the selection of an assumption of the weighted average long-term rate of return on assets of 6.87% (2007: 7.1%).

	2008	2007
	€000	€000
Amounts recognised in the balance sheet		
Present value of funded obligations	**(8,822)**	(8,034)
Fair value of plan assets	**4,106**	5,428
Deficit for funded plans	**(4,716)**	(2,606)
Present value of unfunded obligations	**(17,000)**	–
Gross liability	**(21,716)**	(2,606)
Related deferred tax asset	**2,714**	326
Net liability	**(19,002)**	(2,280)
Change in benefit obligation		
Benefit obligation at beginning of year	**(8,034)**	(6,734)
Service cost	**(1,297)**	(986)
Past service cost	**(177)**	(226)
Interest cost	**(508)**	(352)
Plan members' contributions	**(367)**	(361)
Actuarial (loss)/gain	**(15,580)**	590
Benefits paid	**141**	35
Benefit obligation (funded and unfunded) at end of year	**(25,822)**	(8,034)
Change in plan assets		
Fair value of plan assets at beginning of year	**5,428**	4,070
Expected return on plan assets	**412**	323
Actuarial loss	**(2,490)**	(679)
Employer contributions	**530**	1,387
Member contributions	**367**	362
Benefits paid from plan	**(141)**	(35)
Fair value of plan assets at end of year	**4,106**	5,428
Components of pension expense		
Amounts recorded in profit and loss		
Current service cost	**1,297**	986
Past service cost	**177**	226
Interest cost	**508**	352
Expected return on plan assets	**(412)**	(323)
Total pension expense recognised in the profit and loss account	**1,570**	1,241
Actuarial losses immediately recognised	**18,070**	89
Total pension cost recognised in the statement of total recognised gains and losses ("STRGL")	**18,070**	89
Cumulative amount of actuarial loss/(gain) immediately recognised	**17,191**	(879)

Contributions of €2.0 million are expected to be paid by the Group in the forthcoming accounting period for defined benefit arrangements.

Notes continued
for the year ended 31 December 2008

21. Pensions continued

	Year ended 31 December			
	2008	2007	2006	2005
History of experience adjustments	**€000**	€000	€000	€000
Difference between expected and actual return on assets	**(2,490)**	(679)	138	181
Expressed as a percentage of scheme assets	**60.6%**	12.5%	3.4%	6.0%
Experience gains and losses on scheme liabilities	**(490)**	(987)	(172)	(11)
Expressed as a percentage of scheme liabilities	**1.9%**	12.3%	2.6%	–
Total actuarial gains and losses	**(18,070)**	(89)	157	(567)
Expressed as a percentage of scheme liabilities	**70.0%**	1.1%	2.3%	10.6%
History of scheme deficits				
Fair value of scheme assets	**4,106**	5,428	4,315	3,041
Present value of scheme liabilities	**(25,822)**	(8,034)	(6,979)	(5,366)
Deficit in schemes	**(21,716)**	(2,606)	(2,664)	(2,325)
Deferred tax asset – pension related				
At beginning of year	**326**	333		
Credit/(charge) to profit	**129**	(18)		
Credit to STRGL	**2,259**	11		
At end of year	**2,714**	326		

Notes continued
for the year ended 31 December 2008

22. Reserves

	2008				2007
	Profit & loss account €000	**Translation reserve €000**	**Other reserves €000**	**Total reserves €000**	Total reserves €000
Group					
At 1 January	**792,279**	**(1,516)**	**246**	**791,009**	445,028
Profit for the financial year	**47,074**	**–**	**–**	**47,074**	347,526
Currency translation adjustments	**–**	**514**	**–**	**514**	(1,589)
Actuarial (loss)/gain in pension schemes	**(18,070)**	**–**	**–**	**(18,070)**	85
Deferred tax thereon	**2,259**	**–**	**–**	**2,259**	(41)
At 31 December	**823,542**	**(1,002)**	**246**	**822,786**	791,009
As follows:					
Dublin Airport Authority plc	**657,525**	**–**	**–**	**657,525**	639,558
Subsidiary undertakings[1]	**149,341**	**(2,813)**	**–**	**146,528**	121,980
Joint venture undertakings	**(6,440)**	**–**	**–**	**(6,440)**	1,458
Associated undertakings[1]	**27,588**	**1,811**	**246**	**29,645**	32,485
Consolidation adjustment	**(4,472)**	**–**	**–**	**(4,472)**	(4,472)
	823,542	**(1,002)**	**246**	**822,786**	791,009

[1] During the year the Group increased its shareholding in an entity which as a result is now accounted for as a subsidiary (formerly an associate) (Note 10). As a result €11.9 million has been transferred between the profit and loss reserves, and €1.7 million between the translation reserves, of associated and subsidiary undertakings.

	2008 €000	2007 €000
Company		
Profit and loss account		
At 1 January	**639,558**	292,655
Profit for the financial year	**33,778**	346,981
Actuarial loss in pension schemes	**(18,070)**	(89)
Deferred tax credit thereon	**2,259**	11
At 31 December	**657,525**	639,558

Notes continued
for the year ended 31 December 2008

23. Reconciliation of operating profit to cash inflow from operating activities

	Group	
	2008	2007
	€000	€000
Operating profit	**51,657**	111,608
Depreciation charge	**65,795**	57,294
Amortisation of intangible assets	**744**	768
Amortisation of goodwill/negative goodwill	**268**	187
Impairment and write-off of tangible fixed assets	**1,276**	1,569
Amortisation of capital grants	**(1,115)**	(1,356)
Loss/(profit) on disposal of tangible fixed assets	**32**	(206)
Decrease/(increase) in stocks	**2,931**	(6,622)
Increase in debtors	**(1,050)**	(3,050)
Increase in creditors	**4,172**	9,742
Increase in provisions	**36,000**	–
Increase in net pension liability	**914**	67
Cash inflow from operating activities	**161,624**	170,001

24. Analysis of headings grouped in cash flow statement

	Group	
	2008	2007
	€000	€000
Returns on investments and servicing of finance		
Interest received	**29,406**	13,007
Interest paid	**(43,282)**	(26,882)
Income from other financial assets	**126**	1,000
	(13,750)	(12,875)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(349,232)**	(248,875)
Sale of tangible fixed assets	**80**	390
	(349,152)	(248,485)
Acquisitions and disposals		
Acquisition of subsidiary undertaking	**(12,154)**	–
Net cash acquired with subsidiary undertaking	**3,811**	–
Acquisition of associated undertaking	**(695)**	–
Net proceeds from disposal of associated undertaking	**–**	303,677
Loan to joint venture undertaking	**(550)**	–
	(9,588)	303,677
Financing		
Proceeds from issue of new loan notes	**600,000**	–
Costs associated with issue of new loan notes	**(4,672)**	–
Repayments of bank loans	**(10,033)**	(29,758)
	585,295	(29,758)

Notes continued
for the year ended 31 December 2008

25. Reconciliation of net cash flow to movement in net (debt)/funds

	Group 2008 €000	Group 2007 €000
Decrease in cash in the year	**(17,626)**	(20,616)
Increase in liquid resources	**381,252**	162,267
(Increase)/decrease in debt	**(585,295)**	29,758
Change in net debt resulting from cash flows	**(221,669)**	171,409
Amortisation of issue costs	**(330)**	(156)
Foreign exchange movement	**(845)**	(872)
Movement in net debt in the year	**(222,844)**	170,381
Net funds/(debt) at 1 January	**34,804**	(135,577)
Net (debt)/funds at 31 December	**(188,040)**	34,804

26. Analysis of net (debt)/funds

	At 1 January 2008 €000	Cash flow €000	Non-cash movement €000	Foreign exchange movement €000	At 31 December 2008 €000
Cash	34,550	(17,626)	–	(691)	**16,233**
Liquid resources	481,037	381,252	–	–	**862,289**
	515,587	363,626	–	(691)	**878,522**
Debt due within one year	(9,757)	10,033	(11,595)	–	**(11,319)**
Debt due after one year	(471,026)	(595,328)	11,265	(154)	**(1,055,243)**
	(480,783)	(585,295)	(330)	(154)	**(1,066,562)**
Total	**34,804**	**(221,669)**	**(330)**	**(845)**	**(188,040)**

Notes continued
for the year ended 31 December 2008

27. Financial Instruments

Narrative disclosures concerning the Group's treasury policy and management are set out in the 2008 Financial Review. The required disclosures in respect of relevant financial assets and liabilities (as defined) in accordance with Financial Reporting Standard 13 (FRS 13) "Derivatives and Other Financial Instruments" are provided below. Relevant financial assets/liabilities exclude short-term debtors and creditors and investments in subsidiaries, associated undertakings and joint ventures.

i. Interest rate risk profile of financial liabilities and assets

After taking into account, where relevant, the various interest rate swaps and forward foreign currency contracts entered into by the Group, the interest rate profile of the Group's relevant financial liabilities and interest bearing relevant financial assets at 31 December 2008 was:

			2008			2007
	Total	**Floating rate**	**Fixed rate**	Total	Floating rate	Fixed rate
	€000	**€000**	**€000**	€000	€000	€000
Financial liabilities						
Euro	**1,064,998**	**–**	**1,064,998**	479,374	–	479,374
US dollar	**1,564**	**–**	**1,564**	1,409	–	1,409
	1,066,562	**–**	**1,066,562**	480,783	–	480,783
Financial assets						
Euro	**866,728**	**187,728**	**679,000**	505,269	505,269	–
Sterling	**770**	**770**	**–**	5,642	5,642	–
US dollar	**8,860**	**8,860**	**–**	2,793	2,793	–
Canadian dollar	**1,571**	**1,571**	**–**	1,191	1,191	–
Ukraine hryvnia	**368**	**368**	**–**	674	674	–
Swiss franc	**157**	**157**	**–**	–	–	–
Other currencies	**68**	**68**	**–**	18	18	–
	878,522	**199,522**	**679,000**	515,587	515,587	–

The weighted average interest rate for fixed rate Euro currency financial liabilities was 5.7% (2007: 5.4%) and the weighted average period for which the rate is fixed was 8.6 years (2007: 8.4 years). There were no financial liabilities on which no interest is paid. The fixed rate financial assets were comprised of bank deposits bearing fixed agreed interest returns. The floating rate financial assets were comprised of term and call bank deposits of less than one year that bore interest based on market rates. No interest is received on loans to associated and joint venture undertakings of €5.4 million (2007: €5.4 million).

Notes continued
for the year ended 31 December 2008

27. Financial Instruments continued

ii. Currency exposures

The table below shows the Group's currency exposure, being those assets and liabilities (or non-structural exposures) that give rise to the net monetary gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the unit involved. These exposures were as follows:

	Net foreign currency monetary assets €000						
	Euro	**Sterling**	**US dollar**	**Canadian dollar**	**Ukraine hryvnia**	**Russian rouble**	**Swiss franc**
As at 31 December 2008							
Functional currency of Group operations							
Euro	–	744	8,917	1,014	368	64	7
Canadian dollar	–	–	16	–	–	–	–
US dollar	3,927	160	–	11	–	–	150
	3,927	**904**	**8,933**	**1,025**	**368**	**64**	**157**
As at 31 December 2007							
Functional currency of Group operations							
Euro	–	5,883	6,840	52	–	–	–
Canadian dollar	–	–	36	–	–	–	–
US dollar	1,258	53	–	15	648	–	–
	1,258	**5,936**	**6,876**	**67**	**648**	**–**	**–**

The amounts shown in the table above take into account the effect of any currency swaps, forward contracts and other derivatives entered into to manage these currency exposures.

iii. Fair values of financial liabilities and assets

Set out below is a comparison by category of book values and fair values of the Group's relevant financial liabilities as at 31 December 2008.

	2008		2007	
	Book value €000	**Fair value €000**	Book value €000	Fair value €000
Primary financial instruments held or issued to finance the Group's operations				
Short-term financial liabilities and current portion of long-term borrowings (Note 17)	**11,319**	**12,407**	9,757	9,516
Long-term borrowings (Note 17)	**1,055,243**	**1,069,630**	471,026	474,789
	1,066,562	**1,082,037**	480,783	484,305
Derivative financial instruments held to manage interest rate and currency profile	**–**	**10,478**	–	–
Derivative financial instruments held or issued to hedge the currency exposure on expected future sales				
Forward foreign exchange contracts	**–**	**(667)**	–	186

Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates.

At the balance sheet date the fair values of the relevant financial assets and other creditors falling due after more than one year were not materially different from their carrying value.

Notes continued
for the year ended 31 December 2008

27. Financial Instruments continued

iv. Hedges

As set out in the 2008 Financial Review, the Group enters into forward foreign currency contracts to eliminate the currency exposure that arises on cash flows denominated in foreign currencies. It also may use interest rate swaps and forward rate agreements to manage its interest rate profile. As set out in the Statement of Accounting Policies, changes in the fair value of instruments used as hedges are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

	Gains	Losses	Total net gains/ (losses)
	€000	€000	€000
Unrecognised gains and losses on hedges on 1 January 2008	186	–	186
Gains and losses arising in previous years recognised in 2008	(186)	–	(186)
Gains and losses arising before 1 January 2008 not recognised in 2008	–	–	–
Gains and losses arising in 2008 not recognised in 2008	11,003	(1,192)	9,811
Unrecognised gains and losses on hedges at 31 December 2008	**11,003**	**(1,192)**	**9,811**
Of which:			
Gains and losses expected to be recognised in 2009	7,441	(1,192)	6,249
Gains and losses expected to be recognised in 2010 or later	3,562	–	3,562
	11,003	**(1,192)**	**9,811**

28. Commitments

		Group		Company
	2008	2007	**2008**	2007
	€000	€000	**€000**	€000
i. Capital commitments				
Contracted	**377,128**	262,930	**377,128**	262,930
Authorised by the directors but not contracted for	**183,900**	531,398	**157,740**	515,603
	561,028	794,328	**534,868**	778,533
ii. Operating leases				
Leasing commitments payable during the next twelve months were made up as follows:				
Plant and equipment				
Payable on leases which expire within:				
One year	**–**	–	**–**	–
Two to five years	**983**	983	**983**	983
	983	983	**983**	983
Buildings				
Payable on leases which expire within:				
Two to five years	**5,801**	5,768	**–**	–
Greater than five years	**50**	431	**–**	–
	5,851	6,199	**–**	–

Notes continued
for the year ended 31 December 2008

29. Related party disclosures

The related parties of the Group, as defined by Financial Reporting Standard 8 (FRS 8) "Related Party Disclosures", the nature of the relationship and the extent of transactions with them (excluding subsidiary undertakings), are summarised below.

	2008	2007
	€000	€000
Management charges to associated undertakings	**10,402**	7,882
Sales at cost to associated undertakings	**15,227**	9,461
Dividends received from associated undertakings	**13,567**	9,628
Loan to associated undertaking	**563**	563
Due from associated undertakings at year-end	**6,356**	2,474
Due to associated undertakings at year-end	**296**	997
Loan to joint venture undertaking at year-end	**4,882**	4,882

In common with many other Government and state bodies, the Group deals in the normal course of business with a range of other Government and state bodies. In addition, pursuant to the State Airports Act 2004, the Company has entered into interim arrangements with Cork Airport Authority plc and Shannon Airport Authority plc for the performance on its behalf of certain functions covering Cork and Shannon airports respectively.

Details of the Group's principal associated and joint venture undertakings are set out in Note 11.

Ms Marie O'Connor, a director of the Company, is also a Partner in PricewaterhouseCoopers ("PwC") in Ireland. Fees in respect of services provided to the Group in the normal course of business by PwC in Ireland during the year ended 31 December 2008 were €415,000 (2007: €34,000). Mr Bill Cullen, a director of the Company, is a Principal of the Europa Academy. Fees in respect of rental of rooms provided to the Group in the normal course of business by Europa Academy during the year ended 31 December 2008 were €28,399 (2007: nil).

30. Minority interest

	2008
	€000
At beginning of year	**(1,428)**
Pre-acquisition shares of reserves[a]	**7,945**
Share of profit for the year	**1,972**
Exchange differences	**915**
At end of year	**9,404**

a. Arises due to Aer Rianta International (Middle East) WLL becoming a subsidiary undertaking during the year (Note 10).

Notes continued
for the year ended 31 December 2008

31. Associates and joint ventures

In accordance with the requirements of Financial Reporting Standard 9 (FRS 9) "Associates and Joint Ventures", the following additional information is given about associated and joint venture undertakings which play a significant part in the operations of the Group, where applicable.

The Group's share of turnover, fixed assets, current assets, liabilities due within one year and liabilities due after more than one year of all associated undertakings is as follows:

	2008	2007
	€000	€000
Turnover	**196,232**	174,362
Fixed assets	**281,356**	226,630
Current assets	**72,841**	44,464
Liabilities due within one year	**(30,934)**	(16,331)
Liabilities due after one year or more	**(218,042)**	(164,849)

The Group's share of capital commitments of all associated undertakings amounted to €48.5 million.

The Group's share of the results, assets and liabilities of Flughafen Düsseldorf GmbH in which the Group holds a 20% stake (via its 40% stake in Airport Partners GmbH) (associated undertaking which exceeds certain size criteria set down in FRS 9) is as follows:

Flughafen Düsseldorf GmbH (20%)

	2008	2007
	€000	€000
Group share:		
Turnover	**83,579**	80,357
Profit before tax	**12,728**	11,487
Taxation	**(4,690)**	(4,020)
Profit after tax	**8,038**	7,467
Fixed assets	**273,194**	221,724
Current assets	**16,992**	14,972
Liabilities due within one year	**(5,601)**	(6,018)
Liabilities due after one year or more	**(207,431)**	(155,759)

32. Litigation

In the normal course of business, the Group is involved in various legal proceedings with third parties, the outcome of which is uncertain. Where appropriate, provision is made in the financial statements based on the directors' best estimate of the potential outcome of such proceedings. It is the policy of the Board to rigorously defend all legal actions taken against the Group.

33. Approval of financial statements

The financial statements were approved by the Board on 9 March 2009.

Five year summary of financial results

	2008	2007	2006	2005	2004
	€000	€000	€000	€000	€000
Operating results					
Turnover	**630,940**	623,364	590,586	524,982	465,688
Group EBITDA	**154,657**	169,917	145,228	110,992	89,893
Group operating profit	**87,657**	111,608	85,003	64,070	46,090
Share of profits of associates and joint ventures	**30,272**	38,471	31,350	30,000	23,653
Net interest payable – Group, joint ventures and associates	**(17,117)**	(17,105)	(28,156)	(30,120)	(31,314)
Group exceptional items	**(35,194)**	239,320	115,638	–	2,381
Profit before taxation	**65,618**	372,294	203,835	63,950	40,810
Taxation	**(16,572)**	(24,735)	(37,978)	(14,213)	(10,555)
Minority interest	**(1,972)**	(33)	105	349	515
Profit for the financial year	**47,074**	347,526	165,962	50,086	30,770
Profit excluding exceptional items (after tax)	**77,899**	108,500	69,523	50,086	28,867
Capital employed					
Tangible fixed assets	**1,344,260**	1,006,126	793,447	809,082	745,415
Intangible fixed assets	**11,509**	3,327	4,100	5,476	5,422
Financial fixed assets	**103,981**	94,175	151,567	171,544	165,604
Net current assets/(liabilities)	**699,982**	386,220	238,945	(18,420)	2,032
Total assets less current liabilities	**2,159,732**	1,489,848	1,188,059	967,682	918,473
Creditors over one year	**(1,067,138)**	(479,710)	(498,731)	(457,354)	(460,536)
Capital grants	**(16,909)**	(18,024)	(19,380)	(24,558)	(26,257)
Provisions for liabilities	**(38,156)**	(13,916)	(37,677)	(5,129)	(5,735)
Net pension liability	**(19,002)**	(2,280)	(2,331)	(4,116)	(2,759)
Net assets	**1,018,527**	975,918	629,940	476,525	423,186
Summary Cash Flow					
Cash inflow from operating activities	**161,624**	170,001	148,183	121,044	98,296
Payments in respect of restructuring programme	**(9,028)**	(27,017)	–	–	(3,498)
Dividends received from associated undertakings	**13,567**	9,628	8,648	8,449	7,995
	166,163	152,612	156,831	129,493	102,793
Net interest paid	**(13,750)**	(12,875)	(22,514)	(22,693)	(22,951)
Taxation paid	**(15,342)**	(23,520)	(21,505)	(4,437)	(723)
	137,071	116,217	112,812	102,363	79,119
Investment in tangible fixed assets	**(349,232)**	(248,875)	(134,406)	(100,322)	(84,018)
Investment in/loans to associated and joint venture undertakings and financial assets	**(1,245)**	–	(83)	(918)	2,102
Purchase of subsidiary undertakings	**(8,343)**	–	–	–	–
Sale of discontinued operations	**–**	–	234,906	–	–
Net proceeds from disposal of associated undertaking	**–**	303,677	–	–	–
Sale of tangible and financial assets	**80**	390	30,456	2,352	2,666
	(358,740)	55,192	130,873	(98,888)	(79,250)
	(221,669)	171,409	243,685	3,475	(131)
Dividends paid	**–**	–	–	–	(6,074)
Cash (outflow)/inflow before management of liquid resources and financing	**(221,669)**	171,409	243,685	3,475	(6,205)
Net debt					
Group net debt/(funds) at year end	**188,040**	(34,804)	135,577	379,736	384,056

2004 figures are as restated in the 2005 Annual Report.

Five year summary of passenger statistics

Passengers	**2008**	2007	2006	2005	2004
Overall					
Transatlantic	**2,323,454**	2,279,592	2,138,117	1,974,263	1,799,402
Great Britain	**11,295,164**	11,349,040	11,449,517	10,994,132	10,315,793
Continental Europe	**14,221,820**	14,213,849	11,939,090	9,630,418	7,988,211
Other International	**261,793**	240,796	213,371	101,068	87,588
Domestic	**1,384,682**	1,470,508	1,326,945	986,134	1,046,590
Transit	**407,966**	534,535	778,963	796,754	550,156
	29,894,879	30,088,320	27,846,003	24,482,769	21,787,740
Percentage growth year-on-year	**-0.6%**	+8.1%	+13.7%	+12.4%	+6.6%
Dublin					
Transatlantic	**1,748,299**	1,532,799	1,356,974	1,260,504	1,106,021
Great Britain	**8,559,677**	8,670,935	8,626,342	8,261,174	8,352,602
Continental Europe	**11,997,198**	11,901,747	10,092,559	8,087,153	6,840,672
Other International	**252,252**	232,960	198,434	88,178	72,716
Domestic	**844,594**	885,233	813,177	652,733	690,205
Transit	**64,691**	63,764	108,896	100,697	76,157
	23,466,711	23,287,438	21,196,382	18,450,439	17,138,373
Percentage growth year-on-year	**+0.8%**	+9.9%	+14.9%	+7.7%	+8.1%
Shannon					
Transatlantic	**574,843**	746,551	780,917	713,556	693,102
Great Britain	**1,139,970**	1,253,570	1,286,317	1,162,942	697,391
Continental Europe	**1,020,437**	1,066,630	816,676	655,831	442,909
Other International	**2,820**	507	320	16	33
Domestic	**96,836**	89,034	100,484	95,238	106,822
Transit	**334,623**	464,331	654,332	674,841	454,859
	3,169,529	3,620,623	3,639,046	3,302,424	2,395,116
Percentage growth year-on-year	**-12.5%**	-0.5%	+10.2%	+37.9%	-0.2%
Cork					
Transatlantic	**312**	242	226	203	279
Great Britain	**1,595,517**	1,424,535	1,536,858	1,570,016	1,265,800
Continental Europe	**1,204,185**	1,245,472	1,029,855	887,434	704,630
Other International	**6,721**	7,329	14,617	12,874	14,839
Domestic	**443,252**	496,241	413,284	238,163	249,563
Transit	**8,652**	6,440	15,735	21,216	19,140
	3,258,639	3,180,259	3,010,575	2,729,906	2,254,251
Percentage growth year-on-year	**+2.5%**	+5.6%	+10.3%	+21.1%	+3.3%

Five year summary of aircraft movements

	2008	2007	2006	2005	2004
Overall					
Commercial					
Scheduled	**231,139**	228,681	211,894	199,490	186,770
Non Scheduled	**26,803**	30,197	29,645	31,756	27,472
Cargo	**9,396**	9,913	10,278	11,134	11,308
Commercial Air Transport Movements	**267,338**	268,791	251,817	242,380	225,550
Percentage growth year-on-year	**-0.5%**	+6.7%	+3.9%	+7.5%	+0.2%
Others	**48,787**	62,088	56,521	52,425	45,587
Total Aircraft Movements	**316,125**	330,879	308,338	294,805	271,137
Dublin					
Commercial					
Scheduled	**181,850**	176,564	161,375	151,108	148,739
Non Scheduled	**13,158**	14,218	14,110	15,477	14,453
Cargo	**5,103**	5,271	5,720	6,525	6,773
Commercial Air Transport Movements	**200,111**	196,053	181,205	173,110	169,965
Percentage growth year-on-year	**+2.1%**	+8.2%	+4.7%	+1.9%	+4.3%
Others	**11,779**	15,751	15,436	13,728	12,210
Total Aircraft Movements	**211,890**	211,804	196,641	186,838	182,175
Shannon					
Commercial					
Scheduled	**21,172**	22,230	22,525	20,046	14,534
Non Scheduled	**8,513**	10,297	9,997	11,097	8,420
Cargo	**2,985**	3,101	3,067	3,096	2,988
Commercial Air Transport Movements	**32,670**	35,628	35,589	34,239	25,942
Percentage growth year-on-year	**-8.3%**	0.1%	+3.9%	+32.0%	-4.4%
Others	**9,689**	12,486	11,126	10,854	9,876
Total Aircraft Movements	**42,359**	48,114	46,715	45,093	35,818
Cork					
Commercial					
Scheduled	**28,117**	29,887	27,994	28,336	23,497
Non Scheduled	**5,132**	5,682	5,538	5,182	4,599
Cargo	**1,308**	1,541	1,491	1,513	1,547
Commercial Air Transport Movements	**34,557**	37,110	35,023	35,031	29,643
Percentage growth year-on-year	**-6.9%**	+6.0%	0.0%	+18.2%	-15.3%
Others	**27,319**	33,851	29,959	27,843	23,501
Total Aircraft Movements	**61,876**	70,961	64,982	62,874	53,144

DAA Group Structure and Management

Structure

Dublin Airport Authority plc
Dublin, Shannon, Cork

Aer Rianta International
Düsseldorf

Airport Retailing

CIS / Eastern Europe
Moscow, St. Petersburg, Kiev, Kosovo

Middle East
Bahrain, Beirut, Cyprus, Egypt, Oman, Qatar

North America
Barbados, Boston, Edmonton, Halifax, Montreal, New York, Ottawa, Winnipeg

DAA Management Team

Declan Collier
Chief Executive

Oliver Cussen
Deputy Chief Executive and Company Secretary

Eamon Foley
Director General, Aer Rianta International

Ray Gray
Director, Finance

Vincent Harrison
Director, Strategy & Regulation

Robert Hilliard
Director, Dublin Airport

Pat Keohane
Director, Cork Airport

Damian Lenagh
Director, Human Resources

Jack MacGowan
Director, Commercial

Colm Moran
Director, Infrastructure Development

Martin Moroney
Director, Shannon Airport

Paul Neeson
Director, Retail

Paul O'Kane
Director, Public Affairs

Aeronautical Information

Dublin Airport

Location	Lat. 532517N, Long. 0061612W (midpoint Runway 10/28)
Elevation	242 ft. AMSL
Runway Data	Runway 10/28 Length 2637 metres – Width 45 metres plus 7.5m shoulders each side Surface concrete, Category IIIA (Runway 28), Category II (Runway 10) Runway 16/34 Length 2072 metres – Width 61 metres Surface asphalt/ concrete Non inst (Runway 34) Runway 11/29 Length 1339 metres – Width 61 metres Surface asphalt/concrete Non Inst
Refuelling	JET A1
Operational	24 hrs
Postal Address	Dublin Airport, Co. Dublin, Ireland
Fax Number	(01) 814 1034 (09:00—17: 00) (01) 814 5479 (24hrs)
Telephone Number	National (01) 814 1111 International 353 1 814 1111
Web	www.dublinairport.com
Sita	DUBRN7X (Airport Administration) DUBYREI (Operations)

Cork Airport

Location	Lat. 515029N, Long. 082928W
Elevation	502 ft. AMSL
Runway Data	17/35 Length 2133 metres – Width 45 metres plus 7.5m shoulders each side Surface asphalt/concrete, Category 2 07/25 Length 1310 metres – Width 45 metres Surface concrete Non Inst.
Refuelling	Full refuelling facilities available
Operational	24 hrs
Postal Address	Cork Airport, Co. Cork, Ireland
Fax Number	(021) 431 3442
Telephone Number	National (021) 431 3131 International 353 21 431 3131
Web	www.corkairport.com
Sita	ORKARXH

Aeronautical Information continued

Shannon Airport

Location	Lat. 524207N, Long. 085529W
Elevation	46ft. AMSL
Runway Data	06/24 Length 3199 metres – Width 45 metres plus 8m shoulders each side Surface asphalt, Category 2 (Runway 24) 13/31 Length 1720 metres – Width 45 metres Surface asphalt/ concrete Non Inst. This runway is at present Notamed out of service
Refuelling	Hydrant and mobile refuelling available – Jet A1 and Avgas available Monday—Friday, 09:00 to 17:30hrs
Operational	24 hrs
Postal Address	Shannon Airport, Co. Clare, Ireland
Fax Number	(061) 712282 (Airport Operations Dept) (061) 471719 (Shannon Aviation Fuels)
Telephone Number	National (061) 712000 (24 hr) International 353 61 712000 (24 hr)
Web	www.shannonairport.com

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Principal Bankers
Bank of Ireland
Barclays Bank plc
BNP Paribas
European Investment Bank
Ulster Bank

Forward Looking Statements

This document contains certain forward looking statements with respect to the financial condition, results of operations and businesses of Dublin Airport Authority plc. These statements involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements. The statements are based on current expected market and economic conditions, the existing regulatory environment and interpretations of Financial Reporting Standards applicable to past, current and future periods. Nothing in this report should be construed as a profit forecast.

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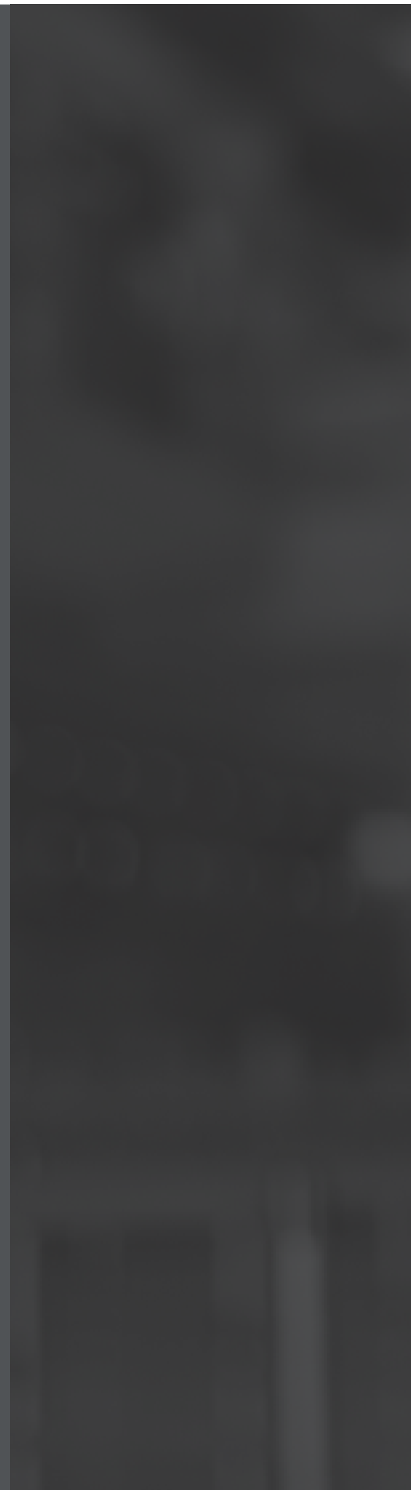

www.daa.ie

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