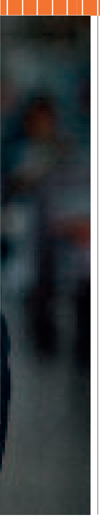
daa plc | daa cpt

Annual Report 2014



2014

daa plc

Annual Report and Financial Statements

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Board of Directors

daa plc

Pádraig Ó Ríordáin
Chairman

Niall Greene

Patricia King

John Lynch

Colm McCarthy

Des Mullally

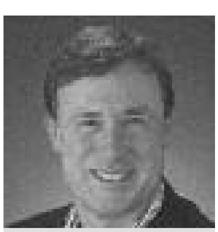
Barry Nevin

Eric Nolan

Ann-Marie O'Sullivan

Paul Schütz

Denis Smyth



Kevin Toland

Gerry Walsh

Pádraig Ó Ríordáin, Chairman

Pádraig Ó Ríordáin was originally appointed Chairman in January 2012 and reappointed for a second term in January 2015. Pádraig is a Corporate Partner in Arthur Cox, a leading Irish law firm, where he served as Managing Partner from 2003 to 2011. In 2009, he was named European Managing Partner of the Year and in 2012 was awarded the Lifetime Achievement Award by the Managing Partners' Forum.
He studied law in University College Cork and Harvard Law School and has practised in New York and Dublin. He is a non-executive director of Paddy Power plc and is Chair of the Cork Airport Development Council. Pádraig was appointed Chair of the daa Board Nomination & Remuneration Committee in March 2012.

Niall Greene

Niall Greene was appointed to the Board in July 2012. His extensive career in aviation started in Aer Lingus and encompassed senior positions in GPA Group and GE Capital Aviation Services. He currently serves on the boards of a number of aviation finance related companies, is Chair of the Governing Body of Limerick Institute of Technology and a member of the Board of the Institute of International and European Affairs. He holds LLB and LLM degrees from the University of Limerick. Niall has considerable knowledge of aviation matters and experience in advising private and public sector organisations.
He was appointed Chair of the Board Health, Safety, Security & Environment Committee in December 2012.

Patricia King

Patricia King was appointed to the Board in July 2012. Patricia is General Secretary of the Irish Congress of Trade Unions (ICTU) – the umbrella organisation for trade unions in Ireland. She was Vice President of SIPTU and has served as a board member of the RTÉ Authority, the National Roads Authority and Pobal. She was appointed to the Apprenticeship Council in November 2014. Patricia has extensive experience in the field of industrial relations at both sectoral and national level in Ireland.

John Lynch

John Lynch was originally appointed to the Board in February 2012 and reappointed in February 2015. John heads the Europe, Middle East and Africa marketing operations at aircraft leasing company BBAM and is managing director at its Zurich office. He was part of the management team at BBAM which successfully completed an MBO of Babcock & Brown's aircraft leasing business in 2010. Before joining BBAM, John spent 12 years in various senior executive positions at Babcock & Brown.

An engineering graduate of Trinity College Dublin, he also holds an MBA from University College Dublin. John has extensive knowledge of airline economics and financing and has international management experience.

Colm McCarthy

Colm McCarthy was originally appointed to the Board in February 2012 and reappointed in February 2015. Colm, a graduate of University College Dublin and University of Essex, has lectured at Dubrovnik International University and University College Dublin. He worked at the Central Bank, the Economic and Social Research Institute (ESRI) and with DKM Economic Consultants. Colm chaired the Irish Government's Review Group on State Assets and Liabilities and the Special Group on Public Service Numbers and Expenditure Programmes. He has wide ranging knowledge of, and experience in, matters of public policy and economics. Since his appointment to the Board in 2012, Colm has served on the Board Audit Committee.

Des Mullally

Des Mullally was appointed to the Board in January 2014 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Des joined the company in 1983 and is the Retail Sales Support Manager at Dublin Airport. Des has extensive experience of airport retailing, having worked in Ireland and overseas. Des is a member of the Impact trade union and the Irish Congress of Trade Unions Worker Directors Group.

Barry Nevin

Barry Nevin was first appointed to the Board in March 2005, reappointed in October 2009 and again in January 2014 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Barry joined the company in 1991 and works in the Airport Police and Fire Service at Dublin Airport. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Barry holds a Law degree from Dublin Institute of Technology. Barry has knowledge of company operations and experience dealing with industrial relations matters. Since September 2005, Barry has been a member of the Board Health, Safety, Security & Environment Committee, he also chaired this committee from December 2011 to November 2012.

Eric Nolan

Eric Nolan was appointed to the Board in January 2014 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Eric joined the company in 2003 and works in the Airport Police and Fire Service at Cork Airport. He is a member of the SIPTU trade union as well as the Irish Congress of Trade Unions Worker Directors Group. Eric served on the Board of Cork Airport Authority from April 2010 to December 2011. Eric has knowledge of company operations, having worked in both Dublin and Cork airports. Eric is a member of the Board Cork Airport Committee since April 2014.

Ann-Marie O'Sullivan

Ann-Marie O'Sullivan was appointed to the Board in May 2013. A graduate of UCC and a Fellow of the Public Relations Institute of Ireland, Ann-Marie is a communications professional, providing strategic communications counsel to large and small organisations across a broad spectrum of industry sectors. She is a director of AM O'Sullivan PR, is a former director of Healy Design & Advertising and has served as Chairman of the Public Relations Consultants Association (Ireland) and is a member of the Board of Cork Chamber of Commerce. In April 2014, Ann-Marie was appointed Chair of the Board Cork Airport Committee and since March 2014 has been a member of the Board Health, Safety, Security & Environment Committee.

Paul Schütz

Paul Schütz was appointed to the Board in July 2012. Paul is a former Chief Executive of Aer Arann and a member of the Chartered Institute of Management Accountants. He has more than 20 years' experience in the airline industry holding senior finance and general management roles with a number of different companies. Paul has financial knowledge and experience in the aviation industry. Since December 2012, Paul has been a member of the Board Audit Committee.

Denis Smyth

Denis Smyth was appointed to the Board in January 2014 under the Worker Participation (State Enterprises) Acts, 1977 to 2001. Denis joined the company in 1979 and currently holds the position of Airport Duty Manager. He is a member of the SIPTU trade union and the Irish Congress of Trade Unions Worker Directors Group. Denis holds diplomas in Airport Operations Management and Security Management. He was appointed to the Board Health, Safety, Security & Environment Committee in March 2014.

Kevin Toland

Kevin Toland became Chief Executive of daa in January 2013. Prior to joining the company, Kevin was Chief Executive and President of Glanbia USA & Global Nutritionals, based in Chicago, Illinois. Previous roles at Glanbia, which he joined in 1999, included Group Development Director, Chief Executive of Consumer Foods and Director of Strategy and Marketing. Before joining Glanbia, Kevin held a number of senior management positions with Coca-Cola Bottlers in Russia and with Grand Metropolitan in Ireland and Central Europe. He is a fellow of the Institute of Chartered Management Accountants and holds a Diploma in Applied Finance from the Irish Management Institute. Kevin is on the board of Ibec and is a Council Member with the Irish Management Institute (IMI). He has experience of working with and leading a large international company overseas. Kevin was appointed to the Board Cork Airport Committee in April 2014.

Gerry Walsh

Gerry Walsh was first appointed to the Board in November 2009, reappointed in February 2012 and again in February 2013. As an independent business advisor, he provides strategic support to the boards and senior management teams of a number of Irish and international companies and is a non-executive director of a number of Irish companies. Gerry has knowledge and experience of working in the Irish commercial semi-state sector gained from his time as Chief Executive of Bord Gáis Energy from 2000 to 2007. He led the transition of the company to an all-Ireland energy company providing both gas and electricity to customers throughout the island of Ireland. He is an engineering graduate from UCC. Gerry was Chairman of Cork Airport Authority from 2009 to the end of 2011. Gerry is Chair of the Board Audit Committee, having served as a member of the committee from February 2010. He was appointed Chair in February 2012. Gerry is also a member of the Board Nomination & Remuneration Committee since November 2010 and the Board Cork Airport Committee since April 2014.

daa Management Team

Kevin Toland
Chief Executive

Michael Feehan
Chief Security Officer

Ray Gray
Chief Financial Officer

John Hannan
Chief People Officer

Vincent Harrison
Managing Director, Dublin Airport

John Heffernan
Chief Development Officer

Maurice Hennessy
Chief Information Officer

Niall MacCarthy
Managing Director, Cork Airport

Jack MacGowan
Chief Executive, ARI

Colm Moran
Chief Executive, daa International

Marion O'Brien
Company Secretary

Paul O'Kane
Chief Communications Officer

Chairman's Statement

Pádraig Ó Ríordáin

I am pleased to report that daa made significant positive progress during 2014.

Our two airports had their highest rate of passenger growth since 2007, with total passenger numbers at Dublin and Cork increasing by 6% to 23.9 million. Passenger numbers at Dublin increased by 8% to 21.7 million, while at Cork, passenger numbers declined by 5% to 2.1 million.

Profit for the year declined by 50% to €19 million due to the impact of a €21 million exceptional charge, relating in the main to the Group's €72 million investment in resolving the long-running pensions related issues during the year. Profit after tax, excluding exceptional items, increased by 41% to €40 million.

Despite significant financial progress made during the year, the Group's overall profitability remains low. daa's return on equity was just 4% last year, which is not high enough to allow the business to provide returns to all stakeholders on a sustainable basis.

One of the reasons for the low return on equity is the current system for the regulation of airport charges at Dublin Airport. The Commission for Aviation Regulation (CAR) completed its determination for the period 2015-2019 during the year and opted to reduce charges at Dublin by 19% in real terms during the period. This reduction to prices that were already 22% lower than the average at Dublin's peer airports in Europe was unwarranted and reflects an environment very different from what daa, as a company, actually experiences.

The Group's stated preference over the medium term was to keep charges at Dublin flat during the period, stimulate growth with strong incentives for our airline customers and invest in key passenger and airfield infrastructure.

daa does not endorse the outcome of CAR's most recent determination on prices, but given the weaknesses in the existing appeal mechanism and the upcoming overall review of the system of economic regulation which the Department of Transport, Tourism and Sport has recently initiated, the Company agreed jointly with its two largest airline customers not to request an appeal.

daa will engage fully in this review process, which is expected to address all aspects of economic regulation, including whether the market conditions – characterised by a highly competitive environment with substantial customer power – warrant the current level of regulatory intervention. Dublin Airport is now more heavily regulated than any other airport in Europe, apart from London Heathrow, which is one of the world's principal hubs.

It is clear that the current regulatory system isn't working, as it consistently delivers an inadequate return for the airport operator, obstructs timely investment in capacity required to accommodate growth and minimises the ability to provide reasonable returns to our shareholder. Under the current regime, significant value is transferred away from the State – the ultimate owner of Dublin Airport – to privately owned airlines, unnecessarily in our view.

Efficient regulation should set broad parameters for the business, and should be supportive of investment in airport infrastructure that meets the current and future requirements of the country. It should also enable Dublin Airport to generate a sustainable return from the business.

Our business plays a pivotal role in the Irish economy. According to a new study by economic consultants InterVISTAS, Dublin and Cork airports have significant economic importance to the State.

Collectively, the two airports support or facilitate an estimated 108,100 jobs and contribute €7.6 billion to Ireland's Gross Domestic Product (GDP). This is equivalent to 4.4% of Ireland's national economy. Our airports are not merely gateways to the country; they are also major economic assets in their own right.

Dublin and Cork airports are the two largest airports in the State and are collectively responsible for 90% of all air passengers that enter the State and 71% of all air passengers within the island of Ireland.

A new National Aviation Policy will be published shortly and given the vital importance of the sector, this should promote an open and flexible stance which enhances connectivity and enables traffic growth and new route development.

Passenger numbers at Dublin increased by 8% to 21.7 million last year, with growth across all major sectors of the market. This pleasing performance has continued into 2015, with passenger traffic at Dublin recording a strong start to the year.

Thanks to significant growth in North American and transfer traffic in recent years, Dublin has grown to become a major player in transatlantic connectivity within Europe and we see further potential in this area. The short-haul market is also expanding in Dublin, with additional capacity from many existing airline customers, and new entrants to the Irish market.

Given the growth at Dublin, and mindful of the requirement to manage Dublin Airport in the best interests of the State, the Group is currently evaluating the options for the construction of a second parallel runway in the medium term.

The landbank at Dublin Airport also has the potential to support a new cluster of commercial development, which would be rolled out over the next two decades and would include additional office, hotel and retail-related developments.

Passenger numbers at Cork Airport declined by 5% to 2.1 million last year. The decline in traffic was due primarily to one airline customer moving a number of its Eastern European services from Cork Airport to Shannon Airport. This was an unintended consequence of the State's decision to separate Shannon Airport from daa, as Shannon is now able to offer airlines materially greater incentives than Cork.

Cork Airport has a much stronger hinterland and better facilities than any of its competitors within Munster and the Group is actively seeking ways to grow traffic. Increasing traffic at Cork is a key focus for the Group and we are engaging with all stakeholders to assess how tourism, policy and other initiatives could contribute to this goal. We are also continuing to aggressively market Cork Airport to airlines to both maintain existing services and attract new business.

The overseas element of the Group's retail arm ARI had a strong performance during the year with double-digit sales increases in most locations. Underlying profits from the business increased in 2014, although they declined at the headline level due to the impact of exceptional items and discontinued operations.

ARI significantly expanded its Cypriot business CTC-ARI during the year when it acquired full control of the company in a €55 million transaction. ARI now operates almost 5,000 square metres of retail space at Larnaca and Paphos airports in Cyprus, and employs about 375 people directly in those stores.

At home, sales at ARI's Irish outlets increased by 5%, underpinned by higher passenger numbers at Dublin and the improving Irish economy.

Post year-end, ARI was awarded a concession to operate duty free outlets at Auckland Airport in New Zealand, which will bring the business into Australasia for the first time.

Our early stage initiative, daa International also made strong progress during the year. daa International provides airport management services and strategic advice to airport operators and financial investors in the airport sector and also operates an international aviation training business.

Scott Brennan, FX Sales Consultant,
International Currency Exchange, Dublin Airport and
Anne Singleton, Car Parks Commercial, Dublin Airport

Anthony Healy and **Barry Casey** Airport Police Fire Service,
Cork Airport and **Dave Coughlan** Cork ATS

daa International is building a pipeline of opportunities across its activities and the Group's strategy is to grow this business to deliver long-term value.

The Group's international car parks management business, which builds on the yield management and online expertise of Dublin Airport's car parks operation, is also continuing to win business from airports in North America and Europe.

These international businesses underline the levels of expertise which daa is widely recognised to have in operating airport assets to a 'first-in-class' standard.

daa's core purpose is to connect Ireland with the world and the Company's central vision is to grow the business by delivering great service and value for airlines, passengers and our business partners.

We have a clear strategy and defined goals in place for each of the Group's business units, comprising Dublin Airport, Cork Airport, ARI and daa International. The core goal is to grow the Group's overall return on equity to 7% and this would require a significant uplift in earnings before interest, taxation, depreciation and amoritisation (EBITDA) and profits.

A new performance management system has also been introduced, setting clear individual and collective goals, which will assist in the delivery of the overall Group strategy.

Working closely with staff, the Group has developed a new set of values that will underpin the manner in which the business operates. The new values – Brilliant At The Essentials, Respecting Each Other's Value, Passing The Baton, Not The Buck, and Always Better – have been introduced and communicated throughout the business in recent months and have been well received.

Pensions

Finding an equitable and sustainable resolution to the challenges that faced the multi-employer Irish Airlines (General Employees) Superannuation Scheme (IASS) pension scheme has been a major focus for the Group for several years.

Last March, an Expert Panel was established by the Irish Government, in conjunction with the Irish Congress of Trade Unions (ICTU) and Ibec to assess how a final resolution of the industrial relations issues relating to the IASS scheme could be secured.

Following engagement with all parties, the Expert Panel issued its report in June 2014, with separate recommendations for daa and Aer Lingus.

On foot of the Expert Panel recommendations, daa agreed to invest €72 million for employees and deferred members of the IASS pension scheme in lump sum payments. These lump sum payments will significantly bridge the cuts that the IASS Trustee has made to pension benefits to which the members had contributed.

The Group is also funding higher ongoing employer contributions into a new defined contribution pension scheme. This new scheme is open to all daa employees.

The IASS scheme was frozen by its Trustee on December 31, 2014.

Post year-end, the Expert Panel issued a final report, which clarified a number of issues in relation to daa. At the time of writing, unions were preparing to ballot their members at daa on the Group's pension offer.

Sustainability

daa is committed to being a responsible airport operator and retailer and to being a good neighbour within the communities in which we operate.

Our airports are significant contributors to the local and national economy. They provide an essential service connecting Ireland to the world and enable the development and growth of commerce and tourism in the country.

At its two Irish airports, daa contributes positively to our communities and local areas. daa supports local schools, sports clubs and arts activities and our staff are tireless in their fundraising efforts for daa's Charities of the Year Programme.

Last year, Special Olympics Ireland, the Jack & Jill Foundation and Cystic Fibrosis Ireland each received a donation of €70,000, after staff raised a total of €210,000 for the Group's chosen charity partners. Since 2007, daa has donated €1.5 million to 12 Irish charities, and helped make a difference to the lives of many thousands of Irish citizens.

daa takes its responsibility to the environment very seriously. The Group is continuing to decrease its direct carbon footprint by reducing energy consumption at Dublin Airport and Cork Airport. Both airports are active participants in the Airport Carbon Accreditation Programme and have been formally recognised for their achievements in reducing carbon emissions.

During the year, Cork Airport won a Sustainable Energy Award for its successful efforts in reducing carbon emissions in recent years. Cork has reduced its energy consumption by 35% since 2009 and came first in the Public Sector category of the awards.

Since the opening of Terminal 2 in 2010, Dublin Airport has reduced its energy consumption by 9%. The Group has entered an innovative collaborative agreement with the ESB, and is targeting a 33% reduction in energy consumption at Dublin Airport by 2020. The aim is to make Dublin an international energy exemplar airport complex and the two companies are investigating low carbon technologies to improve overall energy performance at the airport.

To aid this process, energy efficient lighting upgrades have been introduced in a number of areas at Dublin Airport, the use of Combined Heat and Power units has been optimised and a state-of-the-art energy management system has been installed.

daa is also continuing to improve waste management processes and to focus efforts on optimising water use and preventing pollution.

Future development at the airports will incorporate sustainable design principles which will provide best-in-class facilities that serve the needs of the airport and the wider community while also safeguarding the environment.

Corporate Name

The change of the Group's name from Dublin Airport Authority to daa, which had been announced by the Irish Government in July 2013, took effect during the year. Legislative and legal steps had to be undertaken to facilitate the change and this process was completed in November.

The move to daa more fully reflects the Group's business focus and ethos. Under the holding company framework, daa will continue to promote the separate identities of its key operating business units – Dublin Airport, Cork Airport, ARI, and daa International. The Company logo and brand did not change, as they had already moved to using daa, and the change was completed at minimal cost.

Acknowledgements

I would like to thank my fellow Board members for their contribution and for serving the Company so well during the year. I would also like to thank the Minister for Transport, Tourism and Sport, Paschal Donohoe TD and his predecessor Leo Varakdar TD and their officials for their assistance throughout the year. Thanks also to the Group's shareholder, the Minister for Public Enterprise and Reform, Brendan Howlin TD and his officials for their continued support during 2014.

I have every confidence in the staff, the management and the Board of daa. daa will continue to strive to deliver an ever improving experience for our customers and to develop the various opportunities that are available to successfully enhance and expand the business both at home and abroad.

Pádraig Ó Ríordáin, Chairman
March 20, 2015

Chief Executive's Review

Kevin Toland

The year under review saw good progress for daa, as it delivered a satisfactory financial performance against the backdrop of increasing passenger numbers at our two Irish airports.

Passenger numbers at Dublin and Cork airports increased by 6% to 23.9 million, which was the fourth consecutive year of overall passenger growth at the airports. Dublin Airport had a very strong performance in passenger terms, while traffic at Cork, which is facing a particularly competitive local market, declined during the year.

Group turnover increased by 13% to €564 million, boosted by growth in aeronautical revenue, increased commercial income and much stronger international activities. During the year, the Group's subsidiary ARI acquired full control of CTC-ARI, a successful travel retail business in Cyprus, and the impact of this acquisition was the largest single contributor to the increase in turnover.

Earnings before interest, taxation, depreciation and amortisation (EBITDA) also increased by 13% to €182 million.

Profit for the year declined by 50% to €19 million due in the main to the impact of a €21 million exceptional charge, which related to a significant investment in the resolution of pension related matters during the year. The charge is directly linked to the overall investment of up to €72 million that the Group agreed to make during the year for employee and deferred members of the multi-employer Irish Airlines (General Employees) Superannuation Scheme (IASS).

Profit after tax excluding exceptional items increased by 41% to €40 million.

Operating costs increased by 13% during the year to €282 million. The rise was mainly due to the consolidation of ARI's business in Cyprus, which was fully acquired during the year. Costs at Dublin and Cork airports increased by 4%, which was due in part to additional security staffing levels to cope with higher passenger demand at Dublin Airport.

Cost control remains a constant focus for the Group, as our airports and retail businesses operate in a dynamic marketplace where the speed of change can be rapid. It is essential therefore that daa continues to drive further efficiencies across the Group's core business units.

The Company's net debt was reduced by €14 million to €600 million at year-end – which represented a 2% reduction in debt levels. Since 2010, the Group has reduced its debt by €164 million. Debt levels at the Group, which receives no funding from the State, had previously increased to meet a major investment programme at Dublin and Cork airports.

The combination of stronger EBITDA and a continued reduction in debt generated a further improvement in the Group's key debt ratios during the year. Due to the strong improvement in operating performance, the Group's long-term credit rating was raised to BBB + in November.

Dublin Airport

Passenger numbers at Dublin increased by 8% to 21.7 million in 2014, setting new records for transatlantic passengers and transfer traffic, and moving back towards the airport's previous passenger peak of 23.5 million, which occurred in 2008.

Dublin Airport welcomed more than 1.5 million additional passengers in 2014, which was Dublin's fourth successive year of traffic growth. Business at Dublin continues to grow faster than its European Union peers, as according to data from ACI Europe, passenger numbers at all EU airports increased by 4.9% last year.

All sectors of the market performed strongly during the year, with long-haul passenger numbers increasing by 14% and short-haul passenger traffic growing by 7%.

Passenger traffic to and from continental Europe, which is the largest market sector at Dublin Airport, grew by 5% to 11.1 million, as an extra 572,000 people took flights between Dublin and continental European destinations during the year.

The British market delivered the largest growth in volume terms, with an extra 610,000 people taking flights to and from Britain in 2014. In total, almost 7.8 million people travelled between Dublin Airport and UK airports in 2014, which was an 8% increase on the previous year.

Transatlantic passenger traffic increased by 14% last year, as a record 2.1 million people travelled on flights between Dublin and North America. Between 2010 and 2014, Dublin Airport has witnessed a 42% increase in transatlantic passengers thanks to a combination of new routes and significant extra capacity on existing services to the United States and Canada.

Passenger traffic from Dublin to other international destinations – mainly the Middle East and North Africa – increased by 19% to a record 643,000 passengers last year. Domestic passenger numbers increased by 8% to 71,000 last year.

Transfer traffic increased by 37% to a record 749,000 passengers, as Dublin Airport continued to strengthen its position as a North Atlantic transfer hub. Dublin was the seventh largest airport in Europe for transatlantic connectivity in 2014 and is now drawing significant transfer passenger flows from cities in continental Europe and Britain onto its transatlantic network.

Increasing numbers of passengers are discovering that using Dublin to connect is a faster, more efficient and more pleasant option than connecting via a continental European or British-based airport. Dublin is the only major airport in Europe that offers travellers the ability to pre-clear US customs and immigration prior to departure on flights to the United States and this is a significant selling point for our transfer product.

To make the transfer experience even easier, during the year Dublin Airport launched a free DUB HUB mobile service powered by Google, to guide connecting passengers seamlessly to their gate. Using the existing unlimited free Wi-Fi at Dublin, passengers enter their flight number on a dedicated page to obtain clear directions to their gate and access all other necessary information in relation to their connecting flight.

The transfer market continues to offer significant growth potential and our medium-term target is to expand this segment of the market to two million passengers per year.

A total of 53 airlines operated services to 179 routes from Dublin last year, with 29 scheduled operators flying to 161 scheduled destinations. The growth at Dublin was driven by scheduled traffic, which increased by almost 9% during the year and accounts for 98% of total passenger traffic at Dublin. Scheduled airlines added a total of more than 1.7 million seats during 2014 and all of this additional scheduled capacity was sold. Charter traffic, which has been in decline for several years, was down 30% last year.

Dublin Airport welcomed 24 new routes and services last year, including four new transatlantic services. Aer Lingus added new routes to San Francisco and Toronto, Air Canada rouge initiated a new year-round service to Toronto and Canadian airline WestJet launched a new route between Dublin and St John's Newfoundland.

New short-haul routes were introduced by airlines such as Ryanair – which added 12 destinations to its route network from Dublin during the year – Aer Lingus, Flybe, British Airways and Luxair.

There was also a significant expansion of existing routes during the year, as a total of 11 carriers increased capacity on 34 of their existing services from Dublin. Both Emirates and Etihad expanded to offer double daily flights to Dubai and Abu Dhabi respectively and there was also significant additional capacity on existing routes to continental Europe, Britain and North America.

Dublin Airport's Growth Incentive Scheme, which aims to encourage new and existing airline customers to expand their overall traffic levels at the airport, was renewed during the year and is applicable to scheduled airlines that operate at the airport.

In total, 24 scheduled carriers expanded their overall business during 2014, which triggered an airport charges rebate of €7.8 million to the airlines in question. Since the Growth scheme was launched in 2011, the Group has paid about €16 million in rebates to its airline customers. There are also separate incentive schemes in place to encourage the introduction of new short-haul and long-haul services from Dublin, which help share the risk of launching a new route between the airport and the airline.

Based on the new routes and capacity enhancements at Dublin that were announced by our airline customers during 2014 and post year-end, the strong traffic performance looks set to continue into 2015.

A total of 21 new services are planned for 2015, comprising 10 new European services, four new transatlantic services, five new services to Britain, and two new African destinations. There will be new long-haul services from Aer Lingus, United Airlines and Ethiopian Airlines, which will become the first African carrier to operate scheduled services at Dublin Airport.

The new services already announced for 2015 are as follows:

- Addis Ababa – Ethiopian Airlines
- Agadir – Aer Lingus
- Barcelona – Vueling
- Bournemouth – Flybe
- Cardiff – Flybe
- Chicago – United Airlines
- Copenhagen – Ryanair
- Doncaster/Sheffield – Aer Lingus
- East Midlands – Aer Lingus
- Nantes – Aer Lingus
- Newquay – Aer Lingus
- Geneva – Swiss
- Gothenburg – SAS
- Halifax, Nova Scotia – Europe Airpost
- Helsinki – Finnair
- Los Angeles – Ethiopian Airlines
- Lublin – Ryanair
- Paris Orly – Transavia.com
- Paris CDG – Europe Airpost
- Reykjavik – WOW Air
- Washington DC – Aer Lingus

Dublin Airport's car parking business had a robust performance in 2014, increasing its total revenue by 8% during the year. Car parking is sold online via the Dublin Airport website and through separate commercial agreements with Aer Lingus and Ryanair, both of which market Dublin Airport car parking directly to their passengers.

Pre-booked parking offers consumers significant discounts compared to gate prices and a yield management process is employed to operate the business as efficiently as possible and grow overall revenue.

Katerzyna Wiencek, Retail Sales Assistant, The Loop, Dublin Airport
and **Slava Karachomakova**, Personal Shopper, Dublin Airport

Mark Arnold, Europcar, Cork Airport
and **Bernard Dooling**, Car Parks, Cork Airport

Targeted marketing campaigns and discount pricing offers are used to drive volume at certain periods, and consumers are typically offered a range of different car parking options at the point of booking.

The car parks business continued to increase its online bookings during the year. Excluding consumers who park for less than eight hours, in revenue terms the percentage of parking sold online increased from 73% to 75%. Based on overall transactions, the percentage of parking sold online increased from 78% to 80%.

This very high level of online pre-booking and dynamic pricing structure puts Dublin Airport in the vanguard of airport car parking operators globally and the Group continued to expand its international car parks consultancy business during the year. Contracts were signed for new business in Europe and the United States and a US office has been established to further exploit this potential market.

A €4 million upgrade of the Terminal 1 multi-storey car park was completed during the year, bringing the facility up to the latest standards of car park design and offering consumers a significantly improved product. To cope with strong demand for parking close to Terminal 2, a new T2 Plus car park opened in December, providing 360 additional spaces for our customers.

Quick service restaurant operator McDonald's opened a new drive-through outlet with seating for 150 people at the airport's main exit road in August. This completed the major commercial redevelopment of the area in question, which now comprises a McDonald's and a state-of-the-art Topaz service station. Collectively, the two outlets offer additional convenience and choice to airport passengers and to those working on the campus. Their advent has boosted the Group's overall commercial income and also improved the physical appearance of the departure journey from the airport by road.

Post year-end, the Company was granted planning permission for the refurbishment of the former Aer Lingus Head Office building, which occupies a key site in the centre of the airport campus. The six storey building, which has been renamed One Dublin Airport Central, is currently being marketed to potential tenants. Its refurbishment will generate additional commercial income for the Group and also provide a significant aesthetic improvement to the airport campus.

Within the central Dublin Airport horseshoe area, the Group has a 70-acre site adjacent to Terminal 2 that has High Technology zoning under the current Fingal County Development Plan. The zoning permits the development of a high quality office and landscaped environment to include activities such as high technology, manufacturing, research and development and innovation.

As part of Fingal County Council's decision to rezone the area in question, the Group has completed a masterplanning exercise for the site. This sets out how the area, which is not required for direct airport operations, should be developed over the next two decades to optimise its commercial return and properly interact with the rest of the Dublin Airport campus.

Dublin Airport's key position within the Irish economy is clear from a new study on the economic impact of the airport by InterVISTAS consultants.

The study found that Dublin Airport supports or facilitates 97,400 jobs and contributes €6.9 billion to Irish Gross Domestic Product (GDP). This means that Dublin Airport accounts for about 4% of Irish GDP, making it one of the largest economic entities in the State.

Cork Airport

Cork Airport is the main gateway to the south of Ireland and is the State's second largest airport after Dublin Airport. Cork Airport had 2.1 million passengers in 2014, which was a decline of 5% on the previous 12 months.

The largest factor in the decline was the transfer of a number of central European routes from Cork Airport to Shannon Airport during the year. Due in part to this switch, the number of passengers flying to continental European destinations declined by 15% to 972,000 during the year.

Passenger traffic to Britain increased by 5% to 1.2 million. Aer Lingus Regional launched a new service to Newcastle during the year and there were also stronger passenger flows on a number of pre-existing routes from Cork to Britain.

A total of 16 airlines operated services to 46 destinations during 2014. Five scheduled airlines operated to 40 scheduled destinations last year.

The local marketplace within Munster remains highly competitive and the Group is focused on stabilising passenger numbers at Cork and returning the airport to passenger growth. Only 38% of Cork Airport's passengers are inbound, which is low by international standards. Cork Airport continues to work closely with all stakeholders, including Tourism Ireland and Fáilte Ireland, to boost inbound tourism to Cork and its wider hinterland within Munster.

CSA Czech Airlines announced in November that it will operate a new twice-weekly scheduled service from Cork to Prague for summer 2015, which will widen our customer base and bring additional inbound traffic and extra choice for our Irish-based travellers.

Post year-end, CSA Czech Airlines announced that it will operate a new twice-weekly service from Cork to Ibiza from June until late September. A new Cork-Cardiff route was also announced post year-end, with Flybe planning to start the twice-weekly new year-round service from June.

Cork Airport continues to work assiduously to market the airport and the hinterland to existing and potential new airline customers and to engage with key local stakeholders to keep them informed about the latest developments at the airport.

Cork Airport's vital role in the economy is evidenced by the fact that according to a study from economic consultants InterVISTAS, it supports and facilitates 10,710 jobs and contributes €727 million to the Irish economy's GDP. It is estimated that €638 million of this national GDP is generated in the south-west region, meaning that Cork Airport generates or facilitates 2.2% of the economy within its regional hinterland.

Restoring Cork to traffic growth is a key task for the Group; however stakeholders need to be cognisant of the specific challenges within the local market. The concerns being voiced by some commentators in relation to Cork Airport clearly have their roots in a positive desire to see the airport prosper, which is welcome. However there is a danger that the growing negativity from some quarters is becoming counter-productive and is actually damaging the business.

Despite the decline in traffic, Cork Airport continues to be the second-best connected airport in the State, with 43 scheduled services this summer and regular convenient flights to the key European hubs of London Heathrow, Amsterdam Schiphol and Paris Charles de Gaulle.

Cork Airport's commercial revenues performed strongly in 2014, despite the downturn in passenger numbers, with total revenues increasing by 6% over the previous 12 months.

New concession contracts signed with car hire companies in 2013, helped deliver a year-on-year growth in concession income. Car park revenue declined modestly but performed slightly ahead of passenger traffic. Online car parking sales continue to grow. Excluding revenue from customers who stay in a car park for less than eight hours, the percentage of parking booked online increased from 33% to 46% during the year.

Cork Airport won the Customer Service Award at the inaugural Aviation Industry Awards, sponsored by the Irish Aviation Authority (IAA), which underscored the airport's world-class offering to its customers.

In September, Cork Airport announced that it planned to launch a new FlyCork online initiative in partnership with airlines and travel agent partners to generate additional sales and boost inbound tourism to the region. The FlyCork website, which is based on the successful FlyBremen scheme operated by City Bremen Airport in Germany, was launched post year-end.

ARI

Aer Rianta International (ARI) is a wholly-owned subsidiary of daa which owns or operates airport retail businesses in eight countries across North America, Europe, the Middle East and Asia. ARI is also responsible for The Loop operations at Dublin and Cork airports in Ireland. The Group's 20% shareholding in Düsseldorf Airport in Germany is also held within ARI.

Passenger numbers at Düsseldorf Airport increased by 3% last year to a record 21.8 million. The stake in Düsseldorf continued to make a strong profit and cash contribution to ARI during the year.

ARI's retail operations overseas performed strongly during 2014, with most locations enjoying double-digit sales growth. ARI's operations made profits of €18.1 million last year compared to €29.4 million in 2013. This year-on-year comparison masks a very solid increase in underlying profits during 2014 however, as the prior year figure included more than €17 million in exceptional profits and profits from discontinued operations.

Sales at continuing locations rose by 10% during 2014. ARI's joint venture operations in the Middle East continued to perform very well where Beirut Duty Free, in particular, demonstrated further impressive business resilience despite the impact on economic and travel activity in the region as a result of the ongoing conflict in neighbouring Syria. The Company's joint venture at Delhi International Airport recorded its fourth successive year of sales growth, having commenced operations in 2010. Turnover last year increased by more than 7% to $129 million supported by continued traffic growth and innovative marketing and promotional campaigns.

Deirdre Sheehy, Make-Up Artist, MAC and
Andrew Chambers, Retail Sales Assistant, The Loop, Cork Airport

Toni McDonald, Retail and Marketing Manager, CTC-ARI Airports and **Odysseas Georgiou**, General Manager, Cyprus Airports Food & Beverages

ARI's operations in Canada and Barbados experienced another year of solid sales growth. The trading performance in Canada was boosted by an upturn in activity as the year progressed at Montreal Duty Free's new International Store, following completion in the spring of a €2.7 million capital investment programme there. The new store has since won a prestigious award at the Grand Prix du Design annual showcase of Quebec-based designers and architects.

Last summer, in a key strategic business development, ARI acquired the 50% shareholding in its existing joint venture airport retail business in Cyprus, CTC-ARI, that had been owned by a Cypriot partner, the Shacolas Group.

The €55 million transaction, funded from ARI's accumulated profits, consolidated the Company's operations in Cyprus. These now comprise close to 5,000 square metres of retail space at the Mediterranean island's two principal airports, Larnaca and Paphos, under a long-term contract that runs until 2031.

Earlier in the year, ARIME, an ARI subsidiary company, purchased an additional 25.01% holding in Cyprus Airports (F&B) Ltd, the business that operates the food and beverage concession at the same airports. The €3.1 million purchase, also from the Shacolas Group, doubled ARIME's shareholding in the business, which it operates in partnership with SSP Louis Airports Restaurants Ltd.

In China, ARI concluded an agreement with Yunnan Airports Group to cease operation of the duty-paid outlets the Company had operated at Kunming International Airport since 2012. ARI looks forward to potential opportunities for working together again in the future.

ARI continued to focus on business development during the year in new and existing locations and is actively pursuing opportunities across a number of diverse markets. Post year-end, ARI won a tender to operate 2,300 square metres of duty free retail at Auckland Airport in New Zealand. The seven-year contract is due to begin in July and ARI will operate stores in the departures and arrivals areas at the airport, which handles about 15 million passengers per year.

In Ireland, ARI manages the Group's direct and concessionaire retail operations at Dublin and Cork airports. Operating under the Company's branded retail concept, The Loop, ARI enjoyed another year of strong trading last year. The performance was buoyed by a recovering Irish economy, further growth in passenger volumes at Dublin Airport and continued double-digit increases in traffic on transatlantic services and on flights to and from the Middle East.

Sales at ARI's directly-operated stores in Ireland increased by 5% during the period. Sales per passenger were higher than the prior year at Dublin's Terminal 2 and at Cork Airport, but declined marginally overall due to the impact of works on a major upgrade of the airside retail offering at Terminal 1 in Dublin.

Total sales at the two Irish airports, including retail and food and beverage sales by concessionaires, amounted to €227 million, an increase of 6% on the prior year.

The Loop continues to refine and develop the full range of retail experiences and services it offers passengers. The Shop & Collect service, for example, that enables passengers to purchase goods on their outbound journey for collection on return was pioneered in Ireland and last year saw sales rise by 11% to more than €6 million.

The Company, through its global retail excellence programme, the ARI Way, adapts many of these concepts for the benefit of customers, airport and joint venture partners at its overseas operations. The Shop & Collect model is now operating successfully across the majority of the Company's trading regions while the Joy of Giving promotion, which originated in Dublin two seasons ago, was introduced successfully last year to ARI's stores in Bahrain, Delhi and Muscat.

Significant progress was made during 2014 on the €8 million investment programme at Dublin Airport's Terminal 1 where the street-style linear layout has been replaced by spacious, contemporary walk-through stores including a single 900 square metre space devoted to fragrances and cosmetics.

This exciting new retail development features an adaptation of the award-winning Irish Whiskey Collection in Terminal 2. The new Whiskey Collection outlet, showcasing a minimum of 365 global whiskey brands, is the largest whiskey store in Ireland and one of the biggest in the world in terms of the volume of the spirit that is stocked. Other new retail outlets include a specialist Irish diaspora wine concept and vibrant new confectionary and destination merchandise concepts.

The first phase of the redevelopment opened in March 2015, while the second major element of the Terminal 1 investment programme, a 900 square metre food and beverage hall, is on schedule for completion in the third quarter of 2015.

daa International

The year under review was the first full year of operation for daa International – the Group's international operations management, advisory services and training business.

daa International is focused on providing operational management contract services for airport authorities in a number of target regional markets. It also provides a range of strategic advisory services to airport clients and offers specialised, accredited airport operations training.

During 2014, daa International secured a number of strategic advisory services contracts.

In line with its longer-term strategic objectives, daa International also continued to build relationships during the year with prospective partners in the global airport transactions sector, which require an experienced airport operator as part of their service portfolio. This activity has helped develop a strong pipeline of future opportunities.

The year under review also saw the establishment of the Dublin International Aviation Training Academy (DIATA), which is a key element of daa International's overall proposition. DIATA is already very active in providing specialised and fully accredited training to a range of airport clients, delivered on-site overseas or at DIATA's dedicated training facility on the Dublin Airport campus. DIATA holds accreditations from all the major international bodies in the airports and aviation sector, including the International Civil Aviation Organisation (ICAO), the International Air Transport Association (IATA) and Airports Council International (ACI).

The most significant project delivered by DIATA in 2014 was a commission to provide specialist training to employees of the Oman Airports Management Company (OAMC). This project saw more than 100 personnel from Oman travel to Dublin Airport for training in areas such as airport information technology systems and airport asset management.

In September 2014, DIATA, in partnership with Dublin City University, launched the Dublin Aviation Institute (DAI) to develop a global leadership programme in aviation-related expertise, education and research. DAI, which plans to welcome its first Irish and overseas students during 2015, will focus on providing the requisite technical skills and academic rigour required for a rapidly expanding aviation sector.

daa International has a strong pipeline of potential deals within its core areas of activity and it has the capacity over time to become a second significant generator of overseas income for the Group.

Kevin Toland, Chief Executive
March 20, 2015


THE IRISH WHISKEY COLLECTION
MIDLETON
JAMESON
JAMESON
JAMESON

2014 Financial Review

Group Financial Highlights	2014	2013
Passengers		
Total ('000)	23,856	22,425
Growth (%)	*6%*	*5%*
Profitability (€'m)		
Turnover	564	501
Growth (%)	*13%*	*-6%*
Group EBITDA[1]	182	161
Growth (%)	*13%*	*1%*
Group profit excluding exceptionals	40	28
Group profit for the year	19	38
Cash Flow (€'m)		
Cash flow from operating activities	167	145
Cash flow before financing / liquid resources	18	61
Balance Sheet (€'m)		
Gross assets[2]	2,440	2,424
Shareholders' funds	1,006	989
Gross debt	1,123	1,152
Cash	523	538
Net debt	600	614
Capital Expenditure (€'m)		
Capital expenditure additions	59	54
Key Ratios		
Group EBITDA: Net interest charge[3]	3.6x	3.2x
Net debt: Group EBITDA	3.3x	3.8x
Group EBITDA: Turnover	32%	32%
Return on average equity[4]	4%	3%

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
The Group recorded a profit for the financial year of €19 million (post-tax), compared with a profit of €38 million in 2013. When the exceptional loss (net of tax) of €21 million (2013: exceptional profit of €10 million) is excluded Group profit for the year was €40 million (2013: €28 million). Group EBITDA for the year increased by €21 million (13%) to €182 million. This reflected an increase in gross profit contribution of €53 million associated with an increase in aeronautical and other turnover offset by operating cost increases (payroll and non-payroll) of €32 million.

Passenger volume and growth
Passenger numbers at Dublin and Cork airports were 24 million, an increase of 6%. Passenger numbers at Dublin Airport were 22 million, an increase of 8%. Passenger numbers at Cork Airport were 2 million, a decrease of 5%.

Turnover
Group turnover was €564 million, an increase of €63 million (13%) on the previous year. Turnover from aeronautical activities increased by €10 million (4%) to €238 million. Some €326 million of turnover came from retail and other commercial activities both overseas and at the two airports, an increase of €53 million (19%) on 2013.

Operating costs
Total Group operating costs (excluding cost of sales, depreciation, amortisation, impairment and exceptional items) increased by €32 million (13%) to €282 million. Group payroll costs increased by €12 million (9%) and Group non-payroll costs increased by €20 million (18%). Acquisitions accounted for €5m (payroll) and €13m (non-payroll) of the increases. Airport payroll and non-payroll both increased by 4%, with costs per passenger reducing by 2%.

Exceptional items
Exceptional items are set out in Note 4 and include a charge of €27 million which relates to a significant investment in the resolution of pension related matters during the year and a credit of €3.5 million on the disposal of a 37.5% shareholding in Brooklyn Properties Limited. Total net exceptional loss after tax was €21 million in 2014 (2013: net exceptional profit of €10 million).

Depreciation, amortisation and impairment
Depreciation, amortisation and impairment costs increased by €4 million to €103 million.

Associates and joint ventures
Group share of operating profits (before interest and taxation) from associates and joint ventures decreased by €3 million to €35 million.

Interest
Group net interest expense (excluding associates and joint ventures) for 2014 was €51 million (2013: €50 million). There was no interest capitalised in 2014 (2013: €0.2 million). The Group's share of net interest cost from associates and joint ventures was €7 million (2013: €8 million).

Taxation
The Group taxation charge remained unchanged at €10 million. Excluding exceptional items, the effective tax rate was 25% (2013: 24%) 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 €167 million (2013: €145 million). At the end of 2014, the Group had net debt of €600 million compared to €614 million in 2013. Cash was €523 million at year-end (2013: €538 million).

Group interest cover was 3.6 times (2013: 3.2 times) based on Group EBITDA divided by the Group net interest charge.

Balance sheet
Shareholders' funds increased to €1,006 million (2013: €989 million). Gross assets were €2.4 billion (2013: €2.4 billion). Fixed and financial assets were €1.8 billion (2013: €1.8 billion).

Company accumulated profit and loss account, the basis for determining Company distributable reserves, decreased by €8 million to €511 million at 31 December 2014.

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 12 months capital expenditure or 18 months net financing needs and (b) ensuring a substantial portion of borrowings mature in more than five years. At 31 December 2014, €765 million of borrowings were due to mature in less than five years with €592 million of that due to mature in 2018. The Group held cash of €523 million at the year-end. Including undrawn committed borrowing facilities of €150 million, liquidity at the same date was €673 million. At the year-end the Group had capital commitments (both contracted and uncontracted) of €105 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 2014, 77% of the Group's debt was denominated as fixed interest debt, thus minimising exposure to interest rate fluctuations. This includes listed debt through an eurobond issue and long-term loans from the European Investment Bank. During 2014, the weighted average interest rate applicable to the Group's borrowings was 4.7%, the same as in 2013. The Group's policy is to maintain a minimum fixed ratio of 70% on existing debt.

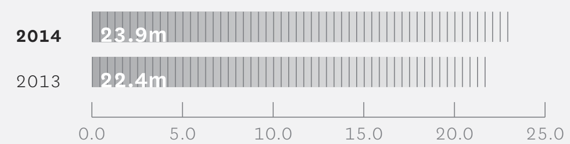
Foreign exchange risk management

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 28. The Group does not carry foreign currency exposures other than in the normal course of business.

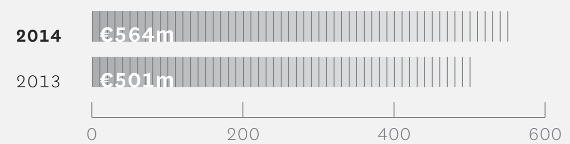
Credit risk

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 and backing. The Group has formalised procedures for the setting of credit limits, including the monitoring of trade debtors, and deposit limits.

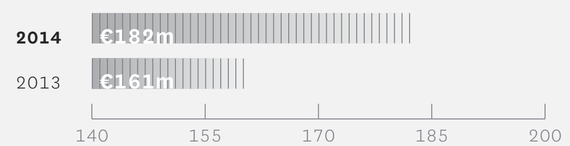
Total Passenger Numbers



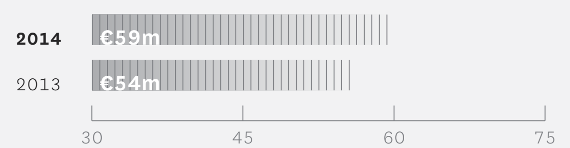
Group Turnover



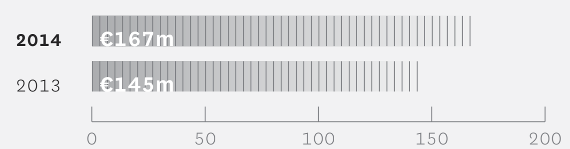
Group EBITDA



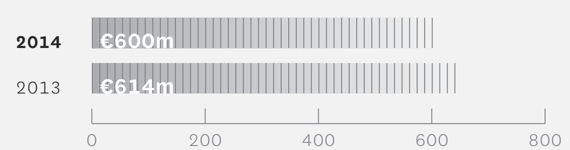
Fixed Asset Additions



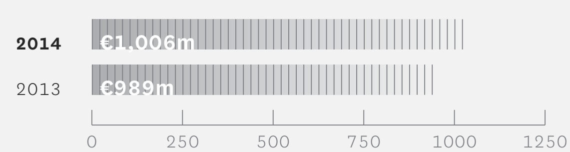
Cashflow from Operating Activities



Group Net Debt

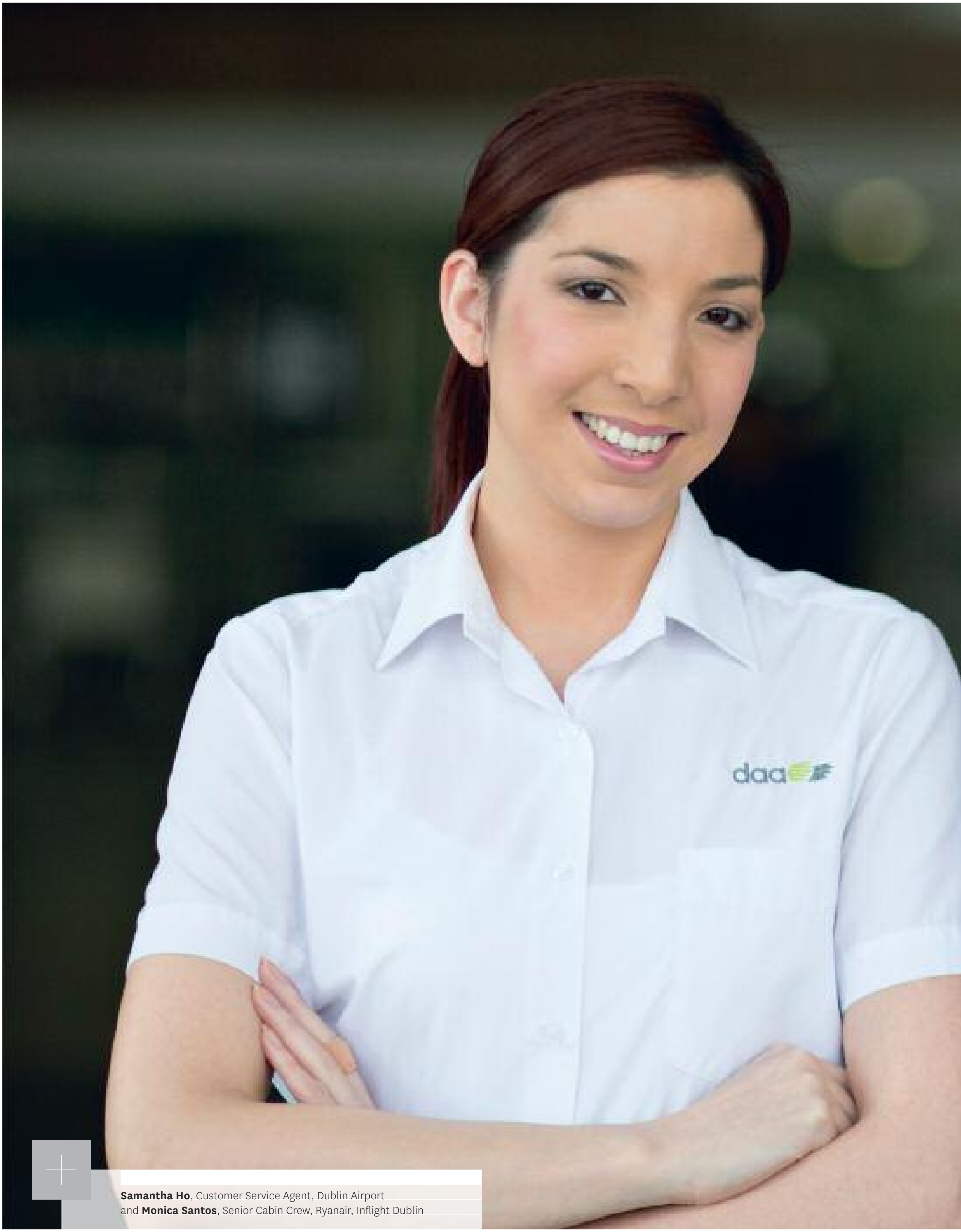


Shareholders' Funds



Olena Kulish, Sales Consultant, Kypriaka, CTC-ARI Airports
and **Eleni Antoniou**, Make-Up Artist, MAC

Anna O'Neill, Customer Service Agent, Aer Lingus, Cork Airport
and **Natasha Horne**, Communications Assistant, Cork Airport



Samantha Ho, Customer Service Agent, Dublin Airport
and **Monica Santos**, Senior Cabin Crew, Ryanair, Inflight Dublin


RYANAIR

Eleni Hadjimichael, Beauty Advisor, Gosh and
Spiros Paraskeva, Sales Consultant, Electronics, CTC-ARI Airports

Gary McLean, Head of Operations, Dublin Airport and
Beatrice Cosgrove, General Manager Northern Europe, Etihad Airways

Emma Kelly, Marketing and Communications Manager, Dublin International Aviation Training Academy and **Sulaiman Mohsin Al Aamri** and **Faisal Ali Al Kalbani**, Oman Airports Management Company

Lina Zilinskaite, Senior Reservations Agent, Maldron Hotel, Dublin Airport
and **Vaidas Siliauskas**, Commercial Property Coordinator, Dublin Airport

Wes Porter, Chief Executive Officer, Hermes Airports
and **Garrett Coogan**, General Manager, CTC-ARI Airports

Sarah Flood, Head of Commercial Concessions, Dublin Airport
and **Olivia Mai**, Owner, The Stork Exchange, Dublin Airport

Rachel Cartwright, Deputy Category Manager, The Loop, Dublin Airport
and **Maria Mulholland**, Make-Up Artist, Urban Decay, Dublin Airport

Philipos Pattichis, Duty Manager, Cyprus Airports Food & Beverages
and **Jack Andreou**, Marketing Officer, CTC-ARI Airports

Reports and Consolidated Financial Statements

2014

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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 2014.

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 2014 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 CEO's Review and the 2014 Financial Review.

Results and Dividends

As set out below the financial results of the Group for the year show a profit for the financial year amounting to €19.3 million compared with a profit of €38.2 million for 2013, summarised as follows:

	2014	2013
	€ million	€ million
Group operating profit	**78.4**	61.8
Share of operating profit of associates and joint ventures	**35.5**	38.2
Exceptional items[1]	**(23.6)**	9.9
Group profit before interest and taxation	**90.3**	109.9
Interest (net)[2] – Group, associates and joint ventures	**(57.2)**	(57.2)
Group profit before taxation	**33.1**	52.7
Tax – Group, associates and joint ventures	**(9.8)**	(10.4)
Group profit after taxation	**23.3**	42.3
Minority interest	**(4.0)**	(4.1)
Group profit for the financial year	**19.3**	38.2
Group profit excluding exceptional items (after tax)	**39.8**	28.1

1. See Note 4 to the financial statements
2. 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.

Company Name

Pursuant to the State Airports (Shannon Group) Act 2014 which came into force on 27 July 2014, Dublin Airport Authority plc has been renamed daa plc.

Corporate Governance

The directors are committed to maintaining high standards of corporate governance. daa plc complies with the Code of Practice for the Governance of State Bodies (the "Code of Practice") which sets out the principles of corporate governance which the boards of State bodies are required to observe. In addition, in corporate governance matters, the Company has regard to recognised frameworks such as the UK Corporate Governance Code (the "Corporate Governance Code") and the Irish Corporate Governance Annex.

The Role of the Board

The Board is responsible for the proper management and for the long-term success of the Group. It takes all significant strategic decisions and retains full and effective control while allowing management sufficient flexibility to run the business efficiently and effectively within appropriate delegated authority. The Board has reserved a formal schedule of matters for its decision. These matters include the adoption of strategic and business plans, the approval of the annual financial statements and annual operating and capital budget, acquisitions, disposals, and investments in joint ventures, major capital expenditure, property transactions, treasury policy and material contracts. Other issues reserved for the Board include the oversight of the system of risk management and internal control and the appointment of the CEO. The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of directors and ensures that directors receive accurate, timely and clear information and manages effective communication with the Shareholder.

The Board is provided with regular 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. Regular management financial reports and information are provided to all directors which enable them to scrutinise the Group's and management's performance against agreed objectives.

Board Structure and Appointments to Board

The Board structure is prescribed by statute whereby the number of directors on the Board, and the manner in which such directors, including the Chairman, are appointed (and removed) is set out in the Air Navigation and Transport (Amendment) Act 1998 (the "1998 Act"), as amended by the 2004 Act. This legislation provides that:

— The number of directors shall be no more than thirteen;
— Each director (including the Chairman) shall be appointed (or removed from office) by the Minister for Transport, Tourism and Sport (the "Shareholder") with the consent of the Minister for Public Expenditure and Reform (the "Principal Shareholder") for a period not exceeding five years and shall be eligible for reappointment;
— Four of the directors of the Company (the "Elected Directors") shall be appointed by the Shareholder following a staff election process as provided for under the Worker Participation (State Enterprises) Acts, 1977 to 2001 (the "Worker Participation Acts"); such directors are appointed for a period of four years and are eligible for re-election;
— The CEO shall be ex officio a director of the Company;
— The roles of the Chairman and CEO are separate.

The Board is satisfied that its size and structure as prescribed in legislation, is appropriate for the needs of the Company and achieves a balance of representation on the Board.

Since the last annual report, the term of office of the Chairman and two directors expired. The Chairman was reappointed for a further term effective from 19 January 2015. Mr Colm McCarthy and Mr John Lynch were also reappointed by the Minister for a further term effective on 3 February 2015. There are thirteen directors serving on the Board as of the date of approval of the financial statements. The Senior Independent Director is Mr Gerry Walsh. The current terms of office of four directors are due to expire on 1 July 2015.

Biographical details of the directors are set out in the Board of Directors section of the annual report. The directors have a blend of skills and experience in the areas of aviation, finance, economics, legal, business, public relations, retail and industrial relations. These skills bring the necessary competence to the Board to address the major challenges for the Group. Directors draw on their experience and knowledge in the development of strategy and use their diverse range of skills to constructively challenge matters of strategic importance to the Group. The experience and knowledge of directors is also taken into consideration in determining the requirements and membership of the Board committees.

The terms and conditions of appointment of non-executive directors are available for inspection on request.

Independence of Directors

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

The Board considers that all directors are independent in character and judgement. Having regard to the independence criteria as set out in the Corporate Governance Code the Board considers that the CEO and the four Elected Directors all of whom have contracts of employment with the Company, cannot for that reason be considered as independent.

On occasion, members of the Board may also hold directorships or executive positions or have interests in third party companies including trade union organisations, banks and financial institutions, certain of which are under ownership, control or significant influence from the Irish Government, some of which (or their affiliates) may, in the normal course of business, undertake transactions on an arm's length basis with the Group. Disclosure is provided, as required, in Note 30 (Related Party Disclosures) of the financial statements 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 Registration Office.

The Chairman, Mr Pádraig Ó Ríordáin, is a partner in Arthur Cox, a law firm which provides legal services to the Group. However, as Mr Ó Ríordáin has no involvement in either the procurement by the Group of such services or the provision of legal services to the Group, his partnership in the firm is not considered to compromise his independence. In addition, Mr Ó Ríordáin's partnership in Arthur Cox was disclosed to and considered by the Shareholder prior to his appointment and reappointment as Chairman.

On appointment, Ms Patricia King was Vice President of the Services Industrial Professional and Technical Union ("SIPTU"), the largest union representing daa staff. Ms King took up the new appointment as General Secretary of the Irish Congress of Trade Unions in March 2015. As Ms King has no involvement in negotiating with the Company on behalf of daa staff, she is considered to be independent.

Ms Ann-Marie O'Sullivan was a director of the company, Healy Design & Advertising Limited, which has in the past provided and may continue in the future to provide public relation services to Cork Airport. Consequent on her appointment as director of daa, she is not directly involved in the provision of such services or the business transactions of the account and for this reason is considered to be independent.

The Board has specific procedures to deal with potential conflicts of interest that may arise. It is the practice, in accordance with the provisions of section 34 of the 1998 Act and the Code of Practice that all directors disclose any required interest and absent themselves from Board discussions where they have a direct or indirect interest.

Company Secretary and Access to Professional Advice

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 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.

Performance Evaluation

In early 2015 an externally facilitated board evaluation was undertaken to review the performance and effectiveness of the Board and two of its committees, the Audit Committee and the Health, Safety, Security & Environment Committee.
In line with best practice standards in governance, the areas in which performance was assessed included strategy, risk management and internal control, stakeholder management, board composition and succession planning, boardroom practice and performance of committees. The Board performance was rated highly with no material issues to be addressed.

Induction, Training and Development of Directors

On appointment, directors are provided with detailed briefing documents, governance, financial and operational information and an opportunity to be briefed by executives on the different aspects of the Company business. Organised familiarisation tours of the airport campus are also provided. Training programmes are provided for directors and the ongoing development needs of directors are kept under review.

Board Committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. A new committee, the Cork Airport Committee, was established in 2014.

Details of the work of the Audit Committee, the Nomination & Remuneration Committee, the Health, Safety, Security & Environment Committee and the Cork Airport Committee, including their current Board membership, are set out below. The attendance of members at committee meetings is set out in the table "Attendance at Board and committee meetings during year ended 31 December 2014" in the section headed "Meetings" below. Terms of reference for the committees are available from the Company Secretary on request.

Audit Committee

The Audit Committee is chaired by Mr Gerry Walsh who has been a member of the committee since 2010 and who was nominated as chairman of the committee in February 2012. Other members of the committee are Mr Colm McCarthy (appointed February 2012) and Mr Paul Schütz (appointed December 2012). Mr McCarthy continues as a member of the Committee following his reappointment as director of daa in January 2015. The Board is satisfied that the Audit Committee has membership which incorporates recent and relevant financial experience.

The Audit Committee met four times in 2014. During the course of the year, the committee held closed meetings and has also met privately with both the external and internal auditors. The Head of Internal Audit has a direct line of communication with the chairman of the Audit Committee. The Head of Internal Audit's executive reporting line is to the CEO and he is appointed, and may only be dismissed, by the committee.

Regular attendees at committee meetings, at the invitation of the committee, include the CEO, Group Chief Financial Officer, Company Secretary, Head of Internal Audit and the external auditor. The Audit Committee is responsible for assisting the Board in its oversight responsibilities relating to internal control and risk management; financial reporting; external audit; and internal audit.

Key Responsibilities of the Audit Committee include:

- Monitoring the integrity of the Group financial statements;
- Monitoring and reviewing the internal control and risk management systems and the effectiveness of the Group's internal audit function;
- In relation to external auditors, recommending appointments, monitoring effectiveness, independence and objectivity, approving remuneration and terms of engagement and determining policy on the supply of non-audit services; and
- Reviewing of arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

Report of Audit Committee Activities

Financial Reporting

The committee reviewed the draft annual financial statements before recommending their approval to the Board. The committee considered, and discussed with the CEO, Group Chief Financial Officer and external auditors, the appropriateness of the significant accounting policies, estimates and judgements applied in preparing these financial statements, together with presentational and disclosure issues. A new financial reporting framework will be effective in the UK and Ireland from 1 January 2015 and the Group has chosen to adopt FRS102. The committee considered the Group's detailed plans in respect of the proposed transition to FRS102 during the year.

Internal Controls

The Audit Committee reviewed, on behalf of the Board, the effectiveness of the Group's system of risk management and internal control. Monitoring covered all controls, including financial, operational and compliance controls and risk management processes. During the year, the committee considered reports from the Head of Internal Audit summarising the work planned and undertaken, recommending improvements and describing actions taken by management.

Risk Management

The committee monitored, on behalf of the Board, the Group's ongoing process for identifying and evaluating the significant risks affecting the Group and the policies and procedures by which these risks are managed. The committee reviewed the overall work of the risk management function and considered the processes for identifying, reporting and managing both existing and emerging risks. The committee received periodic presentations on the risk management framework applied, including management actions to address, mitigate and manage risks on a continuing basis. This complemented regular Board receipt of management reports on emerging risks, key risks and significant changes in the business and external environment which affect the existing risk register.

Internal Audit

The committee reviewed the plans and work undertaken during the year by the Group's Internal Audit department, including reports relating to overseas subsidiary and associated undertakings, and the consequential actions agreed with management. The committee was appraised by the Head of Internal Audit of the findings of internal audit reviews. The committee also considered management's progress in addressing the relevant issues, including the nature, extent and speed of response. The committee reviewed and agreed a risk-based internal audit annual plan, including the resources required, and considered the alignment of internal audit focus with the areas of greatest risk facing the Group. The committee also evaluated the performance of internal audit from the quality of reports and recommendations from the Head of Internal Audit.

The committee received reports from the Head of Internal Audit on the confidential reporting system ("whistle blowing") by which employees may raise, in confidence, matters of possible impropriety, and the committee is satisfied that appropriate procedures are in place for follow-up of such matters.

External Audit

The committee approved the remuneration and terms of engagement of the external auditor. The Audit Committee reviewed the external audit plan and the findings of the external auditor from its audit of the annual financial statements. The committee took appropriate steps to ensure that an objective and professional relationship was maintained with the external auditor.

The committee carried out an assessment of auditor independence and objectivity. This included reviewing a) the nature and extent of the services provided, and fees earned, for external audit and non-audit work carried out by the external auditor and b) compliance with the Group's policy governing the provision of non-audit services to the Group whereby clear rules and limits are in place, permitting non-audit services which do not present a conflict of interest.

Fees paid to the Group's auditor for audit services, audit related services and other non-audit services are set out in Note 7 of the financial statements. There were no instances where the external auditor was engaged to provide services which were adjudged to give rise to a conflict of interest.

The committee also monitored the external auditor's compliance with relevant regulatory, ethical and professional guidance on the rotation of partners, as well as assessing annually its qualifications, expertise, resources and the effectiveness of the audit process.

The Group last tendered for external audit services in 2012, following which Deloitte & Touche were appointed.

Audit Committee Evaluation and Reporting

The externally facilitated board evaluation undertaken in early 2015 reviewed the performance and effectiveness of the Audit Committee and found no material issues to be addressed.

The report of the chairman of the committee was a standing item at each scheduled Board meeting, whereby significant issues considered by the committee are reported to and considered by the Board.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises of Mr Pádraig Ó Ríordáin (chairman) and Mr Gerry Walsh.

The committee's principal responsibilities are to determine, on behalf of the Board, the remuneration and other terms and conditions of employment of the CEO, the pay structures and terms and conditions of senior executives and to review the ongoing appropriateness and relevance of the Company's remuneration policies and any major structural changes to such policies.

Health, Safety, Security & Environment Committee

The Health, Safety, Security & Environment Committee comprises of four members. Mr Niall Greene is chairman of the committee since December 2012. Mr Barry Nevin has been a member since 2005 and Ms Ann-Marie O'Sullivan and Mr Denis Smyth were appointed to the Committee in March 2014.

The committee's principal responsibility is to approve the frameworks in place in daa for the management of health and safety, aerodrome safety, security and environment matters. In fulfilling its role, the committee oversees the risk management systems and organisational structures in place to give effect to appropriate compliance programmes. It reviews and monitors performance metrics, receives incident reports and monitors the processes in place for training and communication of policies and procedures. The externally facilitated evaluation of the Board undertaken in early 2015 included a review of the performance and effectiveness of this committee and found no material issues to be addressed.

Cork Airport Committee

The Cork Airport Committee was established in April 2014 and comprises of four members, Ms Ann-Marie O'Sullivan as chair, Mr Eric Nolan, Mr Kevin Toland and Mr Gerry Walsh. The committee's principal responsibilities are to monitor the operational and financial performance of Cork Airport; to make recommendations to management and the Board on activities in particular that aim to drive passenger growth and secure new routes, and to advise the Board on issues of strategic importance to Cork Airport.

Meetings

Regular meetings of the Board are held throughout the year. The Board met formally thirteen times during 2014. In addition, there were a number of committee meetings. Attendance at Board and committee meetings is set out below.

Attendance at Board and committee meetings during the year ended 31 December 2014:

Director	Board	Audit	Health, Safety, Security & Environment	Nomination & Remuneration	Cork Airport Committee
Pádraig Ó Ríordáin	13/13	—	—	1/1	—
Niall Greene	13/13	—	5/5	—	—
Patricia King	10/13	—	—	—	—
John Lynch	8/13	—	—	—	—
Des Mullally	13/13	—	—	—	—
Colm McCarthy	12/13	4/4	—	—	—
Barry Nevin	13/13	—	5/5	—	—
Eric Nolan	13/13	—	—	—	2/2
Ann-Marie O'Sullivan	13/13	—	3/4	—	2/2
Paul Schütz	13/13	4/4	—	—	—
Denis Smyth	12/13	—	3/4	—	—
Kevin Toland	13/13	—	—	—	2/2
Gerry Walsh	10/13	4/4	—	1/1	1/2

The first number in each column indicates the number of meetings attended by the director and the second number the number of meetings held during the period the director was a member of the Board or relevant committee.

During the year, the Senior Independent Director met with the directors without the Chairman being present.

Directors' Remuneration

Fees for directors are determined by the Shareholder, with the consent of the Principal Shareholder. The remuneration of the CEO is determined in accordance with the arrangements issued by the Department of Transport, Tourism and Sport for determining the remuneration of CEOs of commercial state bodies under its aegis and is subject to the approval of the Nomination & Remuneration Committee and the Principal Shareholder.

In line with the Code of Practice only one fee is payable to a director in respect of service on the main Board and boards of subsidiary or associated bodies where applicable. No directors' fee is payable to the CEO for service on the Board. Directors of the Company who may serve on the boards of subsidiary or associated companies do not receive any additional remuneration in respect of their directorships. The CEO is permitted, subject to Board approval, to retain not more than two fees in respect of external directorships. Elected Directors, who receive a fee for their services as a director, are separately remunerated for services provided to the Company under their normal contracts of employment.

Details of directors' fees and emoluments including those of the CEO are set out in Note 7 to the financial statements in accordance with the requirements of the Companies Acts, 1963 to 2013, and the Code of Practice.

Internal Control and Risk Management Systems

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 and the key structures and procedures designed to provide an effective system of internal control. 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 CEO is clear. Defined lines of responsibility and delegation of authority have been established.

Internal Controls

The directors have established a number of key structures and 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 directors have formed the view that the Group's systems of internal control operated for the year under review and up to the date of approval of the financial statements in accordance with the guidance in Internal Control: Guidance for Directors on the Combined Code (Turnbull). The key structures and procedures which are used to maintain an effective internal control system and which are supported by detailed controls and processes are as follows:

Strategic Planning	Periodic preparation and adoption of a strategic plan to set future direction together with rolling five-year business and financial plans.
Board Oversight	A schedule of items reserved to the Board for approval;
	An active Board sub-committee structure;
	A Nomination & Remuneration Committee that, inter alia, determines and approves remuneration and performance related pay arrangements for the CEO;
	An Audit Committee, 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;
	A Health, Safety, Security & Environment Committee that monitors and reviews matters in relation to aviation safety and security, and health and safety at the airports;
	Representation at Board level in the Group's principal associates and joint ventures by senior Group executives; Investments in associated and joint venture companies are considered as part of the Group's ongoing management risk review process;
	Separate boards which monitor the performance of each subsidiary company.

Management Structures	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;
	Health, Security, Safety and Environment functions which monitor and report on aviation safety, security and environmental standards and operational procedures at the airports;
	An Internal Audit department which reviews key systems and controls with full access to the Audit Committee.
Risk Management	An Executive Risk Committee to monitor risk governance and to assist the Board in discharging its responsibilities in ensuring that risks are properly identified, reported and assessed; that risks are appropriately mitigated and controlled; and that strategy is informed by, and aligned with, the Group's risk appetite.
Management Monitoring and Control	A comprehensive system of management and financial reporting across all functions including finance, legal and other corporate services, health, safety and security, asset maintenance and development, commercial and operations;
	Clearly defined limits and procedures for financial expenditure including procurement, employment costs and capital expenditure;
	Executive management over-seeing capital, revenue, cost and employment matters;
	Annual scorecards, budgets and financial plans for the Group and business units;
	Regular monitoring of Group financial and operating performance against budgets and scorecards; regular reporting to Board on business performance.

Risk Management

Risk management is an integral part of the Group's decision making and comprises the culture, processes and structures that are directed towards the effective management of potential opportunities and adverse consequences arising from the Group's commercial and operational activities.

The directors acknowledge their responsibility for determining the nature and extent of the significant risks the Group is willing to take in achieving its strategic objectives. The Board is committed to the proactive management of risk and does so by setting a clearly defined risk appetite for the Group, and ensuring that through culture, processes and structures, risk management is embedded across the organisation in normal business activities and decision making. The effectiveness of risk management is subject to review by the Executive Risk Committee and by the Audit Committee.

The risk assurance functions, covering risk management and security and health, safety and environmental compliance, report to the Company Secretary while the internal audit function reports to the CEO. Management is 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. Risk registers which are prepared by individual risk owners are updated regularly and monitored and reviewed by the corporate risk management function. The holding of business risk workshops and regular update reviews at a divisional level, together with reviews of divisional risks with the Executive Risk Committee and Audit Committee support this process. The risk management system also involves providing assurance that mitigation strategies and internal controls are effective.

The Group's risk management system is subject to continuous review and improvement in order to remain effective in changing business environments. The Group has reached a mature position with regards to Enterprise Risk Management, with the risk management framework and culture assessed to be at an optimised level. In keeping with a commitment for continuous improvement, the Group continually seeks to enhance its processes across the organisation.

As part of the risk identification process, the principal areas of risk which could materially adversely affect the Group's business, financial condition or results of operations have been identified. A summary of the principal risks and strategies being adopted to mitigate the risks are set out below. This is not intended to be an exhaustive analysis of all the risks which may arise in the ordinary course of business. 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.

Principal Risk Type and Mitigation

Business Continuity:

The Group's operations are subject to operational risks and other unforeseen risk events such as weather events, fire, mechanical systems failure, technical failures and terrorism. Serious disruption to operations and commercial activities can also arise due to internal or third party industrial action. Long-term disruptions could result in a significant financial and/or reputational impact on the Group. A withdrawal of services by a large grouping of daa staff would inevitably lead to significant disruption to services up to and including closure of Dublin and/or Cork airports.

Mitigation

The Group seeks to eliminate the risk of discontinuity of services by having well developed continuity plans and resilience in its key systems. Where events result in disruption to services, the Group activates its business continuity plans in order to minimise the impact of the disruption.

Health, Safety, Security and Environment:

Health, Safety, Security and Environmental issues are of paramount importance within the Group. The Group's operations are subject to an increasingly stringent range of security regulations, environmental and health and safety laws, regulations and standards in each of the jurisdictions in which the Group operates and/or has interests. A breach of any such law or regulation could result in the imposition of material sanctions on the Group and could have a material adverse effect on the Group's business.

Mitigation

Staff training in the areas of health, safety, security and environment, as well as strong emphasis on monitoring compliance, form an integral part of the Group's mitigating strategies, designed to prevent a serious breach of statutory or other regulatory obligations.

Financial Performance:

daa's revenue is sensitive to economic conditions in the markets in which it operates. A key factor affecting the Group's financial performance is the number of passengers and the number of aircraft movements at its airports. Reduced consumer demand could negatively impact passenger numbers and revenues, commercial and retail revenues and the overall level of revenue generated.

The Group is also exposed to cost increases arising from the nature of its operating cost base. Notwithstanding that the Group has implemented significant cost reductions in recent years, the fixed and semi-fixed nature of its operating costs exposes it to the risk of higher unit and per passenger costs in an environment where revenues are flat or declining.

Mitigation

The Group operates strong business and financial control systems (including capital appraisal) with regular reporting on financial performance, early signalling of material deviations from plan and accountability of business unit management to the CEO. The Group is focused on continuous improvement of processes to drive efficiency, improve flexibility and proactively manage cost base.

Pensions:

Some 48% of the Group's employees, primarily those employed at its Irish airports and who were employed by the Company prior to 2009, are members of the Irish Airlines (General Employees) Superannuation Scheme (the "IAS Scheme").

A substantial deficit, as measured under the statutory minimum funding standard (MFS) has existed in the IAS Scheme for a number of years and the funding position was considered unsustainable by the IAS Scheme Trustee. Pursuant to the Pensions Act 1990, the IAS Scheme Trustee has effected a restructuring of that scheme in order to eliminate the deficiency. Further details are set out in Note 22.

The reduction in pension benefits for employees, deferred members and pensioners of the IAS Scheme represents a potential issue for the Group with the resultant risk that it could become involved in a significant industrial dispute with its employees and/or legal action initiated by former employees. Notwithstanding the agreement reached between the participating employers and the IAS Scheme Trustee resolving the future arrangements for the IAS Scheme, collective agreement has yet to be reached with staff, through their trade union representatives, on the proposed settlement of the pension related issues. Notwithstanding that the restructuring has the requisite approvals from the Pensions Authority and has been effected under the relevant pensions legislation, there is a risk that this may be the subject of a legal challenge from IAS Scheme members.

Mitigation

The Group continues to seek to enter into collective agreements with trade unions representing staff. Following the issuance of the Expert Panel Final Determination, trade unions representing staff have confirmed that an immediate ballot/re-ballot of all members will be conducted by 10 April 2015 based upon the Expert Panel Reports. The trade unions have also confirmed that it will be made clear to members that this outcome is the absolute best that can be achieved in negotiations.

Further information is set out in Note 22 of the Financial Statements.

International Operations:

The Group undertakes international airport retailing and other international activities, principally via wholly-owned subsidiaries of daa, Aer Rianta International cpt ("ARI"), and daa International Limited ("daaI").

ARI and daaI have direct and indirect interests in airport retailing joint ventures and/or management contracts in various countries. The Group also has direct and indirect equity investments in a number of airports.

The Group operates in countries which are at different stages of development and in some cases have potentially fast-changing economic, social and political conditions.

Changes in laws or regulations, a deterioration in economic, social or political conditions or an increase in costs, industry change in the countries in which the Group directly or indirectly operates or has interests in or any termination or disruption to or breach by any person of the terms of any such arrangements or agreements could have a material adverse effect on the financial condition of those operations, and thereby those of the Group, including its business, results of operations, prospects and/or financial condition.

Mitigation

The Group seeks to control the level of investment and/or exposure it has to adverse impacts of overseas activities.

The Group proactively manages its relationships with partners and has put structures and processes in place to safeguard its interests including shareholder agreements and commercial counter-party arrangements.

The Group maintains strong board representation in joint ventures and monitors the legal, operating and economic environment, and compliance with regulatory and governance requirements in the countries within which it operates. It obtains professional advice where necessary.

Cash holdings are minimised in overseas locations, especially where the risk of fast-changing economic, social and political conditions is assessed as high.

Liquidity, Treasury and Funding:

The Group is exposed to certain financial and treasury-related risks, including fluctuating interest rates, liquidity and refinancing risks and foreign currency exposures. Treasury risks are set out in the 2014 Financial Review.

Cash generated by the business and borrowing from the debt markets are the primary source of funding available to the Group. daa relies greatly on its credit rating and its key financial ratios to access the debt markets. Given the composition of the Group's business, the level of rating is heavily influenced by that targeted by CAR in its periodic regulatory price cap determinations and actual financial performance against the regulatory assumptions.

While the Group has adequate funding to meet forecast short and medium-term funding requirements, any change to the Group's credit rating may affect the future availability and cost of funding, the borrowing capacity of, and financing terms and flexibility available to the Group.

The Group undertakes financial transactions in the ordinary course of business with a number of counterparties and could suffer a financial loss if any of those counterparties were to either fail or to default in the performance of their respective obligations.

Mitigation

Board approved policies are in place to address key treasury risks (see 2014 Financial Review) which are effected by the Group's Treasury function.

A prudent approach has been adopted to managing liquidity including pre-funding of significant investment requirements. Sufficient headroom is maintained to meet forecast short to medium-term funding requirements.

Maintaining an appropriate credit rating is a key objective of the Group's Strategic Plan.

Formal policies are in place governing limits on counterparty exposures which are regularly monitored and reported.

Governance and Compliance:

The Group is subject to a wide range of legislative and governance requirements, in Ireland and in other jurisdictions in which it operates, including but not limited to those set out in company law. Any breach of these requirements could result in serious financial loss or reputational damage to the Group.

Mitigation

The Group has structures and processes in place to monitor compliance with regulatory and governance requirements.

The Group has a proactive, forward looking approach to monitoring changes in regulation and legislation and is actively involved with external organisations which provide advice and training on these matters to management.

Investments and Capacity:

Airports are by nature capital intensive. There is a risk that investments made in respect of regulated activities are not appropriately remunerated through the economic regulatory system or that commercial investments at Irish airports and investments in new foreign businesses do not deliver required rates of return or cashflows. The risk of the delay in mobilising capacity infrastructure in a timely manner may result in the failure of the Group to meet unanticipated demand.

Mitigation

The Group determines its risk appetite for commercial investments, on a case by case basis, and has set risk tolerances levels to further guide decision making. Decisions regarding investment in regulated infrastructure are based on professional evidence-based inputs and formal consultation processes with key stakeholders as required, including CAR.

Reliance on Core Airline Customers:

The Group's economic activity at airports, whether directly owned and operated or in which it holds retail or other interests, is dependent on airlines. Changes in the strategic direction of key airlines operating to/from daa airports or those airports in which daa has significant business interests, including restructuring of route networks, consolidation of the airline industry, a change in ownership/control or their safety record could have an adverse effect on the Group's business.

Mitigation

The Group seeks to ensure sufficient diversification in its range of carriers and other service offerings to minimise this risk. The Group is also focused on the competitiveness of its offerings and appropriateness of facilities for the needs of its current and prospective customers.

Operational Standards:

The Group is obliged to meet various operational and quality standards, including but not limited to those standards set by the Irish Aviation Authority and CAR. Failure to meet any of these standards could result in, inter alia, a financial penalty being imposed on the Group.

Mitigation

The Group has systems in place to monitor compliance with externally established quality standards. These systems include appropriate capture of data, continuous monitoring and appropriate escalation processes.

Information Technology Systems:

Effective and secure information technology systems are critical for the efficient management of the business and to support operational activities. A significant failure of the Group's information systems could result in significant disruption to operations, financial loss or reputational damage to the Group.

Mitigation

The Group operates with a high level of resilience in information technology systems and processes. Business continuity plans exist to manage the risk of any significant disruption arising from a failure in information technology systems.

Communication with Shareholder

Through regular contact with relevant Government departments, the Board and management maintain an ongoing dialogue with the Shareholder on important and strategic issues.

The Board has established procedures to ensure that Board members have an understanding of the views of the Shareholder. This is achieved through briefings to directors from the Chairman who, with the CEO, maintains regular dialogue with the Shareholder and his officials.

Going Concern

The directors, having reviewed the Group's projections, with particular reference to its operating cash flow, capital commitments, liquidity and funding position, 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 wellbeing 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 12.

Prompt Payments Act

Internal financial controls are in place to ensure compliance, in all material respects, with the provisions of the Prompt Payment of Accounts Act 1997 as amended by the European Communities (Late Payments in Commercial Transactions) Regulations 2002 and 2012. Standard terms of credit taken, unless otherwise specified in specific contractual arrangements, are 30 days. 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

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

Auditors

Deloitte & Touche, Chartered Accountants and Statutory Audit Firm, will continue in office as external auditor in accordance with Section 160(2) of the Companies Act 1963.

On behalf of the Board
Pádraig Ó Ríordáin, Chairman
Gerry Walsh, Director
20 March 2015

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 Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013.

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 2013. 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 Report of the Directors that complies with the requirements of the Companies Acts, 1963 to 2013 and for compliance with the Code of Practice for the Governance of State Bodies.

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
Pádraig Ó Ríordáin, Chairman
Gerry Walsh, Director
20 March 2015

Independent auditors' report to the member of daa plc (formerly Dublin Airport Authority plc)

We have audited the financial statements of daa plc (formerly Dublin Airport Authority) for the year ended 31 December 2014 which comprise the Group Financial Statements: the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Reconciliation of Movement in Shareholders' Funds, the Group Balance Sheet, the Group Cash Flow Statement, the Company Financial Statements: the Company Balance Sheet and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council and promulgated by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

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 them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements giving a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report 2014 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 of the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended; and
— have been properly prepared in accordance with the Companies Acts, 1963 to 2013.

Matters on which we are required to report by the Companies Acts, 1963 to 2013

— 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 parent company.
— The parent company balance sheet is in agreement with the books of account.
— In our opinion the information given in the directors' report is consistent with the financial statements.
— The net assets of the parent company, as stated in the parent company balance sheet, 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 2014 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 parent company.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Acts 1963 to 2013 we are required to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

Under the Code of Practice for the Governance of State Bodies (the "Code of Practice") we are required to report to you if the statement regarding the system of internal financial control required under the Code of Practice as included in the Corporate Governance Statement in the Report of the Directors does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code of Practice or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

Kevin Sheehan *for and on behalf of*
Deloitte & Touche, Chartered Accountants and Statutory Audit Firm
Dublin
20 March 2015

Statement of accounting policies

for the year ended 31 December 2014

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

Basis of Preparation

The financial statements are prepared in accordance with generally accepted accounting principles in Ireland under the historical cost convention and comply with financial reporting standards of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland and Irish statute comprising the Companies Acts, 1963 to 2013.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings (subsidiaries) up to 31 December 2014.

The results of subsidiaries 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.

Adjustments are made where necessary to subsidiary accounting policies when preparing the Group financial statements.

Joint Venture Undertakings

Joint venture undertakings (joint ventures) are those undertakings over which the Group exercises control jointly with one or more parties.

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

The results of 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.

Associated Undertakings

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' profits and losses in the consolidated profit and loss account. The Group includes its share of net assets in the consolidated balance sheet.

The results of associates 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.

Subsidiaries and 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 allowance for impairment in value. Other financial assets are also carried in both the Company and the Group balance sheet on the same basis. Listed investments are carried at the lower of cost and net realisable value.

Financial Income

Income from financial assets is recognised on a receivable basis in the profit and loss account.

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.

Aeronautical revenue comprises passenger charges which are recognised on their departure, runway movement charges (landing and take-off) levied according to aircraft's maximum take-off weight, aircraft parking charges based on a combination of time parked and area of use, and other charges which are recognised when services are rendered. The Commission for Aviation Regulation ("CAR") regulates the level of revenues that the Group may collect in airport charges levied on users of Dublin Airport. CAR achieves this by setting a maximum level of airport charges per passenger that can be collected at Dublin Airport.

Direct retailing and retail/catering concessions comprise direct retail revenue which is recognised when the customer takes delivery of the goods and concession fee income which, in general, is a percentage of turnover which may be subject to certain minimum contracted amounts.

Other commercial activities include property letting, which is recognised on a straight-line basis over the term of the rental period, usage charges for the operational systems (e.g. check-in desks), which are recognised as each service is provided and car park income, which is recognised at the time of exiting the car park.

International retail and other activities comprise goods and services supplied to both external customers and certain of the Group's associate undertakings. Management fees and other direct income from overseas associate undertakings are recognised as turnover when collection is reasonably assured.

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 and loss account 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 accumulated 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 (car parks, roads, buildings and other airport infrastructure)	2 – 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 tangible fixed assets based on the higher of their net realisable values or their value in use, consisting of the present values of future cash flows expected to result from their use. For the purposes of this review, Dublin and Cork airports combined are considered to form one income-generating unit based on the statutory mandate to operate critical national infrastructure, the interdependence of the airports' cash flows and the functional organisational structure by which the airports are managed. Where the recoverable amount is less than the carrying amount of the assets the Group recognises an impairment loss in the financial statements.

In estimating the present values of future cash flows, the discount rate used is the pre-tax discount rate that reflects the time value of money and the risk specific to the income-generating unit.

The cash flows are taken from the Group's ten-year business plan. The main components of the business plan are:

- Earnings projections based on expected passenger numbers, revenues and costs; and
- Capital investment and working capital projections.

Added to these cash flows is a terminal value including an estimate of the full remuneration for all regulated assets, some of which has been deferred due to the regulatory profiling of future revenues.

The main assumptions that affect the estimation of the value in use are continuation of the current regulatory regime without material change, the passenger growth rate and the discount rate.

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 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 Financial Reporting Standard 2 (FRS 2) "Subsidiary Undertakings", using the true and fair override where necessary, 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 twenty year period, or where shorter, over 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. Any negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised in the profit and loss account in the periods expected to be benefited.

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. A provision is made on an annual basis in respect of potential stock obsolescence. It is made based on an aged analysis of stock.

Maintenance stock relates solely to stock which will be expensed when consumed. It comprises spare parts which are used for maintenance purposes and office supplies.

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.

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist if the Group has a contract under which unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

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 schemes, 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.

— Tax in relation to service costs, interest costs, expected return on plan assets, past service costs or gains and losses on curtailments and settlements is recorded in the profit and loss account. Tax on actuarial gains and losses is recorded 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.

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 interest rate swaps and forward exchange contracts, 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 and deposits repayable on demand. 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.

Exceptional Items

Exceptional items are material items of income and expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Group's financial performance. Such events may include gains or losses on disposal of assets and costs of a fundamental reorganisation or restructuring.

Group profit and loss account

for the year ended 31 December 2014

	Note	2014 Pre-exceptional €000	2014 Exceptional €000	2014 Total €000	2013 Pre-exceptional €000	2013 Exceptional €000	2013 Total €000
Turnover: Group and share of joint ventures		**568,270**	**–**	**568,270**	500,589	–	500,589
Less: share of joint ventures' turnover		**(4,478)**	**–**	**(4,478)**	–	–	–
Group turnover – continuing operations	1	**563,792**	**–**	**563,792**	500,589	–	500,589
Operating costs							
Cost of goods for resale		**(100,617)**	**–**	**(100,617)**	(89,994)	–	(89,994)
Payroll and related costs	2	**(154,658)**	**–**	**(154,658)**	(142,514)	–	(142,514)
Exceptional item – pension	4	**–**	**(27,133)**	**(27,133)**	–	–	–
Materials and services		**(126,892)**	**–**	**(126,892)**	(107,109)	–	(107,109)
Depreciation, amortisation and impairment		**(103,188)**	**–**	**(103,188)**	(99,179)	–	(99,179)
		(485,355)	**(27,133)**	**(512,488)**	(438,796)	–	(438,796)
Group operating profit – continuing operations		**78,437**	**(27,133)**	**51,304**	61,793	–	61,793
Share of operating profit							
Joint venture undertakings		**730**	**–**	**730**	–	–	–
Associated undertakings	3	**34,750**	**–**	**34,750**	38,213	–	38,213
Exceptional items							
Profit on disposal of investments and assets	4	**–**	**3,468**	**3,468**	–	11,257	11,257
Cost Recovery Programme – continuing operations	4	**–**	**–**	**–**	–	(4,156)	(4,156)
Restructuring income	4	**–**	**–**	**–**	–	2,764	2,764
Group profit before interest and taxation		**113,917**	**(23,665)**	**90,252**	100,006	9,865	109,871
Income from other financial assets		**436**	**–**	**436**	415	–	415
Interest receivable and similar income							
Group	5	**6,902**	**–**	**6,902**	8,576	–	8,576
Interest payable and similar charges							
Group	6	**(57,890)**	**–**	**(57,890)**	(58,389)	–	(58,389)
Associated undertakings	6	**(6,617)**	**–**	**(6,617)**	(7,764)	–	(7,764)
Group profit on ordinary activities before taxation	7	**56,748**	**(23,665)**	**33,083**	42,844	9,865	52,709
Tax on profit on ordinary activities	8	**(12,966)**	**3,134**	**(9,832)**	(10,559)	174	(10,385)
Group profit on ordinary activities after taxation		**43,782**	**(20,531)**	**23,251**	32,285	10,039	42,324
Minority interest	31	**(3,991)**	**–**	**(3,991)**	(4,166)	–	(4,166)
Group profit for the financial year	23	**39,791**	**(20,531)**	**19,260**	28,119	10,039	38,158

On behalf of the Board

Pádraig Ó Ríordáin, Chairman

Gerry Walsh, Director

20 March 2015

Group statement of total recognised gains and losses

for the year ended 31 December 2014

	Note	2014 €000	2013 €000
Group profit for the financial year		**19,260**	38,158
Exchange differences on translation of overseas investments (arising on net assets)			
Subsidiary undertakings	23	**1,076**	(2,232)
Associated undertakings	23	**1,877**	(993)
Actuarial (loss)/gain recognised in pension schemes	22	**(6,736)**	2,768
Deferred tax credit/(charge) thereon	22	**1,197**	(452)
Total recognised gains and losses for the year		**16,674**	37,249

Reconciliation of movement in shareholders' funds

for the year ended 31 December 2014

	2014 €000	2013 €000
At 1 January	**988,905**	951,656
Total recognised gains and losses for the year	**16,674**	37,249
At 31 December	**1,005,579**	988,905

Group balance sheet

as at 31 December 2014

	Note	2014 €000	2013 €000
Fixed assets			
Tangible assets	10	**1,675,095**	1,707,818
Intangible assets	11	**62,657**	14,105
		1,737,752	1,721,923
Financial assets			
Investments in joint venture undertakings			
Share of gross assets		**2,907**	–
Share of gross liabilities		**(2,235)**	–
Total of investments in and liabilities relating to joint venture undertakings		**672**	–
Investments in associated undertakings		**91,812**	93,748
Other financial assets		**16,148**	10,635
Total financial assets	12	**108,632**	104,383
Total fixed assets		**1,846,384**	1,826,306
Current assets			
Stocks	13	**24,855**	14,459
Debtors	14	**45,802**	45,492
Cash at bank and in hand	27	**523,314**	537,727
		593,971	597,678
Creditors: amounts falling due within one year	15	**(165,620)**	(148,413)
Net current assets		**428,351**	449,265
Total assets less current liabilities		**2,274,735**	2,275,571
Creditors: amounts falling due after more than one year	16	**(1,102,194)**	(1,144,039)
Capital grants	18	**(10,655)**	(11,418)
Provisions for liabilities	19	**(127,164)**	(95,571)
Net assets excluding net pension liability		**1,034,722**	1,024,543
Net pension liability	22	**(18,515)**	(24,642)
Net assets		**1,016,207**	999,901
Capital and reserves			
Called up share capital	21	**186,337**	186,337
Profit and loss account	23	**818,465**	804,744
Other reserves	23	**777**	(2,176)
Shareholders' funds		**1,005,579**	988,905
Minority interest	31	**10,628**	10,996
		1,016,207	999,901

On behalf of the Board

Pádraig Ó Ríordáin, Chairman

Gerry Walsh, Director

20 March 2015

Company balance sheet

as at 31 December 2014

	Note	2014 €000	2013 €000
Fixed assets			
Tangible assets	10	**1,651,627**	1,694,086
Financial assets	12	**13,862**	14,925
		1,665,489	1,709,011
Current assets			
Stocks	13	**10,513**	8,139
Debtors	14	**51,560**	50,816
Cash at bank and in hand		**494,379**	502,746
		556,452	561,701
Creditors: amounts falling due within one year	15	**(1,109,413)**	(288,445)
Net current (liabilities)/assets		**(552,961)**	273,256
Total assets less current liabilities		**1,112,528**	1,982,267
Creditors: amounts falling due after more than one year	16	**(260,185)**	(1,148,794)
Capital grants	18	**(10,655)**	(11,418)
Provisions for liabilities	19	**(125,750)**	(92,815)
Net assets excluding net pension liability		**715,938**	729,240
Net pension liability	22	**(18,167)**	(24,386)
Net assets		**697,771**	704,854
Capital and reserves			
Called up share capital	21	**186,337**	186,337
Profit and loss account	23	**511,434**	518,517
Shareholders' funds		**697,771**	704,854

On behalf of the Board

Pádraig Ó Ríordáin, Chairman

Gerry Walsh, Director

20 March 2015

Group cash flow statement

for the year ended 31 December 2014

	Note	2014 €000	2013 €000
Cash inflow from operating activities	24	**166,848**	144,723
Dividends received from associated undertakings	12	**22,343**	23,361
Returns on investments and servicing of finance	25	**(54,420)**	(50,777)
Taxation paid		**(2,784)**	(640)
		131,987	116,667
Capital expenditure	25	**(65,354)**	(55,739)
Acquisitions and disposals	25	**(48,148)**	504
Cash inflow before management of liquid resources and financing		**18,485**	61,432
Management of liquid resources			
Net cash transferred from/(to) liquid resources	27	**6,611**	(26,327)
Financing	25	**(33,010)**	(23,041)
(Decrease)/increase in cash in year	26	**(7,914)**	12,064

Notes on and forming part of the financial statements

for the year ended 31 December 2014

1. Turnover

	Group	
	2014	2013
	€000	€000
Ireland		
Aeronautical revenue	**238,122**	227,948
Direct retailing and retail/catering concessions	**108,944**	103,528
Other commercial activities	**99,870**	87,095
Total Ireland	**446,936**	418,571
International retail and other activities	**116,856**	82,018
Total turnover	**563,792**	500,589

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	
		Restated
	2014	2013
	€000	€000
Wages and salaries	**138,382**	128,123
Social welfare costs	**13,508**	11,889
Pension costs (Note 22)	**6,169**	5,162
Other staff costs	**2,430**	2,521
	160,489	147,695
Staff costs capitalised into fixed assets (Note 10)	**(5,831)**	(5,181)
Payroll and related costs (pre-exceptional)	**154,658**	142,514
Exceptional pension (Note 4)	**27,133**	–
Exceptional cost recovery programme (Note 4)	**–**	4,156
Net staff costs charged to the profit and loss account	**181,791**	146,670

	2014	2013
Average employee numbers (full time equivalents) were as follows:		
Airports	**2,335**	2,246
International activities	**478**	342
	2,813	2,588

3. Share of operating profits of associated undertakings

€34.8 million (2013: €38.2 million) relates to the Group's share of profits before interest and taxation for the year in its associated undertakings (see Note 12) as defined in the Statement of Accounting Policies. Management fees and other direct income from these undertakings are included in turnover of the Group. The Group's share of any profits or losses from transactions between the Group and its associated undertakings are eliminated where they are included in the carrying amount of the assets in the associated undertaking.

4. Exceptional items

a. Profit on disposal of investment

During 2014, the Group made a gain of €3.5 million on disposal of its 37.5% shareholding in Brooklyn Properties Limited. The tax impact on disposal was a charge of €0.3 million (see Note 12).

In 2013, the Group made a net gain of €11.3 million on the disposal of its equity interests in Aerofirst CJSC and Kievrianta LLC (see Note 12).

b. Pension

A once-off pension contribution of €72.2 million arises in connection with the restructuring of the IAS Scheme, as more fully outlined in Note 22, in addition to which provision has been made for costs of €2.5 million. Provision of €31.5 million had been made in respect of earlier pension proposals which have been superseded following the restructuring of the IAS Scheme, giving rise to a charge in the year of €43.2 million. A curtailment gain of €16.1 million arises in respect of unfunded pension obligations upon the restructuring of the IAS Scheme. This gives rise to a net pension cost of €27.1 million. The net impact on taxation was to recognise a deferred tax credit of €3.4 million. See Note 19 and Note 22 for further details regarding the Group's pension arrangements.

c. Cost Recovery Programme ("CRP")

In previous years a CRP was developed following consultation with staff and staff representatives. The Group continued to restructure under the CRP and €4.2 million was charged to exceptional items in 2013. The impact on taxation was to reduce the tax charge by €0.5 million in 2013. The CRP included a voluntary severance scheme and changes to work practices and conditions.

d. Restructuring costs

Costs associated with the separation of Shannon Airport and consequent renaming of the Group amounting to €5.1 million were charged to exceptional items in 2012. The impact on taxation was to reduce the tax charge by €0.6 million.

Due to the costs of the Restructuring being lower than estimated in 2012 the full exceptional provision recognised in 2012 was not required. This resulted in a release of €2.8 million from the provision in 2013 and the impact on taxation was to increase the tax charge by €0.3 million in 2013. The remaining balance of €0.1 million was utilised in 2014 (see Note 19).

5. Interest receivable and similar income

	Group	
	2014	2013
	€000	€000
Bank and loan stock interest income	**6,238**	8,007
Other finance income (Note 22)	**664**	569
Total interest receivable – Group	**6,902**	8,576

6. Interest payable and similar charges

	Group	
	2014	2013
	€000	€000
Interest payable on loans wholly repayable by instalments:		
— Within five years	**1,196**	1,082
— After five years	**16,894**	18,050
Interest on loan notes	**36,207**	36,207
Amortisation of issue costs/other funding costs	**739**	711
Other interest payable	**1,130**	858
Other finance costs (Note 22)	**1,724**	1,673
	57,890	58,581
Interest capitalised (Note 10)	**–**	(192)
Total interest payable – Group	**57,890**	58,389
Associated undertakings:		
Interest payable on loans repayable by instalments within five years	**4,153**	4,123
Interest payable on loans repayable by instalments after five years	**2,464**	3,641
Total share of interest payable – associated undertakings	**6,617**	7,764

7. Statutory and other information

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

	2014 €000	2013 €000
Auditors' remuneration:		
Auditor – Irish firm		
— audit of the Group accounts	**186**	186
— other assurance services	**33**	19
— tax advisory services	**177**	27
— other non-audit services	**4**	–
	400	232
Auditor – international firms		
— other assurance services	**126**	89
— tax advisory services	**10**	24
	136	113
	536	345

Included in the above are audit fees incurred of €30,000 for the statutory audit of the Company (2013: €30,000), €24,000 for other assurance services (2013: €12,500) and €110,375 for tax advisory services (2013: €14,652). €4,000 was incurred by the Company for other non-audit services in 2014, none were incurred in 2013.

Operating lease rentals:		
— Equipment	**1,350**	757
— Buildings	**656**	1,049
Depreciation (Note 10)	**100,975**	98,697
Reversal of impairment of fixed assets	**–**	(148)
Loss on retirements and disposals of tangible fixed assets	**1,755**	698
Amortisation of capital grants (Note 18)	**(774)**	(863)
Amortisation of intangible assets and goodwill – Group (Note 11)	**3,112**	1,122
Foreign exchange losses	**(712)**	(271)

7. Statutory and other information (continued)

Directors' Remuneration

Remuneration of directors, including disclosures in accordance with the Code of Practice for the Governance of State Bodies (the "Code of Practice") and the Companies Acts, 1963 to 2013, is set out below.

	2014 €000	2013 €000
Directors' fees – for services as director	**189**	168
Other amounts – in connection with their employment	**680**	553
	869	721

Other amounts include remuneration of the Chief Executive and of directors elected pursuant to the Worker Participation (State Enterprises) Acts 1977 to 2001 arising from their normal contracts of employment, in each case for the portion of the year for which they were directors.

Director's fees are determined by the Minister for Transport, Tourism and Sport, with the consent of the Minister for Public Expenditure and Reform, and are currently payable at the annual rate of €31,500 for the Chairman and €15,750 for individual directors. In accordance with the Code of Practice, details of fees payable to individual directors for the period under review were as follows:

	€
— Pádraig Ó Ríordáin	**31,500**
— Niall Greene	**15,750**
— Patricia King	**–**
— John Lynch	**15,750**
— Mary McCabe	**345**
— Colm McCarthy	**15,750**
— Des Mullally	**15,405**
— Barry Nevin	**15,750**
— Eric Nolan	**15,405**
— Ann-Marie O'Sullivan	**15,750**
— Paul Schütz	**15,750**
— Denis Smith	**15,405**
— Conor Swords	**345**
— Kevin Toland	**–**
— Gerry Walsh	**15,750**

Expenses paid to members of the Board during the year in respect of services as director, disclosed in accordance with the Code of Practice were €20,555 (2013: €6,368). These amounts primarily related to travel, subsistence and reimbursed expenses.

Mr Kevin Toland was appointed to the office of Chief Executive on 1 January 2013. Pursuant to his contract, the salary of Mr Toland is €250,000. Total remuneration in respect of Mr Toland for the relevant period in 2014 amounted to €389,041 (2013: €387,739) which included basic salary of €250,000 and pension contributions and other taxable benefits of €139,041 (2013: €137,739). Mr Toland did not receive a director's fee.

8. Tax on profit on ordinary activities

	2014 €000	2013 €000
Current tax:		
Corporation tax – Ireland	**284**	35
Overseas corporation tax	**1,719**	1,245
Adjustment in respect of prior years	**(9)**	–
Tax attributable to Group	**1,994**	1,280
Share of overseas tax of associated undertakings	**7,868**	6,901
Current tax charge	**9,862**	8,181
Deferred tax:		
Origination/reversal of timing differences		
Attributable to Group (Note 20)	**(1,790)**	2,096
Adjustment in respect of prior years (Note 20)	**(88)**	328
Timing differences relating to FRS 17 pension liabilities (Note 22)	**1,848**	(220)
Deferred tax (credit)/charge	**(30)**	2,204
Tax on profit on ordinary activities	**9,832**	10,385

A further deferred tax credit of €1.2 million (2013: €0.5 million charge) 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 the nature of activities. During 2014 and 2013, these rates varied from 12.5% to 25% while the standard rate of corporation taxation was 12.5%.

Based on profit for the year, 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:

	2014 €000	2013 €000
Profit on ordinary activities before taxation	**33,083**	52,709
Profit on ordinary activities at standard corporation tax rate in Republic of Ireland of 12.5% (2013: 12.5%)	**4,135**	6,589
Effects of:		
Differences between capital allowances for period and depreciation	**(5,932)**	(5,884)
Timing differences for tax purposes	**4,908**	(588)
Expenses (deductible)/not deductible for tax purposes (permanent differences)	**(975)**	643
Profits of foreign undertakings taxable at higher rates	**5,441**	4,579
Irish income at higher rates	**–**	48
Unutilised losses carried forward	**2,285**	3,961
Non-taxable profits on disposals	**–**	(1,167)
Current tax charge based on profit for the year	**9,862**	8,181

Corporation tax is provided on taxable profits at current rates.

9. Loss 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 loss for the financial year of €1.6 million (2013: €6.1 million profit) has been dealt with in the financial statements of the Company.

The Company has also availed of the exemption from filing its individual profit and loss account with the Registrar of Companies as permitted by Section 7(1A) of the Companies (Amendment) Act 1986.

10. 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 2014	921,199	369,940	785,220	356,743	32,743	2,465,845
Acquisition of subsidiary	–	700	22,065	–	–	22,765
Additions	11	2,047	3,873	15,264	37,806	59,001
Transfer to completed assets	3,500	10,016	19,121	9,933	(42,570)	–
Disposals	(6,381)	–	(3,393)	(300)	–	(10,074)
Retirements	–	–	(122)	–	–	(122)
Translation reserves	–	–	415	–	–	415
At 31 December 2014	**918,329**	**382,703**	**827,179**	**381,640**	**27,979**	**2,537,830**
Depreciation						
At 1 January 2014	204,690	119,187	323,296	110,854	–	758,027
Charge for the year (Note 7)	24,446	11,150	52,002	13,377	–	100,975
Acquisition of subsidiary	–	–	13,434	–	–	13,434
Disposals	(6,381)	–	(3,368)	(89)	–	(9,838)
Retirements	–	–	(51)	–	–	(51)
Translation reserves	–	–	188	–	–	188
At 31 December 2014	**222,755**	**130,337**	**385,501**	**124,142**	**–**	**862,735**
Net book value						
At 31 December 2014	**695,574**	**252,366**	**441,678**	**257,498**	**27,979**	**1,675,095**
At 31 December 2013	716,509	250,753	461,924	245,889	32,743	1,707,818

Company	Terminal complexes	Lands and airfields	Plant and equipment	Other property	Assets in the course of construction	Total
Cost						
At 1 January 2014	921,199	359,854	776,249	351,930	32,743	2,441,975
Additions	11	2,047	2,212	15,264	37,806	57,340
Transfer to completed assets	3,500	10,016	19,121	9,933	(42,570)	–
Disposals	(6,381)	–	(3,393)	(300)	–	(10,074)
At 31 December 2014	**918,329**	**371,917**	**794,189**	**376,827**	**27,979**	**2,489,241**
Depreciation						
At 1 January 2014	204,690	119,187	317,727	106,285	–	747,889
Charge for the year	24,446	11,150	50,590	13,377	–	99,563
Disposals	(6,381)	–	(3,368)	(89)	–	(9,838)
At 31 December 2014	**222,755**	**130,337**	**364,949**	**119,573**	**–**	**837,614**
Net book value						
At 31 December 2014	**695,574**	**241,580**	**429,240**	**257,254**	**27,979**	**1,651,627**
At 31 December 2013	716,509	240,667	458,522	245,645	32,743	1,694,086

The accounting policies used by the Company and the Group for tangible fixed assets, including depreciation, cost capitalisation and impairment reviews, are set out on pages 62 and 63.

Lands and airfields include airport land at a cost of €25.5 million (2013: €23.5 million). Fixed asset additions include internal architectural, engineering and agency payroll costs of €5.8 million (2013: €5.2 million). Cost of fixed assets includes cumulative interest capitalised of €68.3 million (2013: €68.3 million). There was no interest capitalised in 2014. Interest of €0.2 million was capitalised in 2013 at an average rate of 5.8% per annum.

11. Intangible assets

Group	Goodwill	Concession rights	Total
	€000	€000	€000
Cost			
At 1 January 2014	18,663	16,166	34,829
Arising on acquisition	51,625	–	51,625
Translation movement	–	637	637
Write off	(526)	–	(526)
At 31 December 2014	**69,762**	**16,803**	**86,565**
Amortisation			
At 1 January 2014	5,815	14,909	20,724
Charge for the year	2,942	170	3,112
Translation movement	5	593	598
Write off	(526)	–	(526)
At 31 December 2014	**8,236**	**15,672**	**23,908**
Net book value			
At 31 December 2014	**61,526**	**1,131**	**62,657**
At 31 December 2013	12,848	1,257	14,105

The opening balance of goodwill arose in 2008 on the acquisition of Aer Rianta International (Middle East) WLL ("ARIME") and in 2013 on the acquisition of an additional 10% share in ARIME. This goodwill is being amortised from 2013 over ten years which is the average term of the concession agreements currently held by ARIME, the useful life of the goodwill which arose in 2008 having been revised in light of the additional acquisition in the prior year.

On 19 February 2014, ARIME, a subsidiary of the Group, purchased an additional 25.01% shareholding in Cyprus Airports (F&B) Limited, a business that operates the food and beverage concessions at Paphos and Larnaka airports in Cyprus. The transaction, involving a consideration of €3.1 million, increased ARIME's shareholding in Cyprus Airports (F&B) Limited to 50.02%. The goodwill arising on the acquisition was €2.9 million. This goodwill is being amortised from 2014 over seventeen years which is the term of the contract.

11. Intangible assets (continued)

Acquisition of CTC-ARI

On 30 June 2014, the Group increased its interest in CTC-ARI (Holdings) Limited from 36% to 85.625% by acquiring the remaining 50% shareholding. Prior to this the Group had a 50% interest in CTC-ARI through its subsidiary undertaking ARIME. CTC-ARI is now accounted for as a subsidiary undertaking having previously been accounted for as an associated undertaking. The consideration paid for the shares acquired was €54.8 million and goodwill of €48.7 million arose on acquisition. This goodwill is being amortised from 2014 over seventeen years.

The total net assets in CTC-ARI on the acquisition date and the share of assets acquired are set out below.

	Book Value of Assets €000	Fair Value Adjustments €000	Total Net Assets €000
Fixed assets	10,231	(900)[1]	9,331
Financial assets	9,476	(2,580)[2]	6,896
Cash	7,809	–	7,809
Stocks	9,986	–	9,986
Debtors	1,174	(950)[3]	224
Creditors	(21,981)	4,982[4]	(16,999)
Loan	(4,981)	–	(4,981)
Net assets	**11,714**	**552**	**12,266**

Fair value of net assets acquired (50%)	6,133
Goodwill arising on acquisition	48,660
Consideration	**54,793**
Satisfied by:	
Cash transferred on acquisition	52,832
Deferred consideration	1,000
Cost of acquisition	961
	54,793

1. The fair value adjustment of €0.9 million to fixed assets is required to adjust the book value of land to market valuation at acquisition date.

2. The fair value adjustment of €2.6 million is to reduce the loan amount receivable in line with an independent valuation of the receivable amount.

3. The fair value adjustment of €1.0 million is required to reduce a prepayment amount on the balance sheet at acquisition date which is in respect of fees that have already been received by Aer Rianta International.

4. The fair value adjustment of €5.0 million is required to adjust an excess provision amount carried in respect of a concession fee dispute that had been agreed but not settled at date of acquisition.

12. Fixed assets – financial

Group	1 January 2014 €000	Additions / other increases during the year €000	Disposals / other movements during the year €000	31 December 2014 €000
Joint venture undertakings [a]				
Share of gross assets	–	2,907	–	**2,907**
Share of gross liabilities	–	(2,235)	–	**(2,235)**
	–	**672**	**–**	**672**
Associated undertakings				
Equity interest at cost	69,568	–	(5,855)[b]	**63,713**
Loan to associated undertaking	563	–	(563)[c]	**–**
Share of post-acquisition profits	201,530	21,193	3,746 [c]	**226,469**
Dividends received	(181,272)	–	(22,343)	**(203,615)**
Translation reserve	3,359	1,886	–	**5,245**
	93,748	**23,079**	**(25,015)**	**91,812**
Other financial assets				
Listed investments [d]	4,681	–	–	**4,681**
Other unlisted investments [e]	5,954	6,896	(1,383)	**11,467**
	10,635	**6,896**	**(1,383)**	**16,148**
Total financial assets	**104,383**	**30,647**	**(26,398)**	**108,632**
Company				
Ordinary shares in subsidiary undertakings at cost	12,102	–	–	**12,102**
Capital contributions to subsidiary undertakings	2,260	–	(500)	**1,760**
Loan to associated undertaking	563	–	(563)	**–**
	14,925	**–**	**(1,063)**	**13,862**

a. The movement in joint venture undertakings reflects the acquisition during the year by ARIME, a subsidiary undertaking, of an additional 25.01% shareholding in Cyprus Airport (F&B) Limited.

b. On acquisition of CTC-ARI Airports Limited the Group's share of net assets of €5.9 million was reversed.

c. During the year, the Group disposed of its 37.5% shareholding in an associate undertaking, Brooklyn Properties Limited.

d. Listed investments are held by a subsidiary undertaking and are stated at the lower of cost and net realisable value. The market value of these listed investments at 31 December 2014 was €8.1 million (2013: €6.5 million).

e. A subsidiary undertaking holds an unlisted investment in loan stock. The addition in the year relates to the acquisition of CTC-ARI and a loan receivable amount due to CTC-ARI.

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.

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12. Fixed assets – financial (continued)

The principal operating subsidiary and associated undertakings of the Group, all of which are included in the Group financial statements, together with the percentage beneficial holding of ordinary shares, are as set out below:

Undertaking	Registered office	Nature of business	%
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	Former duty free shopping and related activities – non-trading	100
ASC Airport Services Consolidated Limited	Dublin, Ireland	Provision of services to daa plc	100
DAA Airport Services Limited	Dublin, Ireland	Secondment of employees to daa plc	100
DAA Finance plc	Dublin, Ireland	Financing company	100
Derryquin Hotels Limited	Dublin, Ireland	Former hotel operator – non-trading	100
Gatland Property Limited	Dublin, Ireland	Property development	100
daa International Limited	Dublin, Ireland	Consultancy services	100
daa USA International Inc.	Massachusetts, USA	Car park consultancy services	100
CTC-ARI Airports Limited	Nicosia, Cyprus	Duty free shopping and related activities	85.63
Aer Rianta International (Middle East) WLL	Manama, Bahrain	Duty free shopping and related activities	71.25
ARI Yunnan Trading Company Limited	China	Former airport retailing and related activities – non-trading	65
Joint Venture			
CTC – ARI (F&B) Limited [1]	Nicosia, Cyprus	Duty free food and beverage related activities	35.6
Associated undertakings			
Caribbean ARI Inc.[2]	Bridgetown, Barbados	Duty free shopping and related activities	50
Oman Sales & Services LLC	Muscat, Oman	Duty free shopping and related activities	35.6
Delhi Duty Free Services Private Limited [3]	Delhi, India	Duty free shopping and related activities	25.55
Flughafen Düsseldorf GmbH	Düsseldorf, Germany	Airport operator	20
Phoenicia Aer Rianta Co. SAL	Beirut, Lebanon	Duty free shopping and related activities	11.5

1. CTC-ARI (F&B) Limited is treated as a joint venture as defined under Financial Reporting Standard 9 (FRS 9) "Associates and Joint Ventures" on the grounds that the Group exercises joint control over CTC-ARI (F&B) rather than significant influence or dominant control.
2. In the opinion of the directors Caribbean ARI Inc. should be treated as an associated undertaking as defined under Financial Reporting Standard 9 (FRS 9) "Associates and Joint Ventures" on the grounds that the Group exercises significant influence rather than dominant influence or joint control.
3. ARI International cpt holds 33.1% of the shares of Delhi Duty Free Services Private Limited, with 7.55% of these shares held in trust for a third party.

All financial statements of subsidiary and associated undertakings are coterminous with the year-end of the Group other than in respect of Delhi Duty Free Services Private Limited whose financial statements are prepared to a 31 March year-end. Management accounts of this entity have been prepared to 31 December 2014 for the purposes of including results of this company in the Group financial statements. Transactions between the Group and its associated and joint venture undertakings are detailed in Note 30.

During the year, ARIME, a subsidiary of the Group, acquired an additional 25.01% shareholding in Cyprus Airports (F&B) Limited, a business that operates the food and beverage concessions at Paphos and Larnaka airports in Cyprus. The transaction, involving a consideration of €3.1 million, increased ARIME's shareholding in Cyprus Airports (F&B) Limited to 50.02% (see Note 11).

12. Fixed assets – financial (continued)

On 30 June 2014, the Group increased its interest in CTC-ARI from 36% to 85.625%. CTC-ARI is now accounted for as a subsidiary undertaking having previously been accounted for as an associated undertaking (see Note 11).

During 2014, the Group disposed of its 37.5% shareholding in an associated undertaking, Brooklyn Properties Limited (see Note 4).

An additional 10% shareholding in Aer Rianta International (Middle East) WLL was acquired on 2 July 2013 for a consideration of €13.4 million, bringing the total shareholding in that subsidiary company to 71.25%. The consideration consisted of a payment of €11.1 million on completion of the purchase agreement and a deferred consideration of €2.3 million which is included within accruals and deferred income (see Note 16). The goodwill arising on this acquisition was €8.3 million.

During 2013, the Group disposed of its 99% shareholding in a subsidiary undertaking, Kievrianta LLC, and an investment, Aerofirst CJSC which had a nil carrying value (see Note 4).

13. Stocks

		Group		Company
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Goods for resale	**21,671**	11,676	**7,329**	5,356
Maintenance	**3,184**	2,783	**3,184**	2,783
	24,855	14,459	**10,513**	8,139

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

14. Debtors

		Group		Company
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Trade debtors	**33,945**	35,496	**30,027**	32,528
Prepayments and accrued income	**2,562**	1,589	**301**	788
Due from subsidiary undertakings	**–**	–	**13,963**	10,537
Due from associated undertakings	**2,185**	1,432	**–**	–
Corporation tax	**716**	–	**882**	–
Other debtors	**6,394**	6,975	**6,387**	6,963
	45,802	45,492	**51,560**	50,816

Debtors of €5.4 million (2013: €5.8 million) in the Group and debtors of €4.9 million (2013: €10.9 million) in the Company, fall due after more than one year.

15. Creditors: amounts falling due within one year

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Bank loans (Note 17)	**42,814**	31,685	**16,073**	15,475
Trade creditors	**16,993**	14,317	**5,109**	6,941
Due to subsidiary undertakings	**–**	–	**1,000,072**	179,847
Other creditors	**10,488**	9,644	**12,148**	9,869
Accruals and deferred income	**67,811**	60,432	**48,497**	43,978
Capital accruals	**27,514**	32,335	**27,514**	32,335
	165,620	148,413	**1,109,413**	288,445
Tax included in other creditors:				
PAYE	**2,399**	2,314	**2,333**	2,239
PRSI	**1,474**	1,366	**1,446**	1,338
VAT	**1,024**	1,755	**2,852**	2,136
Other taxes	**613**	628	**593**	598

The directors note that the Company has net current liabilities at the year-end but are satisfied on the basis of the nature of the significant intercompany balances and the overall net asset position that no going concern risk exists.

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

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Bank loans (Note 17)	**532,991**	572,637	**242,106**	258,179
Loan notes (Note 17)	**547,823**	547,375	**–**	–
Accruals and deferred income	**21,380**	24,027	**18,079**	21,725
Due to subsidiary undertakings	**–**	–	**–**	868,890
	1,102,194	1,144,039	**260,185**	1,148,794

Deferred income of €7.0 million (2013: €9.4 million), Group and Company, falls due after more than five years.

17. Financial liabilities

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Repayable by instalments:				
Repayable within one year	**42,814**	31,685	**16,073**	15,475
Repayable within one to two years	**42,767**	40,379	**16,696**	16,073
Repayable within two to five years	**131,450**	127,868	**54,118**	52,074
Repayable after more than five years	**358,774**	404,390	**171,292**	190,032
	575,805	604,322	**258,179**	273,654
Repayable other than by instalments:				
Repayable within two to five years	**547,823**	547,375	**–**	–
	1,123,628	1,151,697	**258,179**	273,654
Split as follows:				
Bank loans	**575,805**	604,322	**258,179**	273,654
Loan notes	**547,823**	547,375	**–**	–
	1,123,628	1,151,697	**258,179**	273,654
Included in creditors falling due within one year (Note 15)	**42,814**	31,685	**16,073**	15,475
Included in creditors falling due after more than one year (Note 16)	**1,080,814**	1,120,012	**242,106**	258,179

The loan notes comprise €549.65 million (2013: €549.65 million) of loan notes repayable in 2018 (less unamortised amounts). These are held through the Company's subsidiary, DAA Finance plc. These loan notes are listed on the Official List of the Irish Stock Exchange. The loan notes are guaranteed by the Company.

DAA Finance plc also has bank loans of €313.9 million (2013: €330.1 million) which are guaranteed by the Company. Interest rates and risk profile of financial liabilities are further analysed in Note 28.

The Company's bank loans at 31 December 2014 of €258.2 million (2013: €273.7 million) are unsecured and are repayable by instalments.

Borrowing facilities

The Group has a €150 million undrawn committed borrowing facility as at 31 December 2014 in respect of which all conditions precedent have been met. This facility expires in more than one year but not more than two years.

18. Capital grants

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
At 1 January	**11,418**	12,227	**11,418**	12,227
Amortised to profit and loss account (Note 7)	**(774)**	(863)	**(774)**	(863)
Grants received	**11**	54	**11**	54
At 31 December	**10,655**	11,418	**10,655**	11,418

The above grants will be fully amortised to the profit and loss account between 2014 and 2048.

19. Provisions for liabilities

	Pension costs (Note 22) [2]	Deferred tax (Note 20)	Cost recovery programme (Note 4)	Restructuring costs (Note 4)	Insurance and other [1]	Total
	€000	€000	€000	€000	€000	€000
Group						
At 1 January 2014	34,759	12,542	28,726	139	19,405	95,571
Charge/(credit) for the year	43,184	(1,790)	296	–	2,115	43,805
Adjustment in respect of prior years	–	(88)	–	–	–	(88)
Utilised during the year	(3,243)	–	(6,766)	(139)	(1,787)	(11,935)
Revaluation loss	–	(189)	–	–	–	(189)
At 31 December 2014	**74,700**	**10,475**	**22,256**	–	**19,733**	**127,164**
Company						
At 1 January 2014	34,759	11,610	26,902	139	19,405	92,815
Charge/(credit)for the year	43,184	(916)	–	–	2,115	44,383
Adjustment in respect of prior years	–	(89)	–	–	–	(89)
Utilised during the year	(3,243)	–	(6,190)	(139)	(1,787)	(11,359)
At 31 December 2014	**74,700**	**10,605**	**20,712**	**–**	**19,733**	**125,750**

1. In accordance with Financial Reporting Standard 12 (FRS 12) "Provisions, Contingent Liabilities and Contingent Assets" the Group and Company carry provisions for reported and potential claims under its self-insurance programme and for other liabilities, including legal claims, where there is uncertainty of timing or amount, where there is a present obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. It is expected that such liabilities would be settled within one to ten years.

2. The pension charge for the year relates to the pension exceptional item, see Note 4.

20. Deferred tax liability

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Liability at 1 January	**12,542**	10,193	**11,610**	9,007
(Credit)/charge for the year (Note 8)	**(1,790)**	2,096	**(916)**	2,275
Adjustment in respect of prior years (Note 8)	**(88)**	328	**(89)**	328
Revaluation loss	**(189)**	(75)	**–**	–
Liability at 31 December	**10,475**	12,542	**10,605**	11,610
Deferred tax				
Comprising:				
Timing differences on capital allowances	**18,248**	15,018	**18,339**	14,086
Amounts temporarily not deductible for corporation tax	**(7,773)**	(2,476)	**(7,734)**	(2,476)
Deferred tax liability	**10,475**	12,542	**10,605**	11,610

The deferred tax asset related to the pension liability is not included above and is disclosed separately in Note 22.

21. Called up share capital

	Group and Company	
	2014	2013
	€000	€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 Public Expenditure and Reform of the Irish Government.

22. 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".

daa plc

Irish Airlines (General Employees) Superannuation Scheme

Some 1,371 (48%) of the Group's employees, primarily those employed at its Irish airports and who were employed by the Company prior to 2009, are members of the Irish Airlines (General Employees) Superannuation Scheme (the "IAS Scheme").

The IAS Scheme is a multi-employer scheme with fixed contributions made by the employers and employees in accordance with the trust deed and rules.

The Company's current and past employees comprised some 27% of the membership of the IAS Scheme as at 31 December 2014. Aer Lingus, whose past and present employees comprise the majority of the membership, Shannon Airport Authority Ltd ("SAA") and SR Technics (which has ceased trading) are the other employer members of the IAS Scheme.

Both the benefits and the contributions are defined within the rules of the 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, together with the other employers, is of the view that it has no legal or contractual 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 Group to the scheme during the year.

A substantial deficit, as measured under the statutory minimum funding standard ("MFS") has existed in the IAS Scheme for a number of years and the funding position was considered unsustainable by the IAS Scheme Trustee. As at 31 August 2014, the MFS deficit amounted to €707 million. Pursuant to the Pensions Act 1990, the IAS Scheme Trustee was required to submit an agreed funding proposal ("Funding Plan") to the Pensions Authority outlining how the deficiency would be eliminated.

After an extensive period of engagement between key stakeholders in the IAS Scheme, in particular between the participating employers and the IAS Scheme Trustee, a Funding Plan, including pension reductions, was developed in 2014 to bring the scheme into balance. As part of a general restructuring of the pension arrangements for the IAS scheme members, to include freezing the scheme and providing benefits on a defined contribution basis in a new scheme for future service, the employers conditionally agreed to make payments outside the IAS Scheme in respect of active and deferred members.

The Funding Plan, including the proposed reductions in benefits which were the subject of a statutory consultation period, was approved by the Pensions Authority in December 2014. The IAS Scheme Trustee considered that the measures proposed were in the overall best interests of the members of the IAS Scheme as a whole. This plan included, inter alia, effecting a reduction of 20% in accrued benefits for active and deferred members in addition to the imposition of coordination, removal of statutory revaluation and of any link to salary increases and a cessation of IAS Scheme benefit accrual and contributions, and a reduction in pensions in payment for current pensioners to the maximum level permitted by recent legislative changes. Under the Funding Plan, scheme assets are invested, primarily in long-dated sovereign bonds, in a manner that is designed to provide cash flows that match the expected benefits to be paid during the funding proposal period and to provide a capital value at the end of the 25-year term that is sufficient to meet the then projected MFS value of the liabilities.

With effect from 31 December 2014, following the implementation by the IAS Scheme Trustee of its Funding Plan active members' benefits were frozen, the liability of both the Group and employee members to contribute to the IAS Scheme ceased as did future accrual of benefits and the employers have no further liability howsoever arising to the scheme (save in relation to the ongoing expenses).

In December 2014, immediately following the approval of the Funding Plan by the Pensions Authority, and in line with an agreement with the IAS Scheme Trustee, the Group offered to pay a once-off contribution into the Group's new Defined Contribution Pension Scheme in respect of each eligible current or former employee, who was an active or deferred member at 31 December 2014. These once-off lump-sum contributions were informed by the recommendations of an Expert Panel (established in March 2014 by two Irish Government departments, the Irish Business and Employers' Confederation ("Ibec") and the Irish Congress of Trade Unions to consider a resolution of the industrial relations issues arising from the re-structuring of the pension arrangements for the members of the IAS Scheme) and were designed to mitigate the IAS Scheme Trustee's reduction in members' benefits.

These once-off lump-sum contributions formed part of an overall set of pension proposals offered to staff ("Company Pension Proposals") which were framed in the context of the Funding Plan of the IAS Scheme Trustee and involved the introduction of new defined contribution pension arrangements for the future and certain changes in other pensions or pensions-related matters.

In total, the Group has made available €72.2 million in potential once-off pension contributions to eligible active or deferred members provision for which has been made in these financial statements on the basis that the offer was made to the scheme members prior to the year-end date and the Group consider it probable that the payments will be made in the near term. These pension proposals will, if accepted, form the entire agreement between each eligible member on pension and pension-related matters. To qualify for a lump-sum payment, a member must complete a waiver in full and final settlement of these matters.

In its report of 16 June 2014 (the "Expert Panel Report"), the Expert Panel recommended an integrated package of measures in respect of each employer as representing "the final opportunity to resolve this dispute". On 9 March 2015, the Expert Panel issued its Final Determination ("Expert Panel Final Determination") in relation to certain issues arising from the Expert Panel Report.

Following the issuance of the Expert Panel Final Determination, trade unions representing staff have confirmed that an immediate ballot/reballot of all members will be conducted by 10 April 2015, based upon the Expert Panel Report together

22. Pensions (continued)

with the Expert Panel Final Determination. The trade unions have also confirmed that it will be made clear to members that this outcome is the absolute best that can be achieved in negotiations.

For employees of the Group who are active members of the IAS Scheme, the Company Pension Proposals also include a new Group defined contribution pension plan (“New DC Plan”). With effect from 1 January 2015, the Group has established the New DC Plan and all former employee members of the IAS Scheme have been automatically admitted. Other eligible existing employees have been invited to join the New DC Plan.

The Company Pension Proposals arising from the restructuring of the IAS Scheme supersede pension arrangements (the “2008 LRC Proposals”) proposed pursuant to talks in the Labour Relations Commission in 2008, prior to the IAS Scheme becoming unsustainable. At that time, the Group and its trade unions had reached agreement, subject to Ministerial approvals, and provision had been made in the Group’s financial statements for the cost of a once-off contribution to certain pension arrangements in respect of past service. The associated cost of this is included in a pension provision at 31 December 2014 (see Note 19) and this provision has been offset against the cost of implementing the Company Pension Proposals.

Other Company Pension Arrangements

The Company also contributed 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. Consequent upon the changes in the IAS Scheme, future benefit accrual has also ceased in the AR Supplemental Scheme. This is because the rules of the AR Supplemental Scheme are built on the rules of the IAS Scheme with the IAS Scheme rules, in effect, forming part of the AR Supplemental Scheme rules.

The 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. The Company has recognised a pension liability in respect of the Early Retirement Obligation at 31 December 2014 of €12.2 million (2013: €22.7 million), of which a credit of €13.2 million (2013: charge of €2.1 million) was included in the profit and loss account, representing current service costs, net finance costs and a curtailment gain. A charge of €2.7 million (2013: €1.8 million credit) was reflected in the statement of total recognised gains and losses, representing actuarial gains/losses. The curtailment gain in 2014 of €16.1 million is reflective of the restructuring of the IAS Scheme and, in particular, the reductions in benefits.

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 (“the ARINA Scheme”).

Other Pension Contributions

The Group also makes defined contributions to personal pension arrangements for certain categories of staff.

FRS 17 “Retirement Benefits” disclosures

The pension cost to the Group charged against operating profit under FRS 17 for the financial year amounted to €6.2 million (2013: €5.2 million) (see Note 2).

	2014	2013
	€000	€000
Defined benefit arrangements – service cost	**2,071**	1,961
Defined contribution schemes	**4,098**	3,201
	6,169	5,162

There were contributions of €0.7 million outstanding at 31 December 2014 (2013: €0.5 million) in relation to defined contribution schemes.

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

	Group	**Company**	Group	Company
	2014	**2014**	2013	2013
	€000	**€000**	€000	€000
Net pensions liability	**18,515**	**18,167**	24,642	24,386

The AR Supplemental Scheme and the ARINA Scheme are actuarially valued every three years by independent professionally qualified actuaries. The actuarial valuations are not available for public inspection. In accordance with FRS 17, at each reporting date the most recent valuation of the schemes 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 2014, the net pensions liability in the Group was €18.515 million (2013: €24.642 million) being assets of €16.549 million (2013: €14.311 million) and present value of accrued scheme liabilities of €37.990 million (2013: €42.530 million) net of a related deferred tax asset of €2.926 million (2013: €3.577 million).

At 31 December 2014, the net pensions liability in the Company was €18.167 million (2013: €24.386 million) being assets of €12.906 million (2013: €11.244 million) and present value of accrued scheme liabilities of €33.668 million (2013: €39.112 million) net of a related deferred tax asset of €2.595 million (2013: €3.482 million).

22. Pensions (continued)

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

	As at 31/12/2014	As at 31/12/2013
Valuation method	**Projected Unit**	Projected Unit
Rate of increase in salaries	**1.75% – 2.50%**	2.50% – 3.09%
Rate of increase in pension payment	**0.00% – 1.75%**	0.00% – 2.00%
Discount rate	**2.18% – 4.00%**	3.75% – 4.75%
Inflation assumption	**1.75% – 2.00%**	2.00% – 2.50%
Life expectancy		
Male member age 61 – 65 (current life expectancy)	**22.8 – 25.0**	23.5 – 24.9
Male member age 40 (life expectancy at age 61 – 65)	**25.6 – 26.8**	26.5 – 26.6
Female member age 59 – 65 (current life expectancy)	**24.8 – 29.6**	24.9 – 29.1
Female member age 40 (life expectancy at age 59 – 65)	**27.7 – 30.8**	27.5 – 30.1

The discount rates of 2.18% (Ireland) and 4.0% (overseas) are based on AA Rated Corporate Bonds which are considered 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:

		Group 2014		**Company 2014**		Group 2013		Company 2013
	Percentage of plan assets	**Expected return**	**Percentage of plan assets**	**Expected return**	Percentage of plan assets	Expected return	Percentage of plan assets	Expected return
Equities	**13.2%**	**4.7%**	**0.0%**	**0.0%**	42.6%	6.1%	37.9%	6.5%
Bonds	**39.5%**	**2.1%**	**40.8%**	**2.2%**	52.2%	2.7%	56.9%	2.9%
Property	**1.3%**	**0.0%**	**1.7%**	**0.0%**	1.3%	6.5%	1.6%	6.5%
Cash	**46.0%**	**2.2%**	**57.5%**	**2.3%**	3.9%	1.6%	3.6%	2.0%
	100.0%		**100.0%**		100.0%		100.0%	

To develop the expected long-term rate of return on assets assumption, the Group and Company considered the current level of expected returns on risk free investments, 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 2.46% (2013: 4.19%). The actual return on assets for 2014 was €1.2 million (2013: €0.8 million).

	Group 2014 €000	**Company 2014 €000**	Group 2013 €000	Company 2013 €000
Amounts recognised in the balance sheet				
Present value of funded obligations	**(25,756)**	**(21,434)**	(19,807)	(16,389)
Fair value of plan assets	**16,549**	**12,906**	14,311	11,244
Deficit for funded plans	**(9,207)**	**(8,528)**	(5,496)	(5,145)
Present value of unfunded obligations	**(12,234)**	**(12,234)**	(22,723)	(22,723)
Gross liability	**(21,441)**	**(20,762)**	(28,219)	(27,868)
Related deferred tax asset	**2,926**	**2,595**	3,577	3,482
Net liability	**(18,515)**	**(18,167)**	(24,642)	(24,386)
Change in benefit obligation				
Benefit obligation at beginning of year	**(42,530)**	**(39,112)**	(42,480)	(38,852)
Current service cost	**(2,134)**	**(1,901)**	(2,058)	(1,864)
Past service cost	**47**	**47**	97	97
Interest cost	**(1,724)**	**(1,546)**	(1,673)	(1,536)
Plan members' contributions	**(337)**	**(279)**	(361)	(310)
Actuarial (loss)/gain	**(7,463)**	**(7,045)**	2,322	2,197
Benefits paid	**235**	**117**	227	129
Translation (loss)/gain	**(135)**	**–**	369	–
Plan curtailments	**16,051**	**16,051**	–	–
Plan settlements	**–**	**–**	1,027	1,027
Benefit obligation (funded and unfunded) at end of year	**(37,990)**	**(33,668)**	(42,530)	(39,112)

22. Pensions (continued)

	Group 2014 €000	**Company 2014 €000**	Group 2013 €000	Company 2013 €000
Change in plan assets				
Fair value of plan assets at beginning of year	**14,311**	**11,244**	13,001	10,219
Expected return on plan assets	**664**	**469**	569	410
Actuarial gain	**727**	**751**	446	344
Employer contributions	**624**	**280**	1,412	1,060
Member contributions	**337**	**279**	361	310
Benefits paid from plan	**(235)**	**(117)**	(227)	(129)
Translation gain/(loss)	**121**	**–**	(281)	–
Plan settlements	**–**	**–**	(970)	(970)
Fair value of plan assets at end of year	**16,549**	**12,906**	14,311	11,244
Components of pension expense				
Amounts recorded in profit and loss				
Current service cost	**2,134**	**1,901**	2,058	1,864
Past service cost	**(47)**	**(47)**	(97)	(97)
Interest cost (Note 6)	**1,724**	**1,546**	1,673	1,536
Expected return on plan assets (Note 5)	**(664)**	**(469)**	(569)	(410)
Curtailment gain	**(16,051)**	**(16,051)**	–	–
Settlement gain	**–**	**–**	(57)	(57)
Total defined benefit pension expenses	**(12,904)**	**(13,120)**	3,008	2,836
Actuarial loss/(gain) immediately recognised	**6,736**	**6,294**	(2,768)	(2,541)
Total pension loss/(gain) recognised in the statement of total recognised gains and losses (“STRGL”)	**6,736**	**6,294**	(2,768)	(2,541)
Cumulative amount of actuarial loss immediately recognised	**25,527**	**23,659**	18,791	17,365

Contributions of €0.3 million are expected to be paid by the Group in the forthcoming accounting period for defined benefit arrangements.

22. Pensions (continued)

	Year ended 31 December									
	Group	**Company**	Group	Company	Group	Company	Group	Company	Group	Company
	2014	**2014**	2013	2013	2012	2012	2011	2011	2010	2010
	€000	**€000**	€000	€000	€000	€000	€000	€000	€000	€000
History of experience adjustments										
Difference between expected and actual return on assets	**727**	**751**	446	344	736	744	(883)	(706)	1,576	321
Expressed as a percentage of scheme assets	**4.4%**	**5.8%**	3.1%	3.1%	5.7%	7.3%	7.2%	7.1%	16.6%	4.3%
Experience gains and (losses) on scheme liabilities	**1,241**	**1,659**	2,322	2,197	(1,644)	(1,438)	(2,560)	(2,275)	1,380	1,807
Expressed as a percentage of scheme liabilities	**3.3%**	**4.9%**	5.5%	5.6%	3.9%	3.7%	7.6%	7.4%	4.3%	6.1%
Total actuarial (losses) and gains	**(6,736)**	**(6,294)**	2,768	2,541	(6,371)	(6,157)	1,217	1,601	(738)	317
Expressed as a percentage of scheme liabilities	**17.7%**	**18.7%**	6.5%	6.5%	15.0%	15.8%	3.6%	5.2%	2.3%	1.1%
History of scheme deficits										
Fair value of scheme assets	**16,549**	**12,906**	14,311	11,244	13,001	10,219	12,337	9,989	9,469	7,419
Present value of scheme liabilities	**(37,990)**	**(33,668)**	(42,530)	(39,112)	(42,480)	(38,852)	(33,686)	(30,570)	(32,020)	(29,450)
Deficit in schemes	**(21,441)**	**(20,762)**	(28,219)	(27,868)	(29,479)	(28,633)	(21,349)	(20,581)	(22,551)	(22,031)

	Group	**Company**	Group	Company
	2014	**2014**	2013	2013
	€000	**€000**	€000	€000
Deferred tax asset – pension related				
At beginning of year	**3,577**	**3,482**	3,809	3,580
(Charge)/credit to profit (Note 8)	**(1,848)**	**(1,674)**	220	220
Credit/(charge) to STRGL	**1,197**	**787**	(452)	(318)
At end of year	**2,926**	**2,595**	3,577	3,482

23. Reserves

	2014				2013
	Profit and loss account €000	Translation reserve €000	Other reserves €000	Total reserves €000	Total reserves €000
Group					
At 1 January	804,744	(2,422)	246	802,568	765,319
Profit for the financial year	19,260	–	–	19,260	38,158
Currency translation adjustments on subsidiary/associated undertakings	–	2,953	–	2,953	(3,225)
Actuarial (loss)/gain in pension schemes	(6,736)	–	–	(6,736)	2,768
Deferred tax credit/(charge) thereon	1,197	–	–	1,197	(452)
At 31 December	818,465	531	246	819,242	802,568
Group reserves are comprised as follows:					
daa plc	511,434	–	–	511,434	518,517
Subsidiary undertakings	217,557	(1,488)	–	216,069	218,625
Joint venture undertakings	346	–	–	346	–
Associated undertakings	89,128	2,019	246	91,393	65,426
	818,465	531	246	819,242	802,568

	2014 €000	2013 €000
Company		
Profit and loss account		
At 1 January	518,517	510,191
(Loss)/profit for the financial year	(1,576)	6,103
Actuarial (loss)/gain in pension schemes	(6,294)	2,541
Deferred tax credit/(charge) thereon	787	(318)
At 31 December	511,434	518,517

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

	Group	
	2014	2013
	€000	€000
Operating profit	**51,304**	61,793
Depreciation charge	**100,975**	98,697
Pension provision charge	**43,184**	–
Amortisation of intangible assets	**170**	182
Amortisation of goodwill	**2,942**	940
Loss on retirements of tangible fixed assets	**69**	24
Insurance charge	**2,115**	1,124
Amortisation of capital grants	**(774)**	(863)
Loss on disposal of tangible fixed assets	**1,686**	698
Payments in respect of cost recovery and restructuring programmes	**(6,766)**	(10,466)
Payments in respect of other provisions	**(5,169)**	(3,441)
(Increase)/decrease in stocks	**(410)**	2,022
Decrease in debtors	**3,355**	6,334
Decrease in creditors	**(11,098)**	(12,761)
(Decrease)/increase in pension liability	**(14,735)**	440
Net cash inflow from operating activities	**166,848**	144,723

25. Analysis of headings grouped in cash flow statement

	Group	
	2014	2013
	€000	€000
Returns on investments and servicing of finance		
Interest and similar income received	**5,807**	10,112
Interest and similar charges paid	**(55,865)**	(56,994)
Income from other financial assets	**436**	415
Dividends paid to minority interests	**(4,798)**	(4,310)
	(54,420)	(50,777)
Capital expenditure		
Purchase of tangible fixed assets	**(65,402)**	(55,866)
Sale of tangible fixed assets	**37**	73
Grants received towards purchase of tangible fixed assets	**11**	54
	(65,354)	(55,739)
Acquisitions and disposals		
Disposal of associate undertakings	**–**	11,900
Acquisition of subsidiary undertakings	**(52,832)**	(11,121)
Cash acquired on acquisition of subsidiary undertakings	**7,809**	–
Cash transferred on disposal of subsidiary undertakings	**–**	(275)
Purchase of additional shareholding in associate undertakings	**(3,125)**	–
	(48,148)	504
Financing		
Repayments of bank loans	**(33,010)**	(23,041)

26. Reconciliation of net cash flow to movement in net debt

	Group	
	2014	2013
	€000	€000
(Decrease)/increase in cash in the year	**(7,914)**	12,064
(Decrease)/increase in liquid resources	**(6,611)**	26,327
Decrease in debt	**33,010**	23,041
Change in net debt resulting from cash flows	**18,485**	61,432
Amortisation of issue costs	**(448)**	(421)
Foreign exchange movement	**112**	(154)
Debt due to minority partner written off	**488**	–
Debt acquired on acquisition of subsidary undertakings	**(4,981)**	–
Movement in net debt in the year	**13,656**	60,857
Net debt at 1 January	**(613,970)**	(674,827)
Net debt at 31 December	**(600,314)**	**(613,970)**

27. Analysis of net debt

	At 1 January 2014 €000	Cash flow €000	Non-cash movements €000	Foreign exchange movement €000	At 31 December 2014 €000
Cash	43,877	(7,914)	–	112	36,075
Liquid resources	493,850	(6,611)	–	–	487,239
	537,727	**(14,525)**	**–**	**112**	**523,314**
Debt due within one year	(31,685)	33,010	(44,139)	–	(42,814)
Debt due after one year	(1,120,012)	–	39,198	–	(1,080,814)
	(1,151,697)	33,010	(4,941)	–	(1,123,628)
Total	**(613,970)**	**18,485**	**(4,941)**	**112**	**(600,314)**

28. Financial Instruments

Narrative disclosures concerning the Group's treasury policy and management are set out in the 2014 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 and associated undertakings.

i. Interest rate risk profile of financial liabilities and assets

The interest rate profile of the Group's relevant financial liabilities and interest bearing relevant financial assets at 31 December 2014 was:

			2014			2013
	Total	**Floating rate**	**Fixed rate**	Total	Floating rate	Fixed rate
	€000	**€000**	**€000**	€000	€000	€000
Financial liabilities						
Euro	**1,123,628**	**256,089**	**867,539**	1,151,129	260,000	891,129
Hong Kong dollar	**–**	**–**	**–**	568	–	568
	1,123,628	**256,089**	**867,539**	1,151,697	260,000	891,697
Financial assets						
Euro	**513,260**	**513,260**	**–**	512,347	452,184	60,163
Sterling	**206**	**206**	**–**	259	259	–
US dollar	**6,211**	**6,211**	**–**	22,353	22,353	–
Canadian dollar	**3,357**	**3,357**	**–**	1,899	1,899	–
Russian rouble	**8**	**8**	**–**	34	34	–
Hong Kong dollar	**24**	**24**	**–**	171	171	–
Swiss franc	**156**	**156**	**–**	–	–	–
Renminbi	**92**	**92**	**–**	19	19	–
Other currencies	**–**	**–**	**–**	645	645	–
	523,314	**523,314**	**–**	537,727	477,564	60,163

The weighted average interest rate for fixed rate Euro currency financial liabilities was 5.8% (2013: 5.8%) and the weighted average period for which the rate was fixed was 6.5 years (2013: 7.6 years). There were no financial liabilities on which no interest is paid.

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.

The benchmark rate for determining interest payments for the floating rate financial liabilities is six month EURIBOR.

28. 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	Russian rouble	Swiss franc	Renminbi	Hong Kong dollar
As at 31 December 2014								
Functional currency of Group operations								
Euro	–	142	141	523	8	–	–	–
Canadian dollar	–	–	245	–	–	–	–	–
Hong Kong dollar	44	–	5	–	–	–	–	–
US dollar	3,338	64	–	–	–	156	–	–
Renminbi	180	–	–	–	–	–	–	3
	3,562	**206**	**391**	**523**	**8**	**156**	**–**	**3**
As at 31 December 2013								
Functional currency of Group operations								
Euro	–	142	12,438	383	34	–	–	–
Canadian dollar	–	–	376	–	–	–	–	–
Hong Kong dollar	4,307	120	–	–	–	171	–	–
US dollar	52	–	5	–	–	–	797	–
Renminbi	900	–	–	–	–	–	–	–
	5,259	**262**	**12,819**	**383**	**34**	**171**	**797**	**–**

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 2014.

	2014		2013	
	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)	**42,814**	**52,394**	31,685	42,070
Long–term borrowings (Note 17)	**1,080,814**	**1,222,869**	1,120,012	1,232,318
	1,123,628	**1,275,263**	1,151,697	1,274,388

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.

28. Financial Instruments (continued)

iv. Hedges

As set out in the 2014 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 to manage its interest rate profile. There were no such contracts at 31 December 2014. 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. There were no unrecognised gains or losses at 31 December 2014.

29. Commitments and related matters

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
i. Capital commitments				
Contracted	**9,188**	20,060	**9,188**	20,060
Authorised by the directors but not contracted for	**95,865**	15,797	**91,877**	13,981
	105,053	35,857	**101,065**	34,041

ii. International concession agreements

Certain international retail activities of the Group are subject to arrangements that include guaranteed minimum concession fees. Amounts payable during the next twelve months are made up as follows:

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Payable on concession agreements which expire within:				
Two to five years	**–**	1,031	**–**	–
Greater than five years	**18,834**	6,042	**–**	–
	18,834	7,073	**–**	–

At 31 December 2014, €1.6 million (2013: €1.7 million) of these commitments had been secured by performance bonds ıssued by banks and guaranteed by the Company’s subsidiary undertaking, Aer Rianta International cpt.

A Group subsidiary has provided certain performance guarantees in relation to certain retail concession obligations of associated undertakings. As at 31 December 2014 and 31 December 2013, no obligations had arisen pursuant to these guarantees.

29. Commitments and related matters (continued)

iii. Operating leases

Leasing commitments payable during the next twelve months are made up as follows:

	Group		Company	
	2014	2013	**2014**	2013
	€000	€000	**€000**	€000
Buildings				
Payable on leases which expire within:				
One year	**111**	–	**–**	–
Two to five years	**489**	262	**–**	–
Greater than five years	**243**	261	**–**	–
	843	523	**–**	–
Plant and equipment				
Payable on leases which expire within:				
One year	**83**	484	**83**	484
Two to five years	**325**	–	**325**	–
	408	484	**408**	484

iv. Other commitments

In the normal course of business the Group has entered into commitments for the future supply of gas and electricity at its airports. At 31 December 2014, the purchase commitments amounted to €4.5 million (2013: €2.8 million).

30. 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.

	2014	2013
	€000	€000
Associated undertakings		
Management charges to associated undertakings	**10,116**	11,025
Dividends received from associated undertakings	**22,343**	23,361
Loan to associated undertaking	**–**	563
Due from associated undertakings at year–end	**2,185**	1,432
Entities under control of the Irish Government		
Revenues in the ordinary course of business	**9,496**	7,048
Operating expenses in the ordinary course of business	**26,229**	29,541
Interest receivable and similar income	**5,332**	6,781
Amounts owing to the Group from operating activities at year–end	**3,504**	4,362
Amounts owed by the Group from operating activities at year–end	**461**	280
Cash or cash equivalents placed on deposit at year–end	**60,163**	357,721
Entities under significant influence of the Irish Government		
Revenues in the ordinary course of business	**106,262**	102,844
Operating expenses in the ordinary course of business	**2,557**	1,234
Amounts owing to the Group from operating activities at year–end	**7,447**	7,806
Amounts owed by the Group from operating activities at year–end	**11,673**	14,235

Details of the Group's principal associated undertakings are set out in Note 12.

In common with many other entities, the Group deals in the normal course of business with Government and State bodies and other entities that are under ownership, control or significant influence from the Government. Such dealings are with a wide range of entities that include central government, local authorities, commercial and non–commercial semi–state companies and financial institutions. They also include Aer Lingus Group plc (Aer Lingus), which is 25.22% owned by the Minister for Finance.

30. Related party disclosures (continued)

Mr Pádraig Ó Ríordáin, the Chairman of the Company, is also a partner in Arthur Cox, a law firm which provides legal services to the Group. Fees in respect of professional services provided to the Group in the normal course of business by Arthur Cox in Ireland during the year ended 31 December 2014 were €1.7 million (2013: €1.2 million). The amount unbilled or billed and not yet paid by the Group at year-end was €0.8 million (2013: €0.6 million).

Ms Ann-Marie O'Sullivan was appointed as a director of the Company in May 2013. She was also a director of Healy Design & Advertising Limited, a marketing firm which provides marketing and promotional services to the Group.
Fees in respect of professional services provided to the Group in the normal course of business by Healy Design & Advertising Limited during the year ended 31 December 2014 were €88,733 (2013: €38,812). The amount unbilled or billed and not yet paid by the Group at year-end was €19,056 (2013: €10,531).

There were no amounts provided for or written off in the period in respect of debts due to or from related parties.

31. Minority interest

	2014 €000	2013 €000
At beginning of year	**10,996**	16,082
Share of profit for the year	**3,991**	4,166
Exchange differences	**936**	190
Dividend to minority shareholders[1]	**(4,798)**	(4,310)
Dividend proposed to minority shareholders	**(576)**	–
Purchase of minority shareholding[2]	**79**	(5,132)
At end of year	**10,628**	10,996

1. Amounts above represents dividend payments by Aer Rianta International (Middle East) WLL to its minority shareholders.
2. Purchase of additional 50% shareholding in CTC-ARI Holdings Limited (2013: Purchase of additional 10% shareholding in Aer Rianta International (Middle East) WLL from minority shareholders).

32. Associates

In accordance with the requirements of Financial Reporting Standard 9 (FRS 9) "Associates and Joint Ventures", the following additional information is given about associated 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:

	2014 €000	2013 €000
Turnover	**154,831**	179,764
Fixed assets	**228,357**	228,793
Current assets	**42,755**	50,345
Liabilities due within one year	**(30,948)**	(57,761)
Liabilities due after one year or more	**(152,117)**	(142,862)

The Group's share of capital commitments of all associated undertakings amounted to €66.6 million (2013: €72.7 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 as set down in FRS 9) is as follows:

	2014 €000	2013 €000
Turnover	**88,959**	89,868
Profit before tax	**12,693**	11,337
Taxation	**(4,908)**	(3,796)
Profit after tax	**7,785**	7,541
Fixed assets	**224,666**	221,488
Current assets	**15,792**	16,659
Liabilities due within one year	**(18,030)**	(31,192)
Liabilities due after one year or more	**(145,045)**	(129,572)

33. 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 Group to rigorously defend all legal actions taken against the Group.

34. Approval of financial statements

The financial statements were approved by the Board on 20 March 2015.

Five-year summary of financial results

	2014 €000	2013 €000	2012 €000	2011 €000	2010 €000
Operating results [a]					
Turnover	**563,792**	500,589	574,611	557,492	558,153
Group EBITDA	**181,625**	160,972	166,763	160,273	146,756
Depreciation, amortisation and impairment	**(103,188)**	(99,179)	(107,011)	(102,569)	(74,262)
Group operating profit (pre-exceptional)	**78,437**	61,793	59,752	57,704	72,494
Share of profits of associates and joint ventures	**35,480**	38,213	53,052	36,045	18,907
Net interest payable – Group, joint ventures and associates	**(57,169)**	(57,162)	(55,515)	(56,250)	(39,803)
Group exceptional items	**(23,665)**	9,865	(27,139)	3,538	435
Profit before taxation	**33,083**	52,709	30,150	41,037	52,033
Taxation	**(9,832)**	(10,385)	(6,539)	(6,837)	(15,108)
Minority interest	**(3,991)**	(4,166)	(4,172)	(4,007)	(3,815)
Profit for the financial year	**19,260**	38,158	19,439	30,193	33,110
Profit excluding exceptional items (after tax)	**39,791**	28,119	43,186	25,987	32,771
Capital employed					
Tangible fixed assets	**1,675,095**	1,707,818	1,753,962	1,943,541	1,960,017
Intangible fixed assets	**62,657**	14,105	7,084	8,272	9,471
Financial fixed assets	**108,632**	104,383	100,780	82,478	79,010
Net current assets	**428,351**	449,265	422,579	311,382	70,162
Total assets less current liabilities	**2,274,735**	2,275,571	2,284,405	2,345,673	2,118,660
Creditors due after more than one year	**(1,102,194)**	(1,144,039)	(1,176,408)	(1,185,301)	(990,412)
Capital grants	**(10,655)**	(11,418)	(12,227)	(13,853)	(14,844)
Provisions for liabilities	**(127,164)**	(95,571)	(102,362)	(71,808)	(69,247)
Net pension liability	**(18,515)**	(24,642)	(25,670)	(18,773)	(19,794)
Net assets	**1,016,207**	999,901	967,738	1,055,938	1,024,363
Summary Cash Flow					
Cash flow from operating activities	**178,783**	158,630	146,036	164,898	147,284
Payments in respect of exceptional restructuring and other provisions	**(11,935)**	(13,907)	(9,573)	(11,783)	(30,379)
Dividends from associated undertakings (net)	**22,343**	23,361	19,148	22,892	17,097
	189,191	168,084	155,611	176,007	134,002
Net interest paid	**(49,622)**	(46,467)	(49,711)	(62,884)	(48,090)
Taxation (paid)/refund	**(2,784)**	(640)	(2,904)	(3,021)	2,056
	136,785	120,977	102,996	110,102	87,968
Investment in tangible fixed assets	**(65,402)**	(55,866)	(44,228)	(90,028)	(227,898)
Investment in/loans to associated and joint venture undertakings and financial assets	**(3,125)**	–	–	–	(11)
Other investments	**–**	–	–	–	(6,602)
Acquisition of subsidiary undertakings net of cash acquired	**(45,023)**	(11,121)	–	(3,200)	–
Net proceeds/(outflow) from disposal of subsidiary/associated undertakings/joint ventures	**–**	11,625	(215)	12,500	–
Sale of tangible and financial assets	**37**	73	139	98	28
Grants received	**11**	54	22	–	–
	(113,502)	(55,235)	(44,282)	(80,630)	(234,483)
	23,283	65,742	58,714	29,472	(146,515)
Dividends paid to minority undertakings of subsidiaries	**(4,798)**	(4,310)	(54)	(4,282)	(1,631)
Cash inflow/(outflow) before management of liquid resources and financing	**18,485**	61,432	58,660	25,190	(148,146)
Net debt					
Group net debt at year-end	**600,314**	613,970	674,827	734,803	764,537

a. 2010 to 2012 balances above include Shannon Airport results.

Five-year summary of passenger statistics

Passengers	2014	2013	2012	2011	2010
Overall					
Transatlantic	**2,122,081**	1,863,381	1,932,077	1,886,898	1,838,703
Britain	**8,956,245**	8,287,527	8,774,890	8,903,819	8,703,096
Continental Europe	**12,054,857**	11,652,325	11,439,525	11,220,625	10,922,184
Other International	**643,038**	540,265	478,471	261,645	272,534
Domestic	**74,596**	70,561	66,744	163,336	565,142
Transit	**5,626**	10,729	142,838	291,670	310,421
	23,856,443	22,424,788	22,834,545	22,727,993	22,612,080
Percentage change year-on-year	**+6.4%**	-1.8%	+0.5%	+0.5%	-13.3%
Dublin					
Transatlantic	**2,121,880**	1,863,134	1,643,885	1,566,787	1,489,081
Britain	**7,789,004**	7,179,756	6,894,019	6,970,219	6,726,793
Continental Europe	**11,082,613**	10,510,488	10,015,982	9,815,198	9,570,020
Other International	**643,036**	540,257	477,890	259,800	266,418
Domestic	**70,795**	65,392	60,572	120,428	369,010
Transit	**4,639**	7,756	7,301	8,161	9,742
	21,711,967	20,166,783	19,099,649	18,740,593	18,431,064
Percentage change year-on-year	**+7.7%**	+5.6%	+1.9%	+1.7%	-10.1%
Cork					
Transatlantic	**201**	247	269	255	241
Britain	**1,167,241**	1,107,771	1,144,904	1,180,697	1,214,514
Continental Europe	**972,244**	1,141,837	1,187,425	1,135,709	1,028,806
Other International	**2**	8	–	1,100	5,053
Domestic	**3,801**	5,169	4,779	41,259	171,068
Transit	**987**	2,973	2,738	2,927	5,449
	2,144,476	2,258,005	2,340,115	2,361,947	2,425,131
Percentage change year-on-year	**-5.0%**	-3.5%	-0.9%	-2.6%	-12.4%
Shannon					
Transatlantic	**N/A**	N/A	287,923	319,856	349,381
Britain	**N/A**	N/A	735,967	752,903	761,789
Continental Europe	**N/A**	N/A	236,118	269,718	323,358
Other International	**N/A**	N/A	581	745	1,063
Domestic	**N/A**	N/A	1,393	1,649	25,064
Transit	**N/A**	N/A	132,799	280,582	295,230
	N/A	N/A	1,394,781	1,625,453	1,755,885
Percentage change year-on-year	**N/A**	N/A	-14.2%	-7.4%	-37.2%

Five-year summary of aircraft movements

	2014	2013	2012	2011	2010
Overall					
Commercial					
Scheduled	**184,353**	173,139	177,595	175,300	175,334
Non Scheduled	**4,808**	6,417	13,269	16,184	17,124
Cargo	**4,743**	4,636	6,224	6,323	5,983
Commercial Air Transport Movements	**193,904**	184,192	197,088	197,807	198,441
Percentage change year-on-year	**+5.3%**	-6.5%	-0.4%	-0.3%	-11.6%
Others	**27,504**	29,955	39,984	40,116	37,627
Total Aircraft Movements	**221,408**	214,147	237,072	237,923	236,068
Dublin					
Commercial					
Scheduled	**165,794**	154,377	147,380	144,188	143,282
Non Scheduled	**4,156**	5,445	5,288	6,268	6,150
Cargo	**3,968**	3,878	3,918	3,995	3,670
Commercial Air Transport Movements	**173,918**	163,700	156,586	154,451	153,102
Percentage change year-on-year	**+6.2%**	+4.5%	+1.4%	+0.9%	-9.4%
Others	**6,416**	6,657	7,084	7,565	7,218
Total Aircraft Movements	**180,334**	170,357	163,670	162,016	160,320
Cork					
Commercial					
Scheduled	**18,559**	18,762	19,944	20,058	21,350
Non Scheduled	**652**	972	963	1,330	1,470
Cargo	**775**	758	789	785	806
Commercial Air Transport Movements	**19,986**	20,492	21,696	22,173	23,626
Percentage change year-on-year	**-2.5%**	-5.5%	-2.2%	-6.2%	-9.0%
Others	**21,088**	23,298	27,442	25,888	24,740
Total Aircraft Movements	**41,074**	43,790	49,138	48,061	48,366
Shannon					
Commercial					
Scheduled	**N/A**	N/A	10,271	11,054	10,702
Non Scheduled	**N/A**	N/A	7,018	8,586	9,504
Cargo	**N/A**	N/A	1,517	1,543	1,507
Commercial Air Transport Movements	**N/A**	N/A	18,806	21,183	21,713
Percentage change year-on-year	**N/A**	N/A	-11.2%	-2.4%	-26.0%
Others	**N/A**	N/A	5,458	6,663	5,669
Total Aircraft Movements	**N/A**	N/A	24,264	27,846	27,382


Gate
107
Geata
Gate
108

daa Group Structure

- **daa plc**
  - **Dublin Airport**
  - **Cork Airport**
  - **daa International (daaI)**
  - **ARI (Aer Rianta International)**
    - Airport Investments

      Europe
      Düsseldorf, Larnaca, Paphos

    - Airport Retailing

      Ireland
      Dublin and Cork

      Middle East
      Bahrain, Cyprus, Lebanon, Oman, Qatar

      North America / Caribbean
      Barbados, Halifax, Montreal,
      Ottawa, Winnipeg

      India
      Delhi

      New Zealand
      Auckland

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 7.5 metre shoulders each side Surface Asphalt Category III A (Runway 10) / Category III A (Runway 28) **Runway 16/34:** Length 2072 metres – Width 61 metres Surface Asphalt Category I (Runway 16) / Non-precision (Runway 34)
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. 0082928W
Elevation	502 ft. AMSL
Runway Data	**Runway 17/35:** Length 2133 metres – Width 45 metres plus 7.5 metre shoulders each side Surface Asphalt Category II (Runway 17) / Category I (Runway 35) **Runway 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

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European Investment Bank
HSBC 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 daa 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.

Colophon

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Forest Stewardship Council (FSC)

FSC facilitates the development of standards, ensures monitoring of certified operations and protects the FSC trademark so consumers can choose products that come from well managed forests.

FSC certification ensures that products come from well managed forests that provide environmental, social and economic benefits.

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2014