daa

daa plc | daa cpt

Annual Report

2016

daa plc

Annual Report and Financial Statements 2016

Contents

daa Board of Directors

Pádraig Ó Ríordáin was originally appointed Chairman in January 2012 and reappointed for a second and third term in January 2015 and July 2016, respectively. 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 Betfair plc and is Chair of the Cork Airport Development Council. Pádraig was appointed Chair of the daa Board Nomination & Remuneration Committee in March 2012, Chair of the Board Strategic and Infrastructure Committee in November 2015 and Chair of the Board Finance Committee in March 2016.

Niall Greene was originally appointed to the Board in July 2012 and reappointed in July 2015. 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 and is Chair of the Governing Body of Limerick Institute of Technology. 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 and Environmental Committee in December 2012 and from November 2015 has been a member of the Board Strategic and Infrastructure Committee.

Patricia King was originally appointed to the Board in July 2012 and reappointed in July 2015. 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.

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 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 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. He holds an ACI Diploma in Airport Operations and has a good working knowledge of company operations.

Paul Schütz was appointed to the Board in July 2012 and reappointed in July 2015. 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 and Risk Committee.

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 and the Board Finance Committee in March 2016.

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 serves on the board of IBEC, the board of the European Region of Airports Council International (ACI Europe), the board of Total Produce PLC, the board of IdentiGEN 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 daa Board Finance Committee in March 2016.

Gerry Walsh was first appointed to the Board in November 2009, reappointed in February 2012, February 2013 and again in July 2015. 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 and Risk Committee, having served as a member of the committee from February 2010, he was appointed Chair in February 2012. Gerry has been a member of the Board Nomination & Remuneration Committee since November 2010 and the Board Strategic and Infrastructure Committee since November 2015.

daa Management Team

Kevin Toland
Chief Executive

Ray Gray
Chief Financial Officer

Vincent Harrison
Managing Director,
Dublin Airport

John Heffernan
Chief Development Officer

Maurice Hennessy
Chief Information and
Security Operations 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

Anna Pringle
Chief People Officer

daa
Company Highlights

Passenger numbers travelling between Dublin and 24 UK destinations increased by 11% to a record 9.9 million.

New routes from Cork in 2016 included Düsseldorf, Cardiff, Madrid and Southampton.

daa International signed a five-year contract in 2016 to manage the new 106,500 square metre Terminal 5 at King Khaled International Airport in Riyadh, Saudi Arabia.

On June 24, 2016, more than 100,000 passengers were facilitated on a single day for the first time at Dublin Airport.

In 2016, 19 new routes were launched from Dublin Airport, and additional capacity was added on 31 existing services.

In 2016, ARI retained the main concession at Muscat International Airport in Oman for the next 10 years.

Dublin Airport won the 2016 World Routes Award for airports in the 20–50 million passengers per year category for the second time in three years. This award recognises excellence in marketing and is voted on by airline executives globally.

47 airlines operated a total of 185 routes to destinations in 41 countries from Dublin Airport in 2016.

Passenger numbers at Cork Airport increased by 8% to 2.2 million.

ARI Ireland won the Moodie Davitt Dreamstore 2016 award for the Best Fragrance and Cosmetics travel retail store for its T1 outlet at Dublin Airport.

A record 2.7 million passengers took flights between Dublin and North America in 2016, a 14% increase on 2015.

ARI won the tender to operate the duty paid concession in Terminal 5 at King Khaled International Airport in Riyadh, Saudi Arabia.

In 2016, 10 airlines operated services to 43 destinations from Cork Airport.

In 2016, Delhi Duty Free won the Best Marketing Concept of the Year award from Drinks International for The Whisky World concept.

Revenues at ARI's joint venture at Delhi International exceeded US$146 million in 2016.

Passenger numbers to and from continental Europe from Dublin Airport increased by 11% to a record 14.2 million.

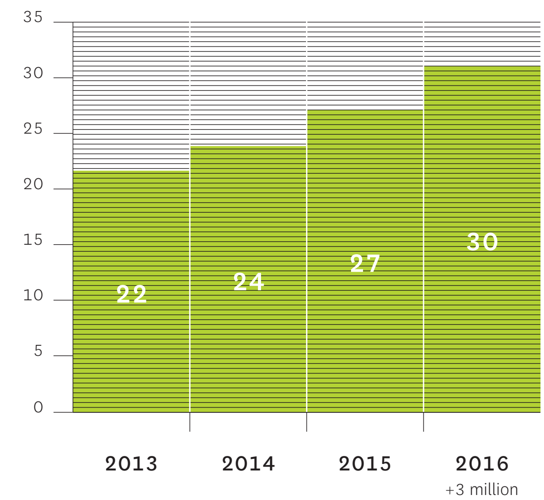
Passenger numbers at Dublin Airport increased by 11% to a record 27.9 million.

ARI's partnership with Teeling Whiskey won The Drinks International Award for Partnership Initiative of the Year.

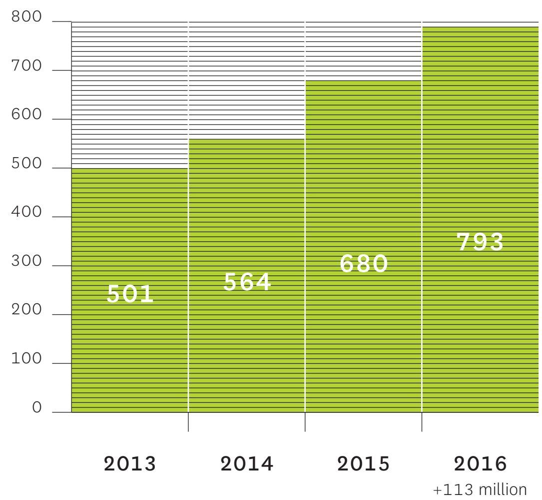
For the second year in a row, Cork Airport was highly commended for its marketing efforts in the airports serving less than four million passengers category at the 2016 World Routes Awards.

daa
Key Facts and Figures

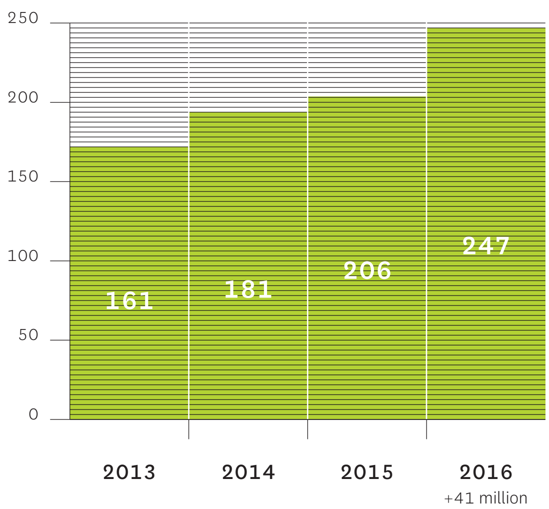
Passengers ’million



Turnover €’million

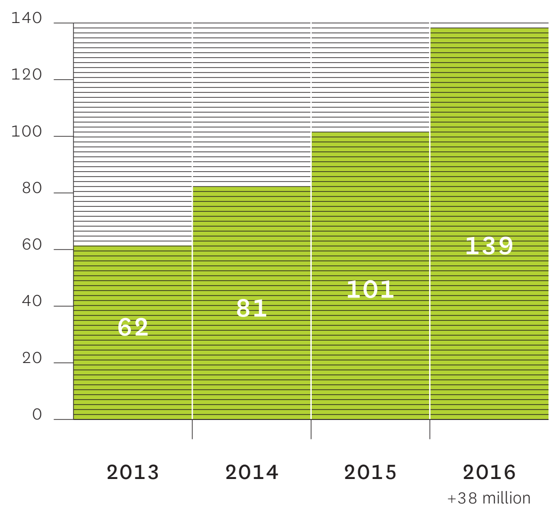


EBITDA* €’million



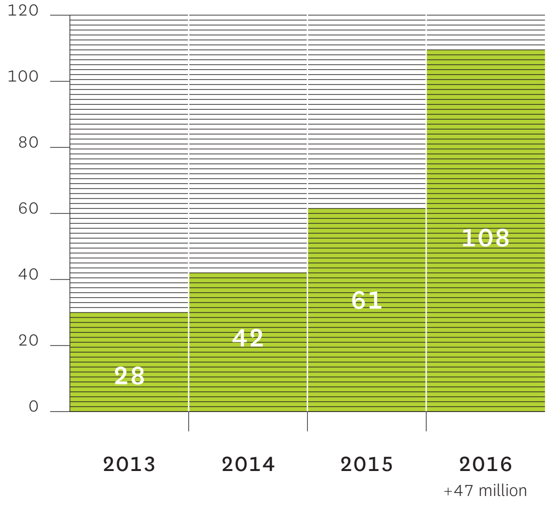
*Before exceptional items.

Operating profit* €’million

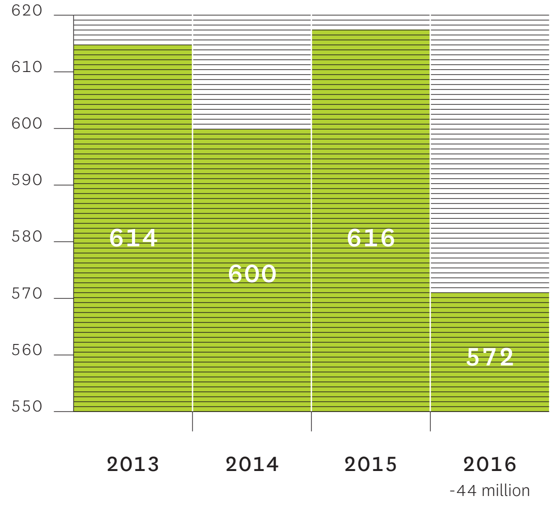


*Before exceptional items.

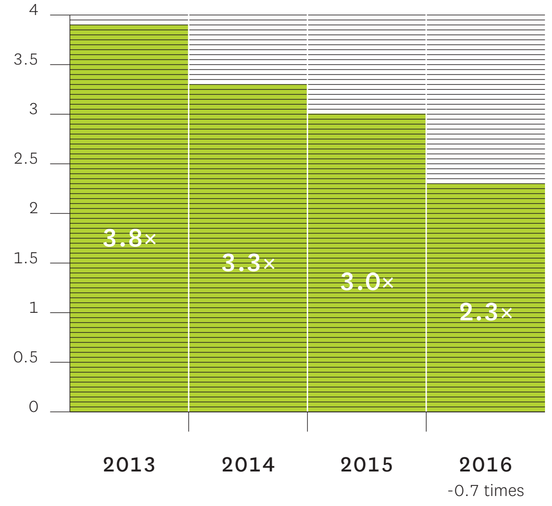
Profit after taxation (pre-exceptional) €'million



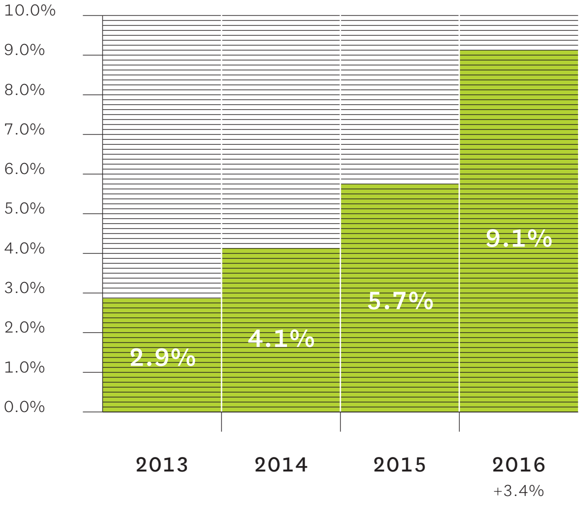
Net debt €'million

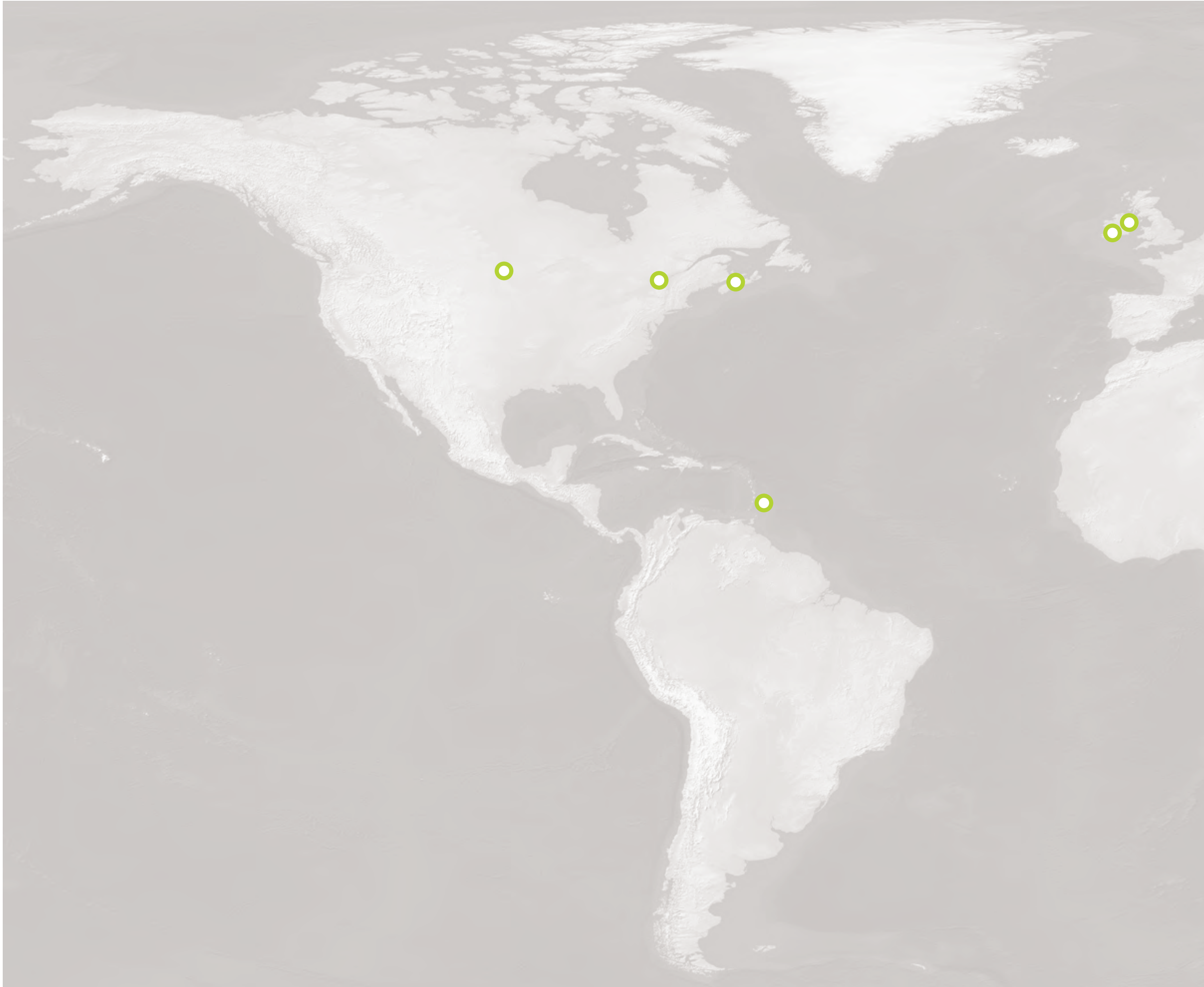


Net debt: EBITDA



Return on equity

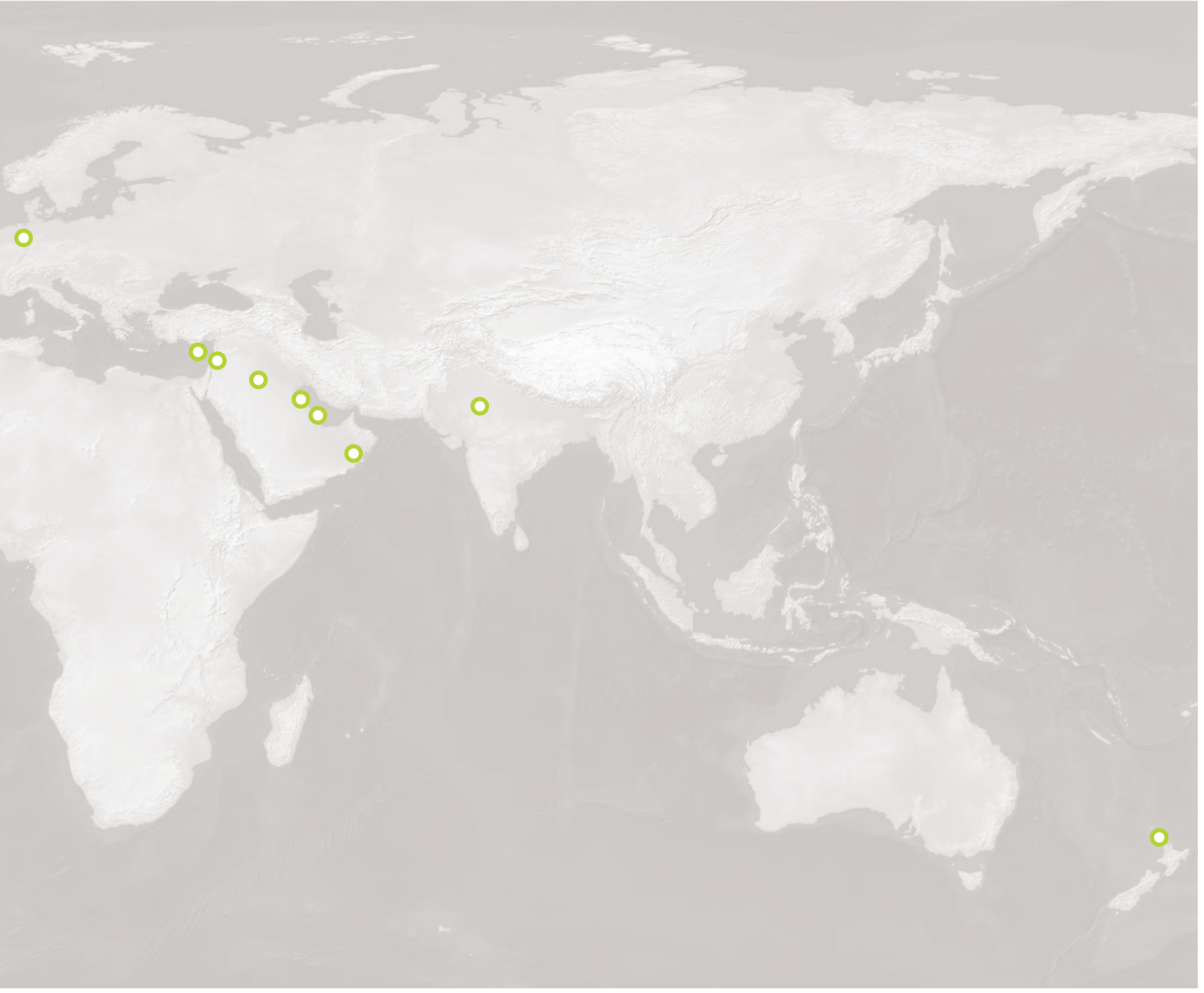




daa Group Structure

daa plc

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



Airport Operations

Ireland
Dublin Airport
Cork Airport

Saudi Arabia
Terminal 5, King Khaled International Airport, Riyadh

Airport Investments

Europe
Düsseldorf, Germany
Larnaca and Paphos, Cyprus

Airport Retailing

Europe
Ireland
Dublin and Cork

Cyprus
Larnaca and Paphos

Middle East
Manama, Bahrain
Beirut, Lebanon
Muscat, Oman
Doha, Qatar

North America / Caribbean
Halifax, Canada
Montreal, Canada
Winnipeg, Canada
Bridgetown, Barbados

Asia
Delhi, India

Australasia
Auckland, New Zealand

Top: In early 2016, ARI successfully retained the main concession at Muscat International Airport in Oman for the next 10 years with the contract commencing in late 2017 in the airport's new terminal building.
Bottom: Cork Airport's passenger numbers increased by 8% to 2.2 million in 2016, the first annual increase in passenger numbers since 2008.

Chairman's Statement

Pádraig Ó Ríordáin

I am pleased to present daa's annual report for the financial year ending December 31, 2016.

The Group continued to expand its business both domestically and overseas during the year. We welcomed three million additional passengers at our Irish airports and saw a 29% increase in our international turnover from the retail activities managed by our travel retail business ARI, as well as the positive impact of daa International's (daaI) new airport management contract in Saudi Arabia.

It also put in place some of the long-term foundations required for future growth as ARI won significant contracts overseas while at home we started work on the transformational North Runway project, continued to advance the Dublin Airport Central development, and invested in upgrading the older elements of Dublin Airport's infrastructure.

Although best known as the company that operates Dublin and Cork airports, the Group is a major multinational business. Together our airports, airport management contracts, retail outlets and airport investments mean the Group provides services to more than 135 million passengers per year in 11 countries across Europe, North America, the Middle East, India and Australasia.

Thanks to growing passenger numbers, improved commercial income and the impact of new overseas businesses, Group turnover increased by 17% to a record €793 million in 2016.

Profits after tax before exceptional items increased by 75% to a record €108 million. The impact of two exceptional items, which are discussed in detail in the Chief Executive's Review, meant that after-tax profits including exceptional items declined by 5% to €79 million.

Passenger numbers at Dublin and Cork airports increased by 11% to a record 30.1 million last year. Dublin Airport was the fastest growing major airport in Europe during 2016 as its passenger traffic increased by more than 11%. Over the past five years, Dublin Airport's annual passenger throughput has grown by 49% from 18.7 million to 27.9 million.

During that five-year period, Dublin has significantly expanded its long-haul and short-haul route networks and also built a new business as a significant gateway airport between Europe and North America. Transatlantic passenger numbers have increased from 1.6 million in 2011 to a record 2.7 million in 2016.

It was particularly pleasing to see Cork Airport post a full year of passenger growth during 2016 after seven years of declining traffic. Cork's passenger numbers increased by 8% to 2.2 million last year and further passenger growth is expected this year.

Cork's business had previously been adversely affected by a number of factors. These included the economic downturn, the loss of Cork-Dublin services, which at one point generated almost 500,000 passengers per year for Cork, and the terms offered by Shannon Airport after its separation which resulted in some traffic moving from Cork to Shannon.

Growing passenger numbers at Cork Airport has been a major focus for the Board in recent years. The tireless efforts of management at Cork to win new business, with the support of the Group and the airport's local stakeholders, were the foundation on which last year's growth was built and the task now is to further expand the business.

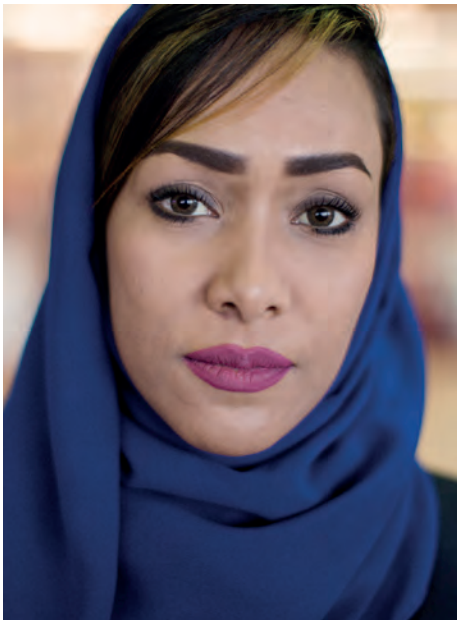
Cork has a strong pipeline in place for this year with Norwegian, SWISS, WOW air and Volotea all launching new routes in 2017. Norwegian's new route to Providence, Rhode Island is a landmark one for Cork, as it will be the airport's first direct transatlantic service.

Our travel retail business ARI had another successful year, with growth in both its Irish and overseas operations.

During 2016, ARI retained its duty free contract in Muscat International Airport in Oman, and will operate stores in the airport's new terminal, which is due to open by the end of this year. ARI also won a new duty paid retail contract in Riyadh, Saudi Arabia in partnership with a local company, and in Indonesia, its local partner was named preferred bidder for a new duty free business at Jakarta Airport.

The year under review was also a very significant one for our fledgling airport management and advisory services business, daa International. Terminal 5 at Saudi Arabia's King Khaled International Airport, which is managed by daaI, was successfully opened during 2016.

The Group has made significant financial progress in the five years since 2011. Turnover has increased by 42% from €557 million to €793 million, while earnings before interest, taxation, depreciation and amortisation have increased by 54% from €160 million to €247 million. During the same period, we reduced our net debt by 22% from €735 million to €572 million and enhanced our credit rating from BBB/negative to A-/stable.



In June, the Group completed a successful €400 million refinancing on highly attractive terms that will further enhance our medium-term financial position and complement the €300 million revolving credit facility put in place in the second half of 2015.

daa is a commercial semi-state company that does not receive any exchequer funds. It finances its investments both at home and abroad from the cash it generates and from borrowings.

In common with other commercial infrastructure businesses, our shareholder expects daa to return a dividend, with a 30% benchmark sectoral target level set in the Government's 2015 National Aviation Policy. In line with this, and following a period of balance sheet restoration, daa recommenced the payment of dividends during 2016 with a payment of €18.3 million to the State in respect of 2015. A further dividend of €29.1 million has been proposed in respect of 2016.

The growth in our domestic business created 254 new jobs in Ireland last year as we recruited additional employees primarily due to increased passenger volumes at Dublin and Cork airports. However the direct jobs created by daa are but a fraction of the economic impact that our airports have on the local and national economy.

A recent major study for Airports Council International (ACI) Europe (The Economic Impact of European Airports) found that every 1,000 additional passengers at an airport with more than 10 million passengers per year supported an extra 0.85 jobs on the airport campus. This means that the 2.8 million extra passengers welcomed at Dublin Airport last year helped support an estimated 2,380 new jobs.

Our Irish airports are key elements of the national economy as a major economic impact study by InterVistas has shown. The study, which was based on 2014 data, showed that Dublin and Cork airports generated or facilitated 108,100 jobs in the Irish economy. They contributed €7.6 billion to Ireland's Gross Domestic Product (GDP), which was equivalent to 4.4% of the national economy.

Regulation

Airport charges at Dublin Airport are regulated by the Commission for Aviation Regulation; a system which has been in place since 2001. The current regulatory system is more onerous than required by European law and does not reflect the market realities that apply at Dublin Airport. It is also more onerous than the regulatory systems which apply at the majority of Europe's major airports.

Dublin has the cheapest airport charges in its European peer group, with its charges almost 40% cheaper than the average according to the most recent data.

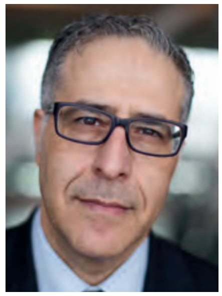
In the 16 years since the system was established, the fortunes of Dublin Airport's two largest customers – Ryanair and Aer Lingus – have changed dramatically. Ryanair is now one of the largest airlines in the world, while Aer Lingus is part of IAG, which is one of the world's largest airline groups.

Given the respective scale of both airlines, it is clear that the balance of market power rests with the airlines in question, rather than with the airport.

Their aircraft are mobile assets which can be rapidly deployed elsewhere in their international networks should either airline be unhappy with the service or the charges at Dublin Airport. The regulatory system totally ignores this reality and overstates the market position of the airport.

The effective veto that the regulatory model has to date given to airlines over the nature and timing of infrastructural development is also flawed. Publicly quoted airlines understandably have a shorter-term perspective informed by their competitive interests whereas a national airport operator needs to have a strategic long-term focus. This is especially the case for Dublin Airport, which is Ireland's key international gateway.

This is not merely a theoretical argument. Dublin Airport is currently experiencing a capacity crunch in certain areas specifically because its largest airline customers successfully argued for lower levels of capital investment in the recent past. Some of the airlines that are currently the most vocal about the need for additional facilities to be brought into service as quickly as possible are the same companies that argued against investment in the past.



Arguably, this failing is inherent within the current system, as only the advent of a clear capacity deficit persuades some airline customers to support investments that would have been delivered in a timelier manner within a more flexible regime. The current regime also takes little account of necessary investments to attract new airline customers to the airport.

The existing system has the effect of favouring increased financial return to airlines over the payment of dividends to the Group's owner, which is the State. This can be seen in the recent Commission for Aviation Regulation Paper CP1/2017, which forecasts financial ratios for daa to 2019 and which assumes no dividend payment to the shareholder for the period 2016–2019.

The Department of Transport, Tourism and Sport is currently reviewing the current regulatory system and daa has made its views known within the public consultation phase of this review.

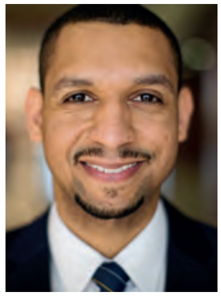
We believe that Dublin Airport should be regulated in a manner that delivers competitive airport charges for customers, the essential infrastructure necessary to fulfil the objectives of national aviation policy on a timely basis, and an adequate return to its shareholder. An effective regulatory system should also provide the ability for the airport to make prudent decisions about the correct infrastructure that is required for the long-term benefit of Dublin Airport and the Irish economy as a whole.

North Runway

The North Runway will be a key enabler for Irish economic growth for decades to come and is an essential element of national infrastructure. Having announced our plans to proceed with the project in April 2016, we made good progress during the year and the first elements of construction started on site in December.

The delivery of the new runway is a fundamental component of the State's National Aviation Policy as it will provide connectivity from Dublin Airport to key emerging global markets and also allow the airport to continue to grow as a gateway for traffic to and from North America.






Planning permission for the new 3,110 metre runway, which is located 1.6 kilometres north of the existing main runway at Dublin Airport, was granted in 2007. Due to the recession the project was put on hold as annual passenger numbers declined from almost 23.5 million to 18.4 million in 2010.

However, strong growth over the past two years means that Dublin Airport is now welcoming almost 28 million passengers per year and the runway is required to allow the airport to continue to expand and also to underpin Irish economic growth. In early March this year, Fingal County Council granted a five-year extension of time on the existing planning permission, which was an important and necessary step in facilitating the delivery of the new runway.

North Runway is due to become operational in 2020 and the project will support up to 1,200 jobs during the construction phase.

As indicated in the Chief Executive's Review, the Group's intention is to seek to have two of the planning conditions attached to North Runway amended to retain the operational flexibility that currently exists at Dublin Airport.

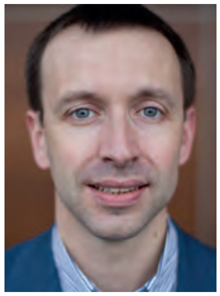
The Board and management of the company are mindful of Dublin Airport's position within the local community and are also conscious of the potential impact of the runway project on our neighbours.

We are committed to continuing to listen to the concerns of neighbouring communities and to addressing them to the extent that we can in an open, constructive and objectively equitable manner.

Security

The safety and security of our passengers, customers and staff is daa's key priority at all times. The recent wave of terrorist attacks in Western Europe is disturbing, especially given the targeting of airport facilities in Belgium and Turkey. We continue to liaise very closely with the Gardaí and other State agencies in relation to security issues at our airports.






Brexit

Air traffic between Ireland and the UK is a major business for the Group, as it generated 11.2 million journeys for our Irish airports last year. Thus far, the Brexit vote and the uncertainty that it has created has had no material impact on traffic, as passenger numbers on UK routes increased in both Dublin and Cork airports last year.

Currency movements in the value of the Euro against Sterling do, however, present some challenges, while there may also be some new opportunities for the Group, depending on the nature of a Brexit agreement.

We will continue to monitor developments regarding the relationship between Ireland and United Kingdom post Brexit, as any significant change to the Common Travel Area could have a negative impact for the Group.

Better Together

Throughout the period under review, the Group has been engaged in discussions with staff representatives in relation to our Better Together change programme.

The aim of the programme is to bring about a transformative change in the way our airports operate, improve the way in which we engage with our employees, and introduce a clearer framework for pay and reward for all employees. It is also designed to deliver additional flexibility at our airports for the benefit of our customers and the travelling public.

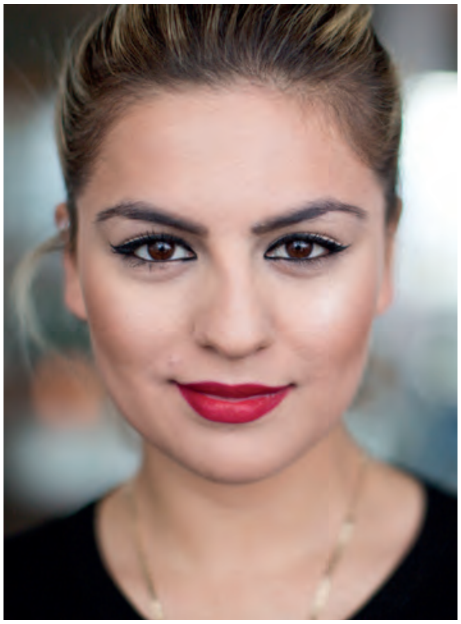
Negotiations with trade unions representing the bulk of employees were difficult at times but progressed well during the year. Post year-end, agreement was reached on a comprehensive set of proposals. This agreement will be the subject of a ballot of union members in the coming weeks.

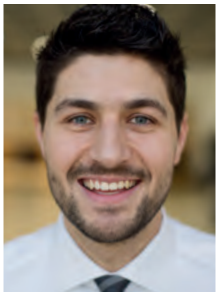
Strategy

The Group's core purpose is to connect Ireland with the world and its vision is to be an airport industry leader – growing our business by delivering great service and value for airlines, passengers and business partners.

daa's values are:

→ Brilliant at the Essentials
→ Respecting Each Other's Value
→ Passing the Baton, not the Buck
→ Always Better





The significant growth over the past three years has enabled the Group to meet and exceed many of the core targets within its 2014-2017 Strategic Plan ahead of time. Our key priorities for this year include continuing to grow the business while maintaining the high levels of customer satisfaction that we now achieve, delivering essential additional capacity in Dublin, expanding our overseas operations and further improving the way that we work through the Better Together programme.

Sustainability

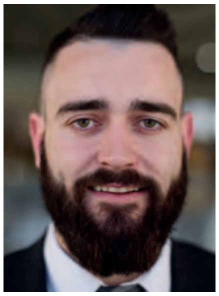
Sustainability is a key objective for the Group, and we are conscious of balancing the national requirements for airport infrastructure with minimising the impact of those airports on our closest neighbours, the wider community and the environment as a whole.

Our aim is to be a responsible airport operator through minimising our impact on local communities and the environment while supporting economic growth and making a positive contribution to the societies in which we operate.

Dublin and Cork airports are both members of the ACI Carbon Accreditation Programme. Both airports retained their Level 2 status in 2016, which means that each airport reduced its carbon footprint during the year and has also shown evidence that effective carbon management measures are in place.

We also work to increase water conservation and reduce waste at our airports and other businesses. The Group integrates sustainability into all relevant policies and procedures and incorporates sustainable planning, design, procurement and construction into capital projects.

Our Charity of the Year programme is one of the largest such schemes in the country and its donations have touched the lives of tens of thousands of people in a positive way over the past decade. daa employees, supported by the Group and members of the public, have raised about €2 million for 18 Irish charities during the past 10 years.

Our employees choose the charities in question and every year they raise money for them through a series of events. The Group also makes a significant contribution to the fund and there are also cash collection points throughout Dublin Airport for passenger donations.

Last year a total of €300,000 was raised for the company's three charity partners – Aoibheann's Pink Tie, ARC Cancer Support and Childline/ ISPCC. Early in 2017 each charity was presented with a cheque for €100,000.

Within our local communities, the Group is also a significant sponsor and supporter of a wide range of events, sporting groups, and educational initiatives.

Acknowledgements

Firstly, I would like to thank my fellow Board members for their collective and individual contributions to the Group over the past 12 months. I would also like to thank our Chief Executive Kevin Toland and his management team for their efforts during the year.

Fulfilling our vision is only possible by the dedicated commitment of the Group's employees, and on behalf of the Board and the management team, I offer them our sincere thanks.

Finally, I would like to thank our airline and commercial customers and the tens of millions of passengers who used our airports and travel retail outlets across the world last year. We appreciate your business and we look forward to continuing to serve you in the future.

Pádraig Ó Ríordáin
Chairman
March 21, 2017

Top: Passenger numbers at Düsseldorf Airport, in which ARI holds a 20% stake, increased by almost 5% to 23.5 million in 2016.
Bottom: ARI North America (ARINA) won Best Canadian Airport Duty Free Company at the 2016 Frontier Duty Free Association Gold Standards Awards.

Chief Executive's Review

Kevin Toland

Combined passenger traffic at our two Irish airports reached record levels last year. More than 30.1 million passengers were welcomed at Dublin and Cork airports during 2016, which was an 11% increase over the previous 12 months.

Dublin Airport enjoyed its sixth consecutive year of growth, while passenger numbers at Cork Airport returned to growth for the first time in several years. Last year daa welcomed more passengers at its two Irish airports than it did during any year when it operated three airports in Ireland.

Group turnover increased by 17% to a record €793 million last year. Income from aeronautical activity grew by 13% to €289 million due to higher passenger traffic, while turnover from commercial activities at our two Irish airports increased by 12% to €273 million. Turnover at the Group's international activities increased by 29% to €231 million during the year.

Earnings before interest, taxation, depreciation and amortisation increased by 20% to €247 million. Operating costs increased by 14% with the higher run rate due to the impact of new businesses in New Zealand and Saudi Arabia and higher passenger numbers at Dublin and Cork airports.

Group profit after tax excluding exceptional items increased by 75% to €108 million. The growth in profits was fuelled by record overall passenger numbers and also enhanced by improved commercial income both at home and abroad.

Group profit after tax including exceptional items declined by 5% to €79 million. The exceptional items comprised bond buy-back costs of €32.6 million net of attributable tax related to a successful refinancing and an unrealised investment property fair value gain of €4.5 million.

The refinancing saw the Group issue a €400 million Eurobond for a 12-year period and use a portion of the proceeds to repurchase €259 million of the €550 million worth of outstanding 2018 bonds. The 2018 bonds had an annual interest payment of 6.587%, while the new 2028 bonds have an interest rate of 1.554%.

This transaction extended and improved the Group's bond maturity profile and also took advantage of historically low interest rates. The exceptional charge relating to the transaction primarily reflected the outstanding interest obligation on the 2018 bonds.




The Group's net debt was reduced from €616 million to €572 million at the year-end. Over the past six years, net debt levels have been reduced by 25% from €765 million to €572 million. Gross debt was almost €1.2 billion at the year-end, while the Group had cash balances of €606 million.

In November 2015, Standard & Poor's raised the Group's credit rating to A- from BBB+. In May 2016, this rating was affirmed by S&P and daa's standalone credit profile was raised upward to a- from bbb+.

Dublin Airport

Dublin Airport is the key gateway for the island of Ireland, accounting for more than two-thirds of all air travel to Ireland last year.

Passenger numbers at Dublin Airport increased by 11% to a record 27.9 million in 2016, as both short-haul and long-haul passenger numbers experienced double-digit growth.

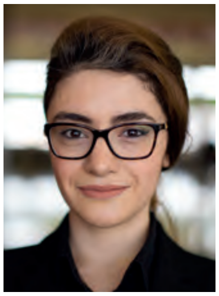
Short-haul traffic increased by 11% to 24.3 million, while long-haul passenger numbers increased by 12% to more than 3.6 million during the year. The growth in traffic delivered an extra 2.9 million passengers last year.

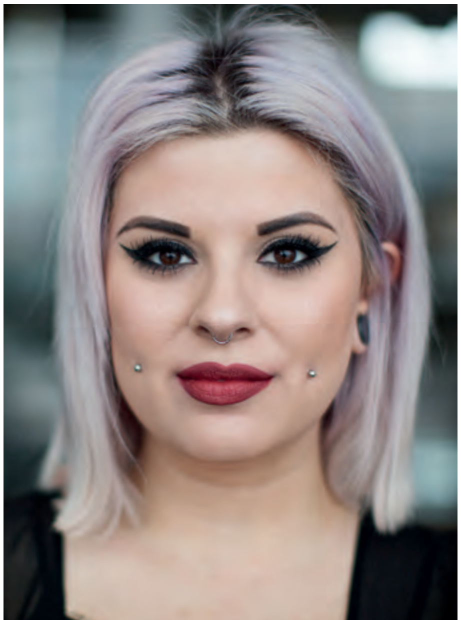
The increase in passenger numbers meant that Dublin Airport was the fastest-growing major airport in Europe in 2016, according to data from Airports Council International (ACI) Europe. The growth at Dublin was more than twice the European average.

On June 24, more than 100,000 passengers were facilitated on a single day for the first time. July was the busiest month ever at Dublin Airport, with 2.9 million passengers welcomed during the month.

The overall growth in passenger numbers was due to expansion from almost all key airline customers, many of which enjoyed a record performance at their Dublin operation in 2016. Passenger traffic to and from continental Europe, which is the airport's largest market segment, increased by 11% to a record 14.2 million last year.

The number of passengers travelling between Dublin and 24 UK destinations increased by 11% to a record 9.9 million. That includes almost 4.8 million people who took flights between Dublin and London during the year, which was a 7% increase on 2015.





Transatlantic traffic was the fastest-growing segment of the market with a record 2.7 million passengers taking flights between Dublin and North America last year, a 14% increase on 2015.

Passenger traffic to other destinations, mainly the Middle East and Africa, declined by 4% to just over 767,000 during the year, due largely to a temporary reduction in capacity. Domestic passenger traffic increased by 17% to almost 94,000.

The number of passengers transferring at Dublin increased by 23% last year to a record 1.2 million, as the airport continued to strengthen its position as a key gateway between Europe and North America.

Dublin Airport was the fifth largest airport in Europe for North American connectivity last year after the super hubs of Heathrow, Paris, Frankfurt and Amsterdam. During the peak summer season, the airport had 48 flights per day to and from 12 cities in the United States and five Canadian destinations.

Nineteen new routes were introduced during the year and additional capacity was added on 31 existing services. Dublin Airport had 47 airlines operating a total of 185 routes to destinations in 41 countries last year. Thirty-seven scheduled airlines operated a total of 170 routes.

Three new scheduled airlines started operations at Dublin last year – Greek carrier Aegean Airlines, Cobalt from Cyprus, and Moldovan airline Flyone. KLM, which had been the first continental airline to operate at Dublin Airport, returned after a gap of 50 years.

Ryanair, which is Dublin Airport's largest customer, increased its market share from 42% to 45% in 2016, while Aer Lingus saw its market share decline from 36% to 34%.

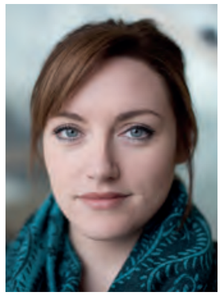
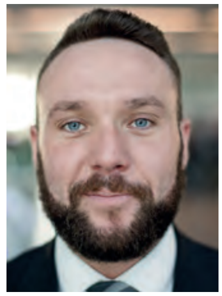
Passenger growth is expected to continue this year at Dublin, albeit at a slower pace.

Five new long-haul services will launch during 2017:

→ Boston with Delta Air Lines
→ Doha with Qatar Airways
→ Miami with Aer Lingus
→ Providence, Rhode Island with Norwegian Air
→ Stewart, New York with Norwegian Air


Cork Airport
AIRPORT
POLICE
DAA



Within the short-haul market, Aer Lingus will add the Croatian city of Split to its network, British Airways will operate a new service to Ibiza, Norwegian will operate a new service to Stockholm, Ryanair will begin flights to Naples and Transavia will launch a new service to Munich.

Aer Lingus, Lufthansa, Norwegian and Flybe are also adding capacity to their existing Dublin services this year.

Dublin Airport has experienced strong growth over the past three years, adding about eight million additional passengers and welcoming 12 new airline customers during that period. Despite the significant increase in business, the airport has improved its customer service ratings and continued to win awards for the services it provides to passengers and to airlines over the past three years.

In 2016 Dublin Airport won the World Routes Award for airports in the 20-50 million passengers per year category for the second time in three years. Senior airline representatives vote in the awards, which are designed to recognise airports that provide the best marketing services to their airline customers.

We are continuing to invest to meet capacity demands at Dublin. About €111 million was invested in more than 70 capital expenditure projects at Dublin Airport during the year. Collectively these upgrades and expansions provided enhanced safety and capacity and a better customer experience for our passengers and airline customers.

Twelve new aircraft parking stands were completed during 2016 and separately work began on an overlay of the airport's main runway. The overlay project, which will be carried out at night for about 18 months, will be the first full upgrade of the runway since it entered service 28 years ago. Two new bussing lounges were delivered and a new executive lounge, 51st&Green, was opened after US Preclearance in Pier 4.

Work continued to improve the passenger experience in Terminal 1, with a major upgrade to the Arrivals area almost complete and significant improvements to Departures also well underway. A new Automatic Tray Return system was introduced at security screening in Terminal 1 and two new lanes were added to expand capacity in this key area.

Car parking had a strong performance during the year, helped by higher passenger numbers, the full-year impact of some additional short-term parking spaces, and higher occupancy levels in our long-term car parks.

Dublin Airport's Travel Services business, which includes its Lounges, Platinum Services and Fast Track products, continued to make significant progress last year. It has doubled in size over the past three years through improving the range of products available and making it easier to purchase them through a single online point of sale.

Expressions of interest were sought last autumn to finance, build, operate and transfer a new 402-bedroom, four-star hotel at the airport. Planning permission has already been secured for the 11-storey hotel adjacent to Terminal 2 and it is expected to open in 2019.

During the year, work started on a redevelopment of Dublin Airport's fuel farm, which is an essential enabler for the business. CLH Aviación won a tender for the project, under which it will design, finance, build and operate the facility before transferring it to Dublin Airport after 20 years.

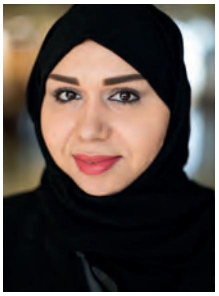
We continue to invest in our on-campus property portfolio to upgrade it to the most modern standards and increase our commercial revenues. A major refurbishment of the seven-storey TASC Building, now renamed Skybridge House, was completed during the year and a range of blue chip tenants will be located there from the first quarter of 2017.

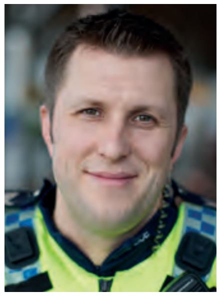
North Runway

We announced our intention to proceed with the North Runway project in April 2016 and have been working throughout the year to progress this vital piece of national infrastructure.

To maintain the operational flexibility that currently exists at Dublin Airport to meet the future demands for aviation, and to grow our business in line with national policy, we are seeking to amend two onerous planning conditions currently attached to the North Runway.

The Government announced in September that a new airport noise management scheme is being introduced to take account of new European Union regulations and that the Irish Aviation Authority has been deemed the Competent Authority and will have the regulatory role within this new process.



The Department of Transport, Tourism and Sport has indicated that the new airport noise management regime needs to be given statutory effect by way of a Statutory Instrument and potentially new primary legislation is required. We are awaiting the outcome of this process before proceeding with a formal application to change the permitted operation of the new runway.

By December, we had discharged all of the pre-commencement conditions relating to the 2007 planning permission for the runway. These included agreeing a range of mitigation measures, such as a voluntary house purchase scheme, as well as insulation schemes for a number of houses and schools. Construction started shortly before Christmas and the first package of works includes site clearance, earthworks and a number of road diversions required to build the runway.

We carried out a wide range of formal and informal consultation activities with local community groups during the year and these are ongoing. Two formal public consultation processes were held in July and October at a range of locations in north county Dublin and the output from these events was subsequently published.

A new community liaison group was established and we remain committed to continued open and transparent engagement with our local communities.

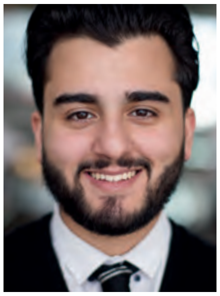
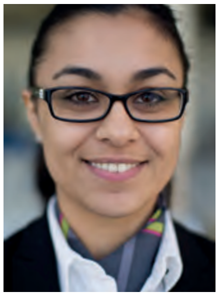
Cork Airport

Passenger numbers at Cork Airport increased by 8% in 2016 which was the first annual rise in passenger traffic since 2008.

More than 2.2 million passengers used the airport during the year, up from just under 2.1 million in 2015, as the airport welcomed almost 160,000 additional passengers. The growth in passenger numbers further solidified Cork's position as Munster's favourite airport, and the second largest in the State.

Cork Airport had 10 airlines last year operating services to 43 destinations. Six scheduled airlines operated a total of 39 scheduled services.

Last year saw the launch of six new routes and the announcement of five new services for 2017. New routes from Cork in 2016 included Dusseldorf with Aer Lingus, Southampton and Leeds/Bradford with Stobart Air, Madrid with Iberia Express and La Rochelle and Nantes with CityJet.

There was increased capacity across a number of existing sun destinations such as Lanzarote, Malaga, Gran Canaria, and Tenerife, as well as to British cities including Glasgow, Manchester and Southampton.

In 2017, nine scheduled airlines will operate services to and from Cork Airport. These airlines are: Aer Lingus, Flybe, Iberia Express, WOW air, Norwegian Air International, Ryanair, Stobart Air, SWISS, and Volotea.

The long-awaited granting of a foreign carrier permit to Norwegian Air towards the year-end will see Cork Airport's first ever scheduled direct transatlantic services by mid-2017.

The new service to Providence/Boston is due to commence in July 2017 with three services per week in the first summer season and two per week in the winter. Norwegian is also continuing to explore options for a service from Cork to the greater New York area.

Cork Airport's efforts, in partnership with Norwegian Air, to secure its first ever transatlantic route in the face of significant domestic opposition in the US, were recognised when it won the Corporate Campaign of the Year Prize at the 2016 EU Public Affairs Awards in Brussels in November.

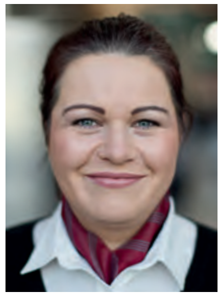
Three other new airlines will also be operating from Cork Airport in 2017; WOW air, SWISS and Volotea, offering direct services to Reykjavik, Zurich and Verona respectively.

The addition of WOW will also bring low-cost transatlantic connections from Cork to nine key city destinations across the US and Canada. Via Reykjavík, WOW will connect Cork to Boston, Los Angeles, Miami, Montreal, New York City, Pittsburgh, San Francisco, Toronto and Washington DC. WOW will operate four weekly flights from Cork to Reykjavík and beyond in the summer and three weekly flights during the winter season.

The year under review saw the start of a programme of investment in Cork Airport's infrastructure with the installation of a second airbridge, an upgrade of the airport's car parking systems, and the addition of a new state-of-the-art vehicle to the airport's existing fire-fighting fleet.

Cork Airport also successfully tendered for its food and beverage operations in the second half of 2016. We intend to significantly improve the product for customers, and at the time of writing, a complete revamp of the food and beverage concessions at the airport is well underway.






The main food court area will move from landside to airside to provide customers with a better range of locally sourced produce in a much more modern setting. Upgrades will also be made to the existing airside outlets and a newly enhanced landside café and bar offering will open in the arrivals area. Collectively, these improvements will enhance the overall customer experience at Cork and are also likely to increase the revenue generated from our food and beverage concessions.

The airport continued to expand its car parking revenue during the year, and saw a further shift in booking patterns. Last year, just over 50% of bookings for car park spaces at the airport were made online, which was the highest since online car park booking was introduced at Cork Airport in 2013.

Cork Airport's marketing efforts were highly commended in the airports serving less than four million passengers category at the 2016 World Routes awards. It was the second year in a row that Cork had achieved this accolade in the prestigious international awards.

During the year, Cork Airport continued to work closely with national and regional stakeholders including Fáilte Ireland, Tourism Ireland and the Cork Airport Development Council to promote increased inbound tourism to Cork and to the wider South of Ireland region from the key markets of North America, Britain, France and Germany.

The airport's efforts to reduce its carbon footprint received further official recognition in 2016 under ACI Europe's Airport Carbon Accreditation programme. It renewed Cork Airport's Level 2 accreditation Reduction status, which shows the airport has mapped its carbon footprint, has effective carbon management procedures, and is meeting reduction targets.

During the year, Cork Airport marked the 55th anniversary of the airport's opening in 1961 and the 10th anniversary of the opening of the new terminal building.




ARI

ARI, which is a wholly owned subsidiary of daa, manages its own outlets and those of third party concessionaires at Dublin and Cork airports in Ireland. ARI also has interests in travel retail businesses in Europe, North America, the Middle East, India and New Zealand.

Overall, ARI performed well in 2016, with profit after tax for ARI Group's international businesses increasing by 11% to €24 million for the year.

Profits were driven by strong like-for-like sales growth and an improvement in gross margins.

ARI's international retail operations posted a 17% increase in profits in 2016 over those recorded for the preceding year. This rise was helped by sales growth across the ARI portfolio, a strong trading performance in Cyprus, and the first full year of trading at ARI's operations at Auckland International Airport in New Zealand.

The ARI Group has a mixture of direct and indirect retailing interests in its overseas airport businesses. The year under review saw ARI's wholly owned operations in Cyprus – at Larnaca and Paphos airports – perform strongly, with an improved sales performance driven by a significant increase in passenger numbers. Passenger numbers at the two airports increased by 18% last year to just under nine million.

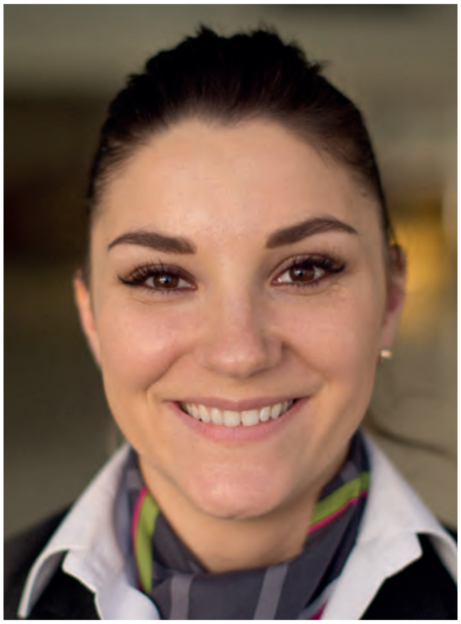
This increase compensated for a decline in the average spend per passenger in the Cypriot business, due in large part to a change in the demographic profile of Russian passengers using the airports over the past year.

Higher passenger numbers at Larnaca and Paphos airports also boosted income at Cyprus Airports (F&B), the food and beverage operator for the two locations in which ARI has a 36% stake (net of minority interest).

ARI's joint venture at Delhi International Airport had another year of strong sales growth with revenues exceeding US$146 million in 2016. The company's operations in Canada and Barbados also saw sales grow in 2016, with the retail shops in Canada registering a 5% growth in sales levels over 2015.

Last year was the first full year of operation for ARI's duty free operations in New Zealand, which started trading at Auckland International Airport in June 2015. The Auckland business performed in line with expectations for the year.






Both the company's operations in Bahrain and Qatar had satisfactory performances in 2016, while ARI's businesses in Beirut and Oman had a more challenging year. While passenger volumes in Beirut increased in 2016, there was a reduction in passenger average spend, due in part to the ongoing instability in the region.

In Oman, passenger volumes and profits increased above 2015 levels at the company's operations at Muscat International Airport. However, sales were affected by the rise in the number of transferring passengers with short transit times as they are typically less frequent purchasers of airport retail. Continuing airline restrictions on baggage levels for travellers to India also had a negative impact on sales growth during the year.

In early 2016, ARI successfully retained the main concession at Muscat International Airport for the next 10 years with the new contract commencing in late 2017 in the airport's new terminal building. In addition, ARI also won the contract to operate a number of specialty stores at the airport.

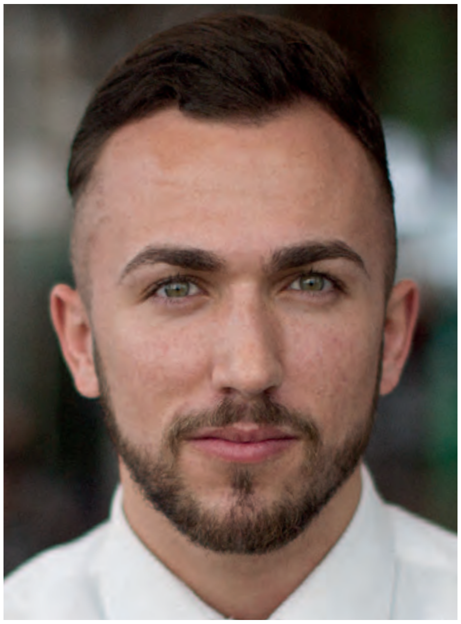
The new terminal at Muscat International Airport is expected to open at the end of this year and it will bring a threefold increase in the amount of retail space compared to the amount currently managed by Muscat Duty Free.

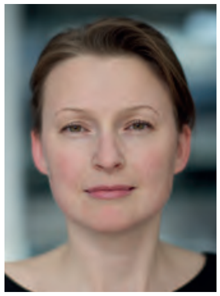
ARI is also progressing its plans for its perfume and cosmetics, sunglasses and fashion jewellery outlets at Abu Dhabi International Airport's new Midfield Terminal. ARI won the contract to operate the stores in December 2015.

In partnership with a local company, ARI won the tender to operate the duty paid concession in Terminal 5 at King Khaled International Airport in Riyadh, Saudi Arabia. The contract is for seven years and operations are expected to begin later this year.

In Indonesia, ARI's local partner was chosen during the year as the preferred bidder to operate duty free shops at the new Terminal 3 Ultimate facility at Soekarno-Hatta International Airport in Jakarta. Subject to satisfactory final contractual negotiations and due diligence, ARI may take a stake in this business which is scheduled to open later this year.

In Ireland, ARI manages the Group's direct and concession retail operations at Dublin and Cork airports. Operating under the Group's branded retail concept, The Loop, ARI enjoyed another year of strong trading results. The performance was buoyed by further growth in passenger volumes.





Total sales at Dublin and Cork airports in 2016, including retail and food and beverage sales by concessionaires, amounted to €302 million, which was an increase of 11% on 2015. Sales at ARI's directly-operated stores in Ireland increased by 10% in the same period.

ARI continued to be recognised internationally for its retail excellence, winning a number of major awards during the year. ARI North America (ARINA) won Best Canadian Airport Duty Free Company at the 2016 Frontier Duty Free Association Gold Standards Awards while Delhi Duty Free won the Best Marketing Concept of the Year award from Drinks International for The Whisky World concept.

Closer to home, ARI Ireland won the Moodie Davitt Dreamstore 2016 award for the Best Fragrance and Cosmetics travel retail store globally for its Terminal 1 outlet at Dublin Airport. ARI's innovative partnership with Teeling Whiskey, a family-owned Irish business, won The Drinks International Award for Partnership Initiative of the Year.

Passenger numbers at Düsseldorf Airport, in which ARI holds a 20% stake on behalf of the Group, increased by almost 5% to 23.5 million last year. ARI's shareholding in Düsseldorf Airport continued to make a positive profit and cash contribution to ARI.

daa International

daa International (daaI), the Group's international airport management and advisory services business, signed a five-year contract in February 2016 to manage the new 106,500 square metre Terminal 5 (T5) at King Khaled International Airport (KKIA) in Riyadh, Saudi Arabia.

daaI is responsible for managing the complete operation of the new terminal, which is designed to handle up to 12 million domestic passengers annually. In addition, daa International is responsible for overseeing the facilities management of the terminal, including maintenance, engineering and cleaning, and the management of the commercial concessionaires in Terminal 5.

The core senior management team for the new terminal was recruited primarily from daa to take up senior positions in the Riyadh operation. Following a successful soft opening in June 2016, the terminal opened fully for business in the autumn.




To further leverage the experience and success of the Terminal 5 contract in Riyadh, daaI intends to establish a presence in the Middle East during 2017. It will support operations at T5 and also identify and develop new business opportunities in the region. Saudi Arabia, Bahrain, Kuwait and Oman have all outlined plans to meet increased commercial aviation demand and daa International's experience in Riyadh leaves it well placed to benefit from this expansion.

Dublin Airport Central

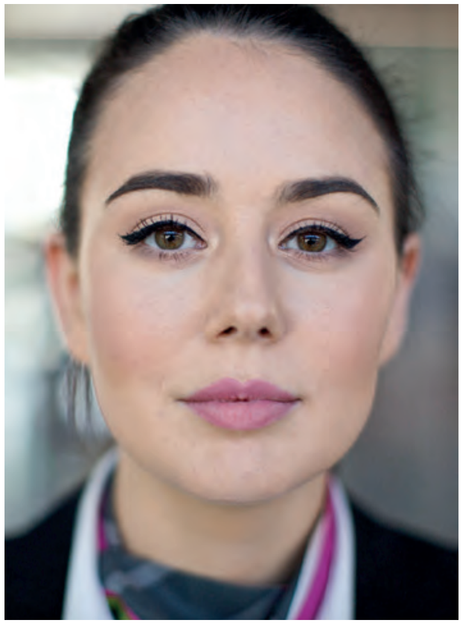
Significant progress was made during the year on the first element of Dublin Airport Central (DAC), which is the phased redevelopment of a 70-acre site in the heart of the airport. Planning permission was sought in April for 41,000 square metres of office development in four blocks, as well as a new public realm/garden space and a multi-storey car park.

Permission was granted by Fingal County Council in September 2016 and this was subsequently appealed by a third party. Post year-end, An Bord Pleanála granted approval for the development.

The initial phase of DAC, comprising two office blocks totalling 19,560 square metres, is currently out to tender. Construction is due to begin later this year and it is expected that the first building will be complete in the second half of 2018.

A full marketing campaign for the new offices will begin shortly and strong demand is expected from both Irish and overseas businesses.

ESB International became DAC's first official tenant last year when it moved into the landmark One Dublin Airport Central building. Prior to its extensive modernisation and renovation, the building had formerly been the Aer Lingus head office at Dublin Airport.



People

Our people are at the heart of the business, meeting customers' needs, and delivering a quality experience on a daily basis.

We survey our staff regularly in relation to their view of how the company is progressing, staff engagement levels, and other key issues. Last year, the survey results showed significant improvement across all categories. However, we still need to improve in many areas and are focused on addressing issues that have been highlighted by the survey responses in order to bring about positive change within the company.

We continued to invest in our people during the year, with 315 staff completing an intensive two-day programme to enhance their people leadership skills.

Participation in the company's new Defined Contribution (DC) pension scheme, which was launched in 2015, expanded significantly during the year following a series of roadshows to explain the benefits of saving for retirement. By year-end, 71% of employees were members of the scheme, up from 58% at the end of 2015. We will continue to encourage employees to avail of the scheme.

The DC scheme was awarded the Pensions Quality Standard by the Irish Association of Pension Funds in October, which was a significant achievement for a scheme in its first year of operation.

Kevin Toland
Chief Executive
March 21, 2017

2016 Financial Review

Group Financial Highlights	2016	2015
Passengers		
Total ('000)	30,138	27,121
Growth (%)	*11%*	*14%*
Profitability (€'m)		
Turnover	793	680
Growth (%)	*17%*	*21%*
EBITDA [1]	247	206
Growth (%)	*20%*	*14%*
Profit after taxation before exceptionals	108	61
Profit after taxation after exceptionals	79	83
Balance Sheet (€'m)		
Gross assets [2]	2,650	2,480
Shareholders' funds	1,184	1,121
Gross debt	(1,178)	(1,081)
Cash	606	465
Net debt	(572)	(616)
Cash Flow (€'m)		
Cash flow from operating activities	238	128
Net cash flow from investing activities	(91)	(86)
Net cash flow from financing activities	(6)	(99)
Capital Expenditure (€'m)		
Capital expenditure additions	126	120
Key Ratios		
EBITDA: Net interest charge [3]	5.7x	3.9x
Net debt: EBITDA	2.3x	3.0x
EBITDA: Turnover	31%	30%
Return on average equity [4]	9.1%	5.7%

1 Group EBITDA comprises group earnings before interest, taxation, 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 before exceptionals, excluding that of associated and joint venture undertakings.
4 Return on average equity is based on Group profit excluding exceptional items expressed as a percentage of average shareholders' funds.

Results

The Group achieved profit after taxation for the financial year of €79 million compared with profit after taxation of €83 million in 2015. When the exceptional charge (net of taxation) of €28 million (2015: exceptional credit (net of taxation) of €22 million) is excluded Group profit for the year was €108 million (2015: €61 million).

Group EBITDA for the year increased by €41 million (20%) to €247 million. This reflected an increase in gross profit contribution of €89 million, associated with increases in aeronautical and other turnover, offset by operating cost increases (payroll and non-payroll) of €48 million.

Passenger volume and growth

Passenger numbers at Dublin and Cork airports were 30.1 million, an increase of 11% on 2015. Passenger numbers at Dublin Airport were 27.9 million, an increase of 11%. Passenger numbers at Cork Airport were 2.2 million, an increase of 8%.

Turnover

Group turnover was €793 million, an increase of €113 million (17%) compared to 2015 (€680 million). Turnover from aeronautical activities increased by €33 million (13%) to €289 million with retail and commercial revenue increasing by €28 million (12%) to €273 million. International revenue increased by €52 million (29%) to €231 million largely driven by the first full year of airport retail operations in ARI Auckland.

Operating costs

Overall operating costs increased by €48 million (14%) to €381 million. Group payroll costs increased by €20 million (11%) to €202 million largely as a result of an increase in headcount (9%). Group non-payroll costs increased by €28 million (18%) to €179 million.

Airport related payroll costs increased by €13 million (9%) to €165 million and non-payroll costs increased by €12 million (13%) to €104 million, with costs per passenger reducing by 1% from 2015.

The underlying increase in international costs was 5%. The year-on-year impact of new business, principally ARI Auckland and the daaI contract in Terminal 5 at KKIA, Saudi Arabia, accounted for some 22% of the total increase of 26% in international costs.

Depreciation and amortisation

Depreciation and amortisation costs increased by €3 million to €108 million in 2016.

Exceptional items

Details in respect of exceptional items in 2016 are set out in Note 6 and include the net settlement cost on the re-purchase of loan notes of €32.6 million and an unrealised fair value investment property gain of €4.5 million. Total net exceptional charge after taxation was €28 million in 2016 (2015: net exceptional credit of €22 million).

Associated undertakings and joint ventures

Group share of operating profit (before interest and taxation) from associates and joint ventures increased by €0.6 million to €29.5 million.

Interest

Net interest expense, before exceptionals, decreased by €11 million (-22%) to €41 million. This reduction has been impacted by the loan note re-purchase carried out in June 2016 (with the cost associated with this classified as an exceptional cost) but also by the continued low interest rate environment and fair value gains on certain gas and energy derivatives. €0.3 million of interest was capitalised in 2016 (2015: €0.1 million).

Taxation

The Group taxation charge, pre-exceptional and fair value items, increased by €4 million to €15 million (2015: €11 million). The Group effective tax rate pre-exceptional was 12% (2015: 14%). The 2016 pre-exceptional taxation charge was comprised of corporation taxation on international foreign profits and deferred taxation movements associated with domestic activities. Deferred tax primarily comprises timing differences between capital allowances and depreciation, deferred taxation recognised on investment property movements and trading tax losses utilised.

Net debt and cash flow

Net debt decreased by €44 million to €572 million with headroom on existing undrawn facilities of €300 million. The ratio of net debt to EBITDA was 2.3 times and interest cover was 5.7 times. Cash inflow from operating activities increased by €110 million to €238 million (2015: €128 million). Cash held increased by €141 million to €606 million at the year end (2015: €465 million).

Capital expenditure

Capital expenditure totalled €126 million in 2016, an increase of €6 million on 2015 levels. Some €111 million of this related to capital investments at Dublin Airport, largely comprising expenditure expected to be reflected in the regulated asset base. This included a range of capital investments in airfield, terminals and landside projects with no project comprising more than 10% of the total investment in the year.

Gross assets were €2.7 billion (2015: €2.5 billion). Fixed and financial assets were €1.9 billion (2015: €1.9 billon).

Treasury Management

Treasury governance and control

The Group operates a centralised treasury function in compliance with Board approved policies which are reviewed periodically by management and Internal Audit for appropriateness and effectiveness of the system of internal controls.

The main Group financial risks, managed from a treasury perspective, relate to;

- Funding and liquidity – to maintain access to the debt markets and other sources of liquidity
- Interest rate movements on the Group's existing and projected future debt requirements
- Foreign exchange volatility mainly due to overseas operations
- Counterparty credit risk

Some of these risks can be mitigated through the use of derivative financial instruments and where appropriate such instruments are executed in compliance with the Specification of the Minister for Finance issued under the Financial Transactions of Certain Companies and Other Bodies Act 1992. This Act enables daa to enter into derivative contracts to eliminate or reduce the risk of loss arising from changes in interest rates, currency or other factors similar in nature.

Funding and liquidity

The Group's funding operations are strategically important and support capital expenditure, the refinancing of maturing debt and supply of adequate liquidity. 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 2016, the Group complied with this policy by having liquidity of €906 million and 57% of borrowings due to mature in greater than five years.

In June 2016, the Group issued a €400 million fixed-rate bond at a coupon rate of 1.554%, which will mature in June 2028. The majority of the proceeds (€259.4 million) were used to buy back a portion of the existing €550 million 6.5872% bond issued in July 2008. This successful bond issue and buy-back helped the Group to extend the average maturity of its long-term debt at historically low interest rates. The weighted average duration of the Group's borrowings as at 31 December 2016 was 10.1 years (2015: 7.5 years).

In September 2016, the Group's €300 million committed revolving credit facility (RCF), agreed in November 2015 for a five-year term, was extended by another year. This RCF provides the Group with a substantial level of standby liquidity to November 2021, with an option for a further year extension to 2022 subject to bank approvals.

The Group's financing documentation and maturity profile reflect its underlying financial strength and credit rating of A-/Stable/A-2 by credit rating agency, Standard & Poor's (S&P). In May 2016, S&P affirmed this credit rating and revised the Group's standalone credit profile to a- from bbb+ reflecting the continued improvement in the Group's operational and financial performance in 2015. The Group's debt maturity profile as set out below shows a very manageable position particularly in the context of strong ongoing net cash flow from operations performance (€238 million in 2016) and liquidity of €906 million (cash €606 million and undrawn RCF €300 million). The Group engages with its banks, the European Investment Bank, bond investors and S&P to ensure it manages its ability to fund in the future.

Interest rate and foreign exchange risk management

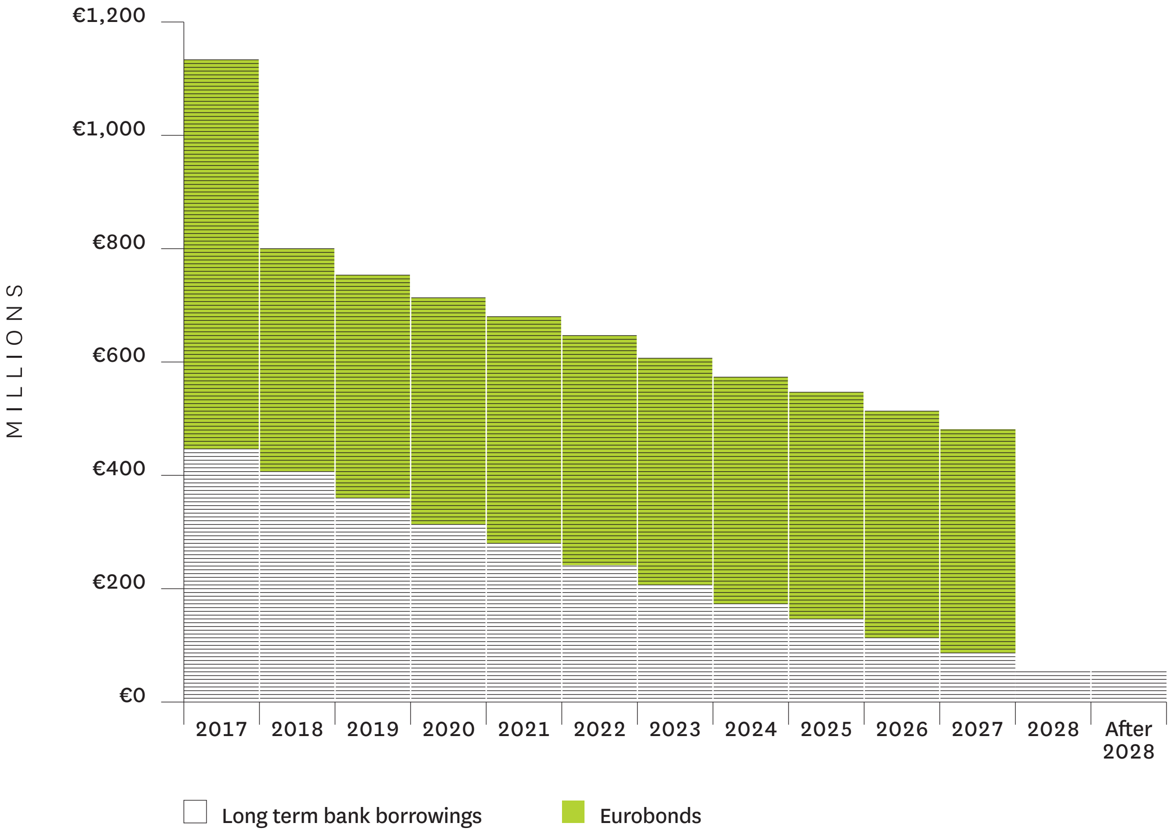
The Group's policy is to maintain a minimum fixed ratio of 70% on existing debt so as to protect the profit and loss account and cash flows from material adverse movements in interest rates. Currently 81% of the Group's debt is fixed to maturity thus minimising exposure to interest rate fluctuations. Following the bond issue and buy back executed in 2016, the weighted average interest rate applicable to the Group's borrowings is now 3.2% down from 4.7% in 2015.

The majority of the Group's cash flows are generated from Euro denominated operations at its Irish airports. The Group has a number of overseas subsidiaries, joint ventures and associated undertakings from which dividends and management charges are denominated in foreign currencies. The Group's policy is to minimise currency transaction risk, by seeking, where appropriate, to hedge foreign exchange transaction exposures, using currency derivatives such as forward purchase contracts. The Group does not hedge translation risk arising from profits and net assets of these overseas subsidiaries, joint ventures and associated undertakings. Currency exposures are disclosed in Note 27 of the financial statements.

Counterparty credit risk

The Group's counterparty credit risk consists principally of trade debtors and bank deposits. The Group's policy is to limit exposure to counterparties based on an assessment of credit risk and projected credit exposure. The Group has formalised procedures for managing credit risk including the setting of credit limits, the monitoring of trade debtors and bank deposit levels. Cash surpluses are only deposited with banks with an appropriate credit rating as determined by the leading credit rating agencies.

Group Debt Maturity Profile at 31 December 2016




Aer Lingus

Reports and Consolidated Financial Statements

2016

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 2016 in accordance with the requirements of Section 325 of the Companies Act 2014.

Principal Activities

The Group's principal activities are airport development, operation and management, international airport retailing and international airport investment. The Group owns and operates the two largest airports in the Republic of Ireland, has airport retail activities in Ireland and a range of international locations. Outside of Ireland, the Group currently has investments in three European airports, in addition to which it operates Terminal 5 at King Khaled International Airport in Riyadh on a contract basis.

Review of the Business and Future Developments

Detailed commentaries on performance for the year ended 31 December 2016 including information on recent events, likely future developments, principal risks and uncertainties facing the business and key performance indicators, required in accordance with Statutory Instrument 116 of 2005: European Communities (International Financial Reporting Standards and Miscellaneous Amendments) Regulations 2005, are contained in the Chairman's Statement, the Chief Executive's Review and the 2016 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 €107.5 million compared with a profit of €61.5 million for 2015 in both cases after taxation and before exceptional items, summarised as follows:

	2016	2015
	€ million	€ million
Group operating profit – pre exceptional	**139.2**	100.9
Share of operating profit of associates and joint ventures	**29.5**	28.9
Exceptional credit	**4.1**	27.9
Group profit before interest and taxation	**172.8**	157.7
Interest (net) [2]	**(41.2)**	(52.5)
Exceptional charge [1]	**(37.1)**	–
Group profit before taxation	**94.5**	105.2
Taxation	**(9.9)**	(16.8)
Group profit after taxation	**84.6**	88.4
Minority interest	**(5.2)**	(5.0)
Group profit for the financial year after exceptional items (after taxation)	**79.4**	83.4
Group profit before exceptional items (after taxation)	**107.5**	61.5

1. See Note 6 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. The Board has recommended a dividend for 2016 of €29.1 million (2015 dividend of €18.3 million paid in 2016).

Corporate Governance

The Code of Practice for the Governance of State Bodies issued by the company's Principal Shareholder, the Minister for Public Expenditure and Reform, sets out the principles of corporate governance which the boards of State bodies are required to observe. A new Code of Practice for the Governance of State Bodies was published in August 2016 which has mandatory application for financial reporting periods beginning on or after 1 September 2016. For the year under review, daa complied with the 2009 Code of Practice for the Governance of State Bodies ("Code of Practice"). 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 Directors acknowledge that they are responsible for securing the company's compliance with its relevant obligations under the Code of Practice.

Directors' Compliance Statement

As required by section 225(2) of the Companies Act 2014 the Directors: (a) acknowledge that they are responsible for securing the company's compliance with its relevant obligations (as defined in that legislation); (b) confirm that a compliance policy statement has been drawn up and that appropriate arrangements or structures are in place that are, in the opinion of the Directors; designed to secure material compliance with the relevant obligations; and (c) confirm that a review has been conducted during the 2016 financial year of the arrangements and/or structures that have been put in place as referred to in (b) above.

During 2016 the Irish private limited subsidiary companies in the Group were registered as Private Companies Limited by Shares (LTDs) or Designated Activity Companies (DACs) as appropriate.

The Role of the Board

The Board is responsible for leading and directing the Group's activities. The Board's role is to provide leadership and direction of the company within a framework of prudent and effective controls which enables risk to be assessed and managed, and satisfies itself, with reasonable assurance, that such controls are adequate to secure compliance with statutory and governance obligations. The Board has put in place a corporate governance structure which provides for delegation to management. The Board has a formal schedule of matters reserved for its decision including: reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation performance, and overseeing major capital expenditure and investment decisions.

The Chairman leads the board and is responsible for organising the business of the board, ensuring its effectiveness in all aspects of its role. The Chairman is responsible for displaying high standards of integrity and probity and setting expectations regarding culture, values, and behaviours for the company and for the tone of discussions at Board level. He 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 acts on a fully informed and ethical basis, in good faith and in the best interest of the company having due regard to its legal responsibilities and the objectives set by the Shareholder. All Board members are afforded the opportunity to fully contribute to board deliberations, and where necessary to provide constructive challenge, while excessive influence on board decision-making by one or more individual members is guarded against.

The Board is provided with regular information, which includes key performance information across all aspects of the Group's 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. Management and financial information is provided to all Directors enabling 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 is set out in the Air Navigation and Transport (Amendment) Act 1998 (the "1998 Act"), as amended by the State Airports Acts, 2004 and 2014. 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 Chief Executive (the "CEO") shall be ex officio a director of the company;

— The roles of the Chairman and CEO are separate.

Decisions regarding the appointment and reappointment of Directors and the filling of board vacancies (other than, in each case, Elected Directors and the CEO) are made by the Shareholder in accordance with established arrangements for appointments to State Boards. Details of the arrangements currently in place for State board appointments under the aegis of the Department of Transport, Tourism and Sport are available on www.dttas.ie.

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

The persons who served on the board during the financial year were 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 and Gerry Walsh. Biographical details of the current Directors as of the date of this report are set out in the Board of Directors section of the annual report. Since the last annual report, the term of office of Ms Ann–Marie O'Sullivan and the Chairman, Mr Pádraig Ó Ríordáin expired. Mr Ó Ríordáin was reappointed for a further 18-month term effective from 19 July 2016. There are nine Directors serving on the Board as of the date of approval of the financial statements. The Senior Independent Director is Mr Gerry Walsh. The terms of office of Colm McCarthy and John Lynch expired on 2 February 2017.

The Directors have a blend of skills and experience in the areas of aviation, finance, economics, legal, business, 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.

Contracts of employment: 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.

Other interests: On occasion, members of the Board may also hold directorships or executive positions or have interests in third party companies including trade union organisations, 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 relevant related party transactions where a 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. Mr Ó Ríordáin's partnership in Arthur Cox was disclosed to and considered by the Shareholder prior to his appointment and reappointment as Chairman.

Board procedures: The Board has specific procedures to deal with potential conflicts of interest that may arise. Directors are required, in accordance with the provisions of section 34 of the 1998 Act and the Code of Practice, to disclose any relevant 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

The Board conducts an evaluation of its performance on a regular basis. An externally facilitated evaluation was undertaken in 2015 and a self–evaluation completed in 2016. The areas in which performance is assessed include strategy, risk management and internal control, stakeholder management, board composition and succession planning, boardroom practice and performance of committees. The performance of the Board 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 business of the Group. Directors have access to training programmes 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.

Details of the work of the Audit & Risk Committee, the Cork Airport Committee, the Finance Committee, the Health, Safety, Security & Environment Committee, the Nomination & Remuneration Committee, the Strategic & Infrastructure 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 2016" in the section headed "Meetings" below. Terms of reference for the committees are available from the Company Secretary on request.

Audit & Risk Committee

The Audit & Risk 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. Mr Paul Schütz is also a member of the committee (appointed December 2012) and Mr Colm McCarthy was a member of the committee from February 2012 until his term of office expired in February 2017. The Board is satisfied that the Audit & Risk Committee has membership which incorporates recent and relevant financial experience.

The remit of the Audit & Risk Committee extends across the Group including daa Finance plc, Aer Rianta International cpt and daa International Limited.

Key Responsibilities of the Audit & Risk Committee

The committee's principal responsibilities are to assist the Board, in its oversight responsibilities, relating to internal control and risk management; financial reporting; external audit; and internal audit.

The committee advises the Board on:

— the strategic processes for risk, internal control and governance and management of risk and corporate governance requirements;

— the accounting policies, the financial statements, and the annual report of the organisation, including the process for review of the financial statements, levels of error identified, and management's letter of representation to the external auditors;

— the planned activity and results of both internal and external audit including adequacy of management response to issues identified by audit activity;

— 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;

— anti–fraud policies, protected disclosure processes and arrangements for special investigations.

The Audit & Risk Committee met four times in 2016. During the course of the year, the committee held meetings without management present and 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 & Risk 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 representatives from the firm of external auditors.

Report of Audit & Risk Committee Activities

Risk, Internal Controls & Governance

The Audit & Risk Committee reviews, 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, improvements recommended and describing actions taken by 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 profile of the Group.

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.

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.

External Audit

The committee approved the remuneration and terms of engagement of the external auditor. The Audit & Risk 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 8 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 was appointed. The services are scheduled to be re–tendered for during 2017.

Anti–Fraud Policies

The committee reviewed the Protected Disclosures Policy and received reports from the Head of Internal Audit on the confidential reporting system contained in the policy 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. The committee also received assurances that procedures are in place to ensure compliance with the company's Anti–Bribery, Corruption & Fraud policy.

A report of the Chairman of the committee is presented to the Board after each committee meeting, whereby significant issues considered by the committee are reported to and considered by the Board.

Cork Airport Committee

The Cork Airport Committee was established in April 2014 to make recommendations on driving passenger growth at Cork. The committee met on one occasion during 2016 under the Chairmanship of former director Ms Ann–Marie O'Sullivan. The members of the committee were Mr Eric Nolan, Mr Kevin Toland and Mr Gerry Walsh. The work of the committee has now been completed.

The committee members continue to be members of the Cork Airport Development Council under the Chairmanship of the daa Chairman, which also comprises representatives from tourism and business sectors who have an interest in the continuing development of Cork Airport.

Finance Committee

A Finance Committee was established in 2016 to oversee major financing arrangements and advise the Board on strategic financial matters. Mr Pádraig Ó Ríordáin is Chair of the committee and the other members are Mr Denis Smyth and Mr Kevin Toland, all appointed on the date the committee was established. Mr Colm McCarthy and Mr John Lynch were also members of the committee since it was established untill their terms of office expired in February 2017. During the year, the committee was involved in overseeing the refinancing of the Group debt, including the €400 million 2028 Eurobond issue, and the 2018 notes buy-back and matters relating to dividend policy.

Health, Safety, Security & Environment Committee

The Health, Safety, Security & Environment Committee comprises of Mr Niall Greene, Chairman since his appointment in December 2012, Mr Barry Nevin who has been a member since 2005 and Mr Denis Smyth who was appointed to the committee in March 2014. Ms Ann–Marie O'Sullivan was also a member from March 2014 until her term of office expired in May 2016.

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. A report of the Chairman of the committee is presented to the Board after each committee meeting, whereby significant issues considered by the committee are reported to and considered by the Board.

Nomination & Remuneration Committee

The Nomination & Remuneration Committee comprises two members, Mr Pádraig Ó Ríordáin is Chairman since 2012 and Mr Gerry Walsh has been a member since 2010.

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. The Board receives updates from the committee following its meetings.

Strategic & Infrastructure Committee

The Strategic & Infrastructure Committee was established in November 2015 and comprises Mr Pádráig Ó Ríordáin, Chairman, Mr Niall Greene and Mr Gerry Walsh, all appointed on the date the committee was established. Mr John Lynch was a member of the committee since it was established until his term of office expired in February 2017. The responsibility of the committee is to advise the Board on the medium and long-term infrastructural needs of Dublin and Cork airports. The Board receives updates after each committee meeting, whereby significant issues considered by the committee are reported to and considered by the Board.

During the year the committee was involved in overseeing the plans for the Northern Parallel Runway.

Meetings

Regular meetings of the Board are held throughout the year. The Board met formally eleven times during 2016. 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 year ended 31 December 2016:

Director	Board	Audit & Risk	Cork Airport	Finance	Health, Safety, Security & Environment	Nomination & Remuneration	Strategic & Infrastructure
Pádraig Ó Ríordáin	11/11	—	—	4/4	—	1/1	8/8
Niall Greene	10/11	—	—	—	4/4	—	7/8
Patricia King	10/11	—	—	—	—	—	—
John Lynch	9/11	—	—	4/4	—	—	5/8
Des Mullally	11/11	—	—	—	—	—	—
Colm McCarthy	11/11	4/4	—	4/4	—	—	—
Barry Nevin	10/11	—	—	—	3/4	—	—
Eric Nolan	11/11	—	1/1	—	—	—	—
Ann–Marie O'Sullivan	4/4	—	1/1	—	2/2	—	—
Paul Schütz	10/11	1/4	—	—	—	—	—
Denis Smyth	10/11	—	—	4/4	4/4	—	—
Kevin Toland	11/11	—	1/1	4/4	—	—	—
Gerry Walsh	9/11	4/4	1/1	—	—	1/1	7/8

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

During 2016, the Senior Independent Director met with the Directors without the Chairman 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 8 to the financial statements in accordance with the requirements of the Companies Acts 2014, 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 effectiveness of the Group's system of internal controls is subject to review by the Audit & Risk Committee and the effectiveness of the Group's Health & Safety is subject to review by the Health, Safety, Security & Environment Committee. 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 & Risk 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;
	A Finance Committee to oversee major financing arrangements and advise the board on strategic financial matters;
	A Strategic Infrastructure Committee to oversee development of medium and long term infrastructural development strategies for Dublin and Cork airports and the communications, funding, organisational systems and resource strategies to deliver same.
	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 governance and 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 & Risk 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 overseeing 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 has processes in place designed to anticipate and address, to the extent possible, changes to the Group's business and risk environment. The Board defines risk appetite for the Group, and ensures 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 & Risk Committee.

The daa enterprise risk management framework reflects the principles of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) model by having regard to culture, strategy, implementation, communication, reporting and monitoring. The risk assurance functions, covering risk management, business continuity, 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 risk champions 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 & Risk 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. 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 and uncertainty 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 uncertainties as well as the strategies being adopted to mitigate them are set out below. This is not intended to be an exhaustive analysis of all the risks and uncertainties which may arise in the ordinary course of business. These risks and uncertainties are assessed on a continual basis and management regularly report to the Board significant changes in the business and external environment.

Brexit

Description of Risks and Uncertainties:

— There are risks and opportunities for the Group associated with the exit of the UK from the EU. Key issues include the potential impact on passenger volumes particularly on Ireland/UK and Cyprus/UK routes, the implications for border controls and the operation of the Common Travel Area and European single aviation market, as well as the economic impact more generally for example through the depreciation of sterling, a slowdown of the economy or a deterioration in consumer confidence in affected markets in which the Group operates.

Mitigation

Implications of Brexit are actively being assessed as part of the Group's risk management process.

daa is also engaged in various industry and national fora to assess the impact of Brexit, and insofar as possible, influence public and private sector industry and national responses and policy leading up to and during the negotiation process.

Opportunities for commercial advantage are also being assessed and plans put in place to take advantage of these when they arise.

Business and Operations

Description of Risks and Uncertainties:

— Economic factors, such as a general economic downturn, could impact the ability to maintain and grow the daa business. Factors which may negatively impact passenger levels include domestic and global macroeconomic developments, increased levels of terrorism, general political uncertainty, rising fuel costs, regulatory or other developments in the airline industry, catastrophic events, environmental taxes, government duties and competition from other airports.

— The Group's economic activity at airports 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 safety records are business risks for daa.

— The Group undertakes ongoing maintenance of the assets at Dublin and Cork airports (including plant, equipment and systems) with the objective of providing a continuous service. Any failure or impairment of a key asset, including the main runway, could cause a significant interruption to the supply of services and/or impact on the ability of airlines and other service providers to provide their services at the airports.

— 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 the Commission for Aviation Regulation ("CAR"). Failure to meet any of these standards could result in, inter alia, a financial penalty being imposed on the Group.

Mitigation

The Group seeks to have diversification in its range of carriers and other service offerings, including its international businesses. The Group is also focused on the competitiveness of its offerings and appropriateness of facilities for the needs of its current and prospective customers. The Group is focused on continuous improvement of processes to drive efficiency, improving flexibility and proactively managing its cost base and being responsive to changing business dynamics.

daa actively develops strong customer relationships and also keeps abreast of industry developments.

A planned maintenance and rehabilitation programme is in place for key assets such as airfield pavement infrastructure (runways, taxiways and apron areas) and other operationally critical assets to minimise the risk of disruption caused by unplanned availability restrictions or outages.

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.

Capacity and Capital Expenditure

Description of Risks and Uncertainties:

— Continuing to meet increased demand requires the ongoing development of Dublin and Cork airports. Under the system of airport charges regulation, remuneration of investment at Dublin Airport is subject to such investment being included in the Regulatory Asset Base ("RAB") by the Regulator, following consultation with airlines. Typically this is done in 5 year cycles. In times of significant growth, there is a risk that investment lags demand. There is also a risk that planning or other regulations may constrain the development of the airports, delay the delivery of infrastructure, impose additional costs or operating conditions, any or all of which may lead to insufficient capacity to meet expected future demands.

— There are risks associated with the delivery of significant capital projects including timing, cost, health and safety and failure to deliver desired objectives as well as failure to be appropriately remunerated for the investment. These are all ongoing risks that need careful management.

Mitigation

The National Aviation Plan ("NAP") sets out key policy objectives for the development of State airports and provides a context for future planning. Forecasting of future growth scenarios and identification of constraints and opportunities for the incremental development of the airports, provide the basis to support Capital Investment Programmes.

Decisions regarding investment in infrastructure are based on professional evidence-based inputs including growth forecasts, and formal consultation processes with key stakeholders and regulatory authorities as required. These decisions are made in the context of an Airport Masterplan.

daa has robust processes and procedures in place regarding capital investment programme management, project management and contract and supplier management.

Financial and Treasury

Description of Risks and Uncertainties:

— The Group is required to fund investment primarily out of cash generated by the business and borrowing from the debt markets and without access to equity. Hence the Group's credit rating and in turn business profile and key financial ratios are relied on to have regular, reliable and appropriate access to the debt markets. Government and Regulatory policy, as well as financial and business performance and prospects, impact the Group's credit rating. While the Group has adequate funding to meet forecast short and medium-term funding requirements, any material change to these matters may impact the Group's credit rating and in turn affect the future availability and cost of funding, the borrowing capacity of, and financing terms and flexibility available to the Group.

— The Group is exposed to certain financial and treasury-related risks, including liquidity risks, interest rate risk and foreign currency exposures.

Further information on financial risks is set out in the 2016 Financial Review.

Mitigation

Board approved policies are in place to address key treasury risks.

Maintaining an appropriate credit rating is a key objective of the Group's Strategic Plan and appropriate capital allocation across the Group is a key area of focus.

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

Health, Safety and Environment

Description of Risks and Uncertainties:

— A range of environmental and health and safety laws, regulations and standards are applicable in each jurisdiction in which daa operates or has interests. These issues are of paramount importance within the Group. There are risks that laws or regulations may be breached or that new burdensome laws or regulations may be introduced.

Mitigation

Staff training in the areas of health, safety and environment, as well as rigorous policies and procedures and a strong emphasis on monitoring compliance, form an integral part of the Group's mitigating strategies, designed to ensure the safety of customers, passengers and staff, the protection of the environment and the prevention of a serious breach of statutory or other regulatory obligations.

Human Resources and Industrial Relations

Description of Risks and Uncertainties:

— As a service led business with key security and safety, regulatory and industry requirements, daa is reliant on trained skilled personnel to provide services. There is a risk that industrial action by personnel could affect critical services, and curtail operations. There are also risks in a strong labour market that personnel with key skills may seek alternative employment.

Mitigation

daa engages with the relevant trade unions on an ongoing basis with respect to claims and disputes which are raised. Internal dispute resolution mechanisms are in place and whenever necessary the employee relations mechanisms provided by the State are utilised.

daa is engaged in a significant programme aimed at changing how management and staff work together, how change is managed in a fast moving dynamic airport environment and how employees are rewarded and build careers in the daa Group. The Group is also engaged in development programmes to build capability through the organisation and has a strong focus on talent management.

International Operations

Description of Risks and Uncertainties:

— As the Group operates in countries which are at different stages of development there are risks arising from uncertain or potentially fast-changing economic, social and political environments, changes in laws or regulations, premature contract termination or breach of agreements and/or failure of the underlying businesses. ARI also faces increasing levels of competition in the sector and markets in which it operates.

— Certain of the Group's contracts are subject to fixed price arrangements which include guaranteed minimum concessions fees which are supported by performance bonds, letters of credit and/or guarantees by subsidiary undertakings. Concession contracts can be varied or terminated for various reasons.

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.

The Group seeks to put in place appropriate commercial and legal arrangements and has processes in place to monitor performance of contracts so as to minimise the risk of calls by counterparties being made on any bonds, letters of credit or guarantees.

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

Parallel Runway Development at Dublin Airport

Description of Risks and Uncertainties:

— Given the recent growth in passenger numbers, the company has commenced the first package of works for the construction of a new parallel runway at Dublin Airport.

The construction and operation of the new runway would, pursuant to the 2007 planning permission for that runway, see the introduction of runway movement restrictions for the first time at Dublin Airport, restricting the capacity of the airport at certain times. If these proposed operating restrictions continue to have application, were the Group to decide to proceed with the construction of the runway, then following construction, runway movements may be curtailed at certain times at levels which are below those which currently prevail.

— As with any major project of this scale there are risks that the project may be delayed, that unforeseen matters may arise and/or that costs may exceed budget.

Mitigation

A new legal framework relating to operating restrictions is entering into operation pursuant to EU Regulation 598/2014. The Minister for Transport, Tourism and Sport has announced his intention to give statutory effect to this with the introduction of a new regulatory regime for managing airport noise, pursuant to which the Irish Aviation Authority is to be appointed as the competent authority for noise management at Dublin Airport. daa intends to seek a lifting of the proposed operating restrictions on movements once the new legislative framework has been put in place.

daa will put in place appropriate resources with relevant internal and external expertise to manage the project and to contract for the construction of the runway following a design and build public tender process.

Policy, Regulatory and Legal

Description of Risks and Uncertainties:

— 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.

— A very significant proportion of the Group's cashflows from operations are generated from Dublin Airport which in turn is subject to a price cap and rate of return price regulation regime.

— CAR was established under the Aviation Regulation Act 2001, as amended. The current system of airport charges regulation is subject to review. One of CAR's functions is to regulate airport charges and thus they determine the maximum level of airport charges at Dublin Airport. As set out in the NAP, an independent review of airport charges regulation was commissioned with a view to delivering options and recommendations for a future regulatory system for airport charges. There is a risk that airport charges may not adequately remunerate daa for the cost of operating the airport and for required capital expenditure, in particular where higher levels of passenger growth have necessitated additional operating costs and capacity-related projects which were not anticipated at the outset of a regulatory period.

— Operations at Dublin and Cork airports are subject to EU security regulations and are subject to security inspections by the competent authority of Ireland, the Irish Aviation Authority. The introduction of new or amended EU security regulations could impact traffic growth rates or lead to additional costs. Failure to adhere to EU security regulations could lead to incidents involving passengers, employees or other users of the airports and could have significant operational, reputational or financial impacts for daa.

— As a State-owned business, political uncertainty, policy decisions by Government, or other developments can impact daa. The government's NAP states that the Department of Transport, Tourism and Sport will review the ownership and operational structure of Ireland's airports in 2019 and while the government has reiterated its intention to maintain Dublin and Cork airports within State ownership the outcome of such a review may change the nature and scope of the business. The Minister for Transport, Tourism and Sport intends to carry out a strategic capacity review of State airports in 2017. This review will include consideration of the requirement for and timing of a third terminal at Dublin Airport as well as the options for its funding and operation which could negatively and substantially impact daa's business model and its competitive and financial position or prospects.

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. The Group also liaises with regulatory bodies and airlines or other customers on an ongoing basis.

daa is conscious of the need to ensure that operating and capital costs relating to Dublin Airport are appropriately remunerated and makes submissions to CAR on relevant issues and engages in any relevant policy reviews. daa has made a submission outlining its views on the shortcomings of the current regulatory regime and awaits the outcome of the Independent Review. daa has commenced preparatory work to inform proposals that will be submitted as part of the consultation process for the next regulatory review period.

The Group adopts and enforces rigorous policies and procedures with a strong emphasis on monitoring compliance, supported by ongoing training and investment in security technology.

daa engages constructively in relevant fora to support the government's goal of maximising air transport connectivity with a safe, competitive, cost-effective and sustainable aviation sector, and in particular to promote the sustainable development, competitiveness and growth of the Irish aviation sector within Ireland and globally.

Security, Major Events and Terrorism

Description of Risks and Uncertainties:

— daa is subject to operational risks and other unforeseen risk events, such as those arising from terrorism and sabotage, fires, flooding, wind, interruptions to power supplies and other technical failures. Such risks and hazards could result in damage or harm to, or destruction of, infrastructure, properties, people and the environment and give rise to potential legal liabilities for the Group.

Mitigation

The Group seeks to manage the risk of discontinuity of services by having well developed continuity plans and resilience in its key systems and processes. Where events result in disruption to services, the Group activates its business continuity plans in order to minimise the impact of the disruption and return to normal service as quickly as possible.

Business continuity insurance is in place and the level of cover is regularly reviewed.

Staff training in security, as well as strong emphasis on monitoring compliance, form an integral part of daa's mitigating strategies designed to ensure the security of customers, passengers and staff. Rigorous policies and procedures are in place and are supported by ongoing training and investment in security systems.

Systems and Business Interruption

Description of Risks and Uncertainties:

— The Group's ability to manage its operations and engage in critical business tasks is dependent on the efficient and uninterrupted operation of its information technology systems. The Group could also be negatively impacted by cyber-attacks.

Mitigation

The Group operates with a high level of resilience in information technology systems and processes, supported by dedicated resources including a strong focus on cyber-security and data protection. Disaster recovery tests and business continuity plans exist to manage the risk of any significant disruption arising from a failure in information technology systems.

The Group also invests in upgrading of critical services' infrastructure and ensures robust back to back agreements with suppliers providing support services of critical infrastructure. There is a continued focus on security awareness and controls across the organisation.

Communication with Shareholder

The Shareholder's objectives and priorities have been communicated to the Board through, inter alia, the formulation of the NAP, the approval of the Group's Strategic Plan and a Shareholder's Expectations Letter. Through regular contact with relevant Government departments, the Board and management maintain ongoing reporting and dialogue with the Shareholder on strategic issues and matters of importance to the Shareholder.

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 281 to 285 of the Companies Act 2014 with regard to adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate systems, appropriate controls and resources to the financial function. The books of account of the company are maintained at the company's premises at Dublin and Cork airports and in Shannon.

Each Board member confirms that, so far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware and that they have taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

Research and Development

During the year the Group engaged in certain research and development related activities, primarily in relation to development in the information technology area.

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 314 of the Companies Act 2014 in relation to subsidiary, associated and joint venture undertakings is set out in Note 14.

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.

Events after the end of the Reporting Period

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, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office as external auditor in accordance with Section 383 (2) of the Companies Act 2014.

Approved by the Board and signed on its behalf by:

Pádraig Ó Ríordáin, Chairman

Gerry Walsh, Director

21 March 2017

Directors' responsibilities statement in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with the Companies Act 2014.

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework"). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and parent company as at the financial year end date and of the profit or loss of the Group and parent company for the financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:

— select suitable accounting policies for the parent company and the Group financial statements and then apply them consistently;

— make judgements and estimates that are reasonable and prudent;

— state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and

— prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and parent company will continue in business.

The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. Legislation in Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Independent auditors' report to the members of daa plc

We have audited the financial statements of daa plc for the financial year ended 31 December 2016 which comprise the Group Financial Statements: the Group Profit and Loss Account, the Group Statement of Comprehensive Income, the Group Balance Sheet, the Group Statement of Cash Flows, the Group Statement of Changes in Equity, the Parent Company Financial Statements: the Company Balance Sheet and the Company Statement of Changes in Equity and the related notes 1 to 34. The relevant financial reporting framework that has been applied in the preparation of the Group and the parent company financial statements is the Companies Act 2014 and FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("relevant financial reporting framework").

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 members 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 Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014.

Our responsibility is to audit and express an opinion on the financial statements in accordance with the Companies Act 2014 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 Group's and the parent 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 2016 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 Group and parent company financial statements give a true and fair view of the assets, liabilities and financial position of the Group and parent company as at 31 December 2016 and of the profit of the Group for the year then ended; and

— the Group and parent company financial statements have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2014.

Matters on which we are required to report by the Companies Act 2014

— We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

— In our opinion the accounting records of the parent company were sufficient to permit the financial statements to be readily and properly audited.

— The parent company balance sheet is in agreement with the accounting records.

— In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2014, we are required to report to you if, in our opinion the disclosure of directors' remuneration and transactions specified by law are not made.

Under the 2009 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*
Chartered Accountants and Statutory Audit Firm
Dublin
21 March 2017

Group profit and loss account

for the financial year ended 31 December 2016

				2016			2015
	Note	Pre-exceptional €000	Exceptional & fair value movements €000	Total €000	Pre-exceptional €000	Exceptional & fair value movements €000	Total €000
Group turnover – continuing operations	3	**793,107**	**–**	**793,107**	679,758	–	679,758
Operating costs							
Cost of goods for resale		**(164,894)**	**–**	**(164,894)**	(140,488)	–	(140,488)
Payroll and related costs	4	**(201,585)**	**–**	**(201,585)**	(181,889)	–	(181,889)
Exceptional item – pension	6	**–**	**–**	**–**	–	8,195	8,195
Materials and services		**(179,152)**	**–**	**(179,152)**	(151,339)	–	(151,339)
		(545,631)	**–**	**(545,631)**	(473,716)	8,195	(465,521)
Earnings before interest, taxation, depreciation and amortisation		**247,476**	**–**	**247,476**	206,042	8,195	214,237
Depreciation and amortisation		**(108,299)**	**–**	**(108,299)**	(105,146)	–	(105,146)
Fair value movement on investment property	6	**–**	**4,115**	**4,115**	–	19,661	19,661
Group operating profit – continuing operations		**139,177**	**4,115**	**143,292**	100,896	27,856	128,752
Share of operating profit							
Joint venture undertakings		**1,733**	**–**	**1,733**	1,125	–	1,125
Associated undertakings	5	**27,772**	**–**	**27,772**	27,813	–	27,813
Group profit before interest and taxation		**168,682**	**4,115**	**172,797**	129,834	27,856	157,690
Finance income	7	**3,980**	**–**	**3,980**	1,218	–	1,218
Interest receivable and similar income	7	**1,710**	**–**	**1,710**	1,479	–	1,479
Interest payable and similar charges	6/7	**(46,882)**	**(37,088)**	**(83,970)**	(55,234)	–	(55,234)
Group profit on ordinary activities before taxation	8	**127,490**	**(32,973)**	**94,517**	77,297	27,856	105,153
Taxation on profit on ordinary activities	9	**(14,720)**	**4,844**	**(9,876)**	(10,845)	(5,925)	(16,770)
Profit after taxation		**112,770**	**(28,129)**	**84,641**	66,452	21,931	88,383
Attributable to:							
Non-controlling interest		**5,258**	**–**	**5,258**	4,971	–	4,971
Equity shareholders of the Group		**107,512**	**(28,129)**	**79,383**	61,481	21,931	83,412
Profit for the financial year for the Group		**107,512**	**(28,129)**	**79,383**	61,481	21,931	83,412

Group statement of comprehensive income

for the financial year ended 31 December 2016

	Note	2016 €000	2015 €000
Group profit for the financial year		**79,383**	83,412
Exchange differences on translation of overseas investments (arising on net assets)			
Subsidiary undertakings		**1,983**	562
Associated undertakings		**1,161**	1,632
Re-measurement of net defined benefit liability	24	**(2,135)**	669
Deferred taxation credit/(charge)		**284**	(61)
Other comprehensive income for the financial year			
Equity shareholders of the Group		**80,676**	86,214
Non-controlling interest profit for the financial year		**5,258**	4,971
Exchange differences on translation of overseas non-controlling interests		**671**	1,021
Other comprehensive income for the financial year			
Non-controlling interest		**5,929**	5,992
Total other comprehensive income for the financial year attributable to:			
Non-controlling interest		**5,929**	5,992
Equity shareholders of the Group		**80,676**	86,214

Group balance sheet

as at 31 December 2016

	Note	2016 €000	2015 €000
Fixed assets			
Tangible assets	11	**1,641,523**	1,620,703
Intangible assets	12	**61,245**	66,099
Investment property	13	**116,793**	123,680
		1,819,561	1,810,482
Investments			
Investments in joint venture undertakings		**1,634**	1,292
Investments in associated undertakings		**105,819**	98,303
Other financial assets		**22,533**	21,826
Total investments	14	**129,986**	121,421
Total fixed assets		**1,949,547**	1,931,903
Current assets			
Stocks	15	**39,206**	35,444
Debtors	16	**55,037**	47,993
Cash and cash equivalents	26	**606,228**	465,140
		700,471	548,577
Creditors: amounts falling due within one year	17	**(201,367)**	(197,136)
Net current assets		**499,104**	351,441
Total assets less current liabilities		**2,448,651**	2,283,344
Creditors: amounts falling due after more than one year	18	**(1,155,439)**	(1,063,780)
Capital grants	20	**(10,156)**	(9,898)
Provisions for liabilities	21	**(82,643)**	(74,836)
Net assets		**1,200,413**	1,134,830
Capital and reserves			
Called up share capital – presented as equity	23	**186,337**	186,337
Profit and loss account		**990,401**	931,169
Other reserves	23	**6,811**	3,667
Shareholders' funds		**1,183,549**	1,121,173
Non-controlling interest	31	**16,864**	13,657
		1,200,413	1,134,830

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2017.

They were signed on its behalf by:
Pádraig Ó Ríordáin, Chairman
Gerry Walsh, Director

Company balance sheet

as at 31 December 2016

	Note	2016 €000	2015 €000
Fixed assets			
Tangible assets	11	**1,609,941**	1,601,775
Intangible assets	12	**1,528**	2,802
Investment property	13	**111,758**	107,049
		1,723,227	1,711,626
Investments			
Investments in subsidiaries, associated undertakings and other financial assets	14	**13,721**	13,803
Total fixed assets		**1,736,948**	1,725,429
Current assets			
Stocks	15	**11,434**	10,450
Debtors	16	**80,315**	69,991
Cash and cash equivalents		**404,366**	427,483
		496,115	507,924
Creditors: amounts falling due within one year	17	**(1,091,515)**	(1,117,781)
Net current liabilities		**(595,400)**	(609,857)
Total assets less current liabilities		**1,141,548**	1,115,572
Creditors: amounts falling due after more than one year	18	**(228,376)**	(249,747)
Capital grants	20	**(10,156)**	(9,898)
Provisions for liabilities	21	**(73,521)**	(65,941)
Net assets		**829,495**	789,986
Capital and reserves			
Called up share capital – presented as equity	23	**186,337**	186,337
Profit and loss account		**643,158**	603,649
Shareholders' funds		**829,495**	789,986

The financial statements were approved by the Board of Directors and authorised for issue on 21 March 2017.

They were signed on its behalf by:

Pádraig Ó Ríordáin, Chairman

Gerry Walsh, Director

Group statement of cash flows

for the financial year ended 31 December 2016

	Note	2016 €000	2015 €000
Net cash flows from operating activities	25	**238,089**	127,694
Cash flows from investing activities			
Dividends received	14	**22,808**	24,098
Proceeds from sale of tangible fixed assets		**7**	236
Grants received	20	**983**	–
Purchase of tangible fixed assets		**(111,309)**	(87,021)
Purchase of investment property	13	**(6,459)**	(23,842)
Purchase of intangible assets – software	12	**(505)**	(700)
Interest and similar income received		**1,685**	702
Income from other financial assets		**1,948**	520
Net cash flows from investing activities		**(90,842)**	(86,007)
Cash flows from financing activities			
Dividends paid to shareholder		**(18,300)**	–
Dividends paid to non-controlling interest	31	**(1,355)**	(3,950)
Repayment of bank loans		**(42,855)**	(42,726)
Interest and similar charges paid		**(45,057)**	(52,780)
Proceeds from the issue of new loan notes		**400,000**	–
Costs associated with the issue of new loan notes		**(2,374)**	–
Redemption of loan notes		**(259,432)**	–
Exceptional cost on redemption of loan notes		**(36,557)**	–
Net cash flows from financing activities		**(5,930)**	(99,456)
Net increase/(decrease) in cash and cash equivalents		**141,317**	(57,769)
Cash and cash equivalents at beginning of financial year		**465,140**	523,314
Effect of foreign exchange rate changes		**(229)**	(405)
Net increase/(decrease) in cash and cash equivalents		**141,317**	(57,769)
Cash and cash equivalents at end of financial year		**606,228**	465,140

A cash flow statement has not been disclosed for the company as it is taking an exemption from disclosing company cash flows under FRS 102, as the Group consolidated financial statements prepares and discloses a cash flow statement.

Group statement of changes in equity

for the financial year ended 31 December 2016

	Called-up share capital €000	Translation reserve €000	Other capital reserve €000	Profit and loss account €000	Total €000	Non-controlling interest €000	Total €000
At 1 January 2016	186,337	3,421	246	931,169	1,121,173	13,657	1,134,830
Profit for the financial year	–	–	–	79,383	79,383	5,258	84,641
Re-measurement of net defined benefit liability	–	–	–	(2,135)	(2,135)	–	(2,135)
Tax relating to items of other comprehensive income	–	–	–	284	284	–	284
Exchange differences on translation of overseas investments	–	3,144	–	–	3,144	671	3,815
Total comprehensive income	–	3,144	–	77,532	80,676	5,929	86,605
Non-controlling interest dividend proposed and paid	–	–	–	–	–	(2,722)	(2,722)
Transactions with owners recognised directly in equity							
Dividends	–	–	–	(18,300)	(18,300)	–	(18,300)
Balance at 31 December 2016	**186,337**	**6,565**	**246**	**990,401**	**1,183,549**	**16,864**	**1,200,413**

	Called-up share capital €000	Translation reserve €000	Other capital reserve €000	Profit and loss account €000	Total €000	Non-controlling interest €000	Total €000
At 1 January 2015	186,337	1,227	246	847,149	1,034,959	11,615	1,046,574
Profit for the financial year	–	–	–	83,412	83,412	4,971	88,383
Re-measurement of net defined benefit liability	–	–	–	669	669	–	669
Tax relating to items of other comprehensive income	–	–	–	(61)	(61)	–	(61)
Exchange differences on translation of overseas investments	–	2,194	–	–	2,194	1,021	3,215
Total comprehensive income	–	2,194	–	84,020	86,214	5,992	92,206
Non-controlling interest dividend proposed and paid	–	–	–	–	–	(3,950)	(3,950)
Balance at 31 December 2015	186,337	3,421	246	931,169	1,121,173	13,657	1,134,830

Company statement of changes in equity

for the financial year ended 31 December 2016

	Called up share capital €000	Profit and loss account €000	Total €000
At 1 January 2016	186,337	603,649	789,986
Profit for the financial year	–	59,576	59,576
Re-measurement of net defined benefit liability	–	(2,020)	(2,020)
Tax relating to items of other comprehensive income	–	253	253
Total comprehensive income	–	57,809	57,809
Dividends		(18,300)	(18,300)
Balance at 31 December 2016	**186,337**	**643,158**	**829,495**

At 1 January 2015	186,337	537,332	723,669
Profit for the financial year	–	65,591	65,591
Re-measurement of net defined benefit liability	–	830	830
Tax relating to items of other comprehensive income	–	(104)	(104)
Total comprehensive income	–	66,317	66,317
Balance at 31 December 2015	186,337	603,649	789,986

Notes on and forming part of the financial statements

for the financial year ended 31 December 2016

1. Accounting Policies

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

General Information and Basis of Preparation

daa plc is a company incorporated in Ireland under the Companies Act 2014. The address of the registered office is Head Office, Dublin Airport, Co. Dublin. The nature of the Group's operations and its principal activities are set out in the report of the directors.

The financial statements are prepared in accordance with generally accepted accounting principles in Ireland under the historical cost convention, modified to include certain items at fair value, and comply with Financial Reporting Standard 102 (FRS 102) of the Financial Reporting Council, as promulgated by the Institute of Chartered Accountants in Ireland and Irish statute comprising the Companies Act 2014.

The functional currency of the Group is considered to be Euro as that is the currency of the primary economic environment in which the Group operates.

Basis of Consolidation

The Group financial statements consolidate the financial statements of the company and its subsidiary undertakings ("subsidiaries") up to 31 December 2016.

The results of subsidiaries are consolidated and included in the consolidated profit and loss account from their date of acquisition, being the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefits from its activities.

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

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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 accounts for investments in joint ventures using the equity method. Investments in joint ventures are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the joint venture. If the Group's share of losses of a joint venture equals or exceeds the carrying amount of its investment in the joint venture, the Group discontinues recognising its share of further losses. The Group recognises additional losses as a provision if it has a legal or constructive obligation to do so. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of the losses not recognised.

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 accounts for investments in associates using the equity method. Investments in associates are initially recognised at the transaction price (including transaction costs) and are subsequently adjusted to reflect the Group's share of the profit or loss and other comprehensive income of the associate. If the Group's share of losses of an associate equals or exceeds the carrying amount of its investment in the associate, the Group discontinues recognising its share of further losses. The Group recognises additional losses as a provision if it has a legal or constructive obligation to do so. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of the losses not recognised.

Goodwill arising on the acquisition of associates is accounted for in accordance with the policy set out below. Any unamortised balance of goodwill is included in the carrying value of the investment in associates.

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.

Investments in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are shown in the company balance sheet as investments and are valued at cost less allowance for impairment in value. Listed investments and financial instruments that are classified as financial assets are measured at fair value through the profit or loss.

Financial Income

Dividends receivable are recognised when the right to receive payment has been established.

Turnover

Sale of goods comprises goods supplied to both external customers and to certain of the Group's associated undertakings. Turnover from the sale of goods is recognised when the customer takes delivery of the goods.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Turnover represents the fair value of goods and services, net of discounts, delivered to external customers and to certain of the Group's associated undertakings net of unrealised profit/losses in the accounting period excluding value added tax.

Aeronautical revenue comprises passenger charges which are recognised on their departure, runway movement charges (recognised on 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 company 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.

Rendering of services include property letting, which is recognised on a straight-line basis over the term of the rental period and usage charges for the operational systems (e.g. check-in desks), which are recognised as each service is provided. Car park revenue of which the majority is pre-booked, is recognised on a straight-line basis.

1. Accounting Policies (continued)

Concession fee revenue, in general, is a percentage of turnover which may be subject to certain minimum contracted amounts. The minimum contracted amounts are recognised on a straight-line basis over the period to which they relate and the excess which is a percentage of turnover is recognised at the time the excess is reached and can be reliably measured.

Management fees and other direct income from overseas associated undertakings are recognised as turnover when collection is reasonably assured.

Foreign Currency

(i) Functional and presentational currency

The individual financial statements of each company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purposes of consolidated financial statements the results and financial position of each company are expressed in Euro, which is the functional currency of the parent company and the presentational currency for the consolidated financial statements.

(ii) Transactions and balances

Transactions arising in foreign currencies are translated into Euro at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Euro at the 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 and associate undertakings 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 accumulated in equity and are reported in other comprehensive income.

Leases

Operating leases

(i) As lessor

Leases where the Group retains substantially all the risks and benefits of ownership are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying value of the leased asset and recognised over the lease term on the same basis as income.

(ii) As lessee

Expenditure on operating leases is charged to the profit and loss account on a straight-line basis over the lease period except where there are rental increases linked to expected general inflation, in which case these increases are recognised when incurred.

Borrowing Costs

Borrowing costs which are directly attributable to major capital projects are capitalised as part of the cost of the assets. The commencement of capitalisation begins when both the finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

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 & piers	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. Depreciation is not applied to assets in the course of construction. The cost of land and buildings and construction work in progress includes an apportionment of staff costs directly associated with the acquisition and development of the assets.

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.

The carrying values of items of property, plant and equipment are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable.

The Group estimates the recoverable amount of its tangible fixed assets based on the higher of their fair value less costs to sell 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 cash-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 carrying value exceeds the estimated recoverable amount (being the greater of fair value less costs to sell and value in use), an impairment loss is recognised by writing down the assets to their recoverable amount.

Investment Property

Investment property is property held to earn rentals or for capital appreciation or both. Assets that are currently held for an undetermined future use are also regarded as held for capital appreciation. Investment property is stated at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in the profit and loss account for the period in which they arise. Investment properties are not depreciated. Valuations were carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value, current and potential future income (after deduction of non-recoverable outgoings) has been capitalised using yields derived from market evidence.

Intangible Assets and Goodwill

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

Where control of a subsidiary undertaking is obtained in stages, in accordance with FRS 102, using the true and fair override, 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. This treatment under company law would be misleading in certain circumstances as it would have the effect that the Group's share of profits or losses and reserve movements of its associates becomes reclassified as goodwill.

The Group has complied with the applicable legislation, except for this departure in relation to purchased goodwill in order to achieve a fair presentation.

Where there is an increase in interest in an undertaking that is already a subsidiary undertaking, the assets and liabilities are not revalued to fair value and no additional goodwill is recognised at the date the controlling interest is increased.

1. Accounting Policies (continued)

Goodwill is being amortised over the period of the concession agreements 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 cash flows 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.

In the year in which a business combination is effected and where some or all of the goodwill allocated to a particular cash-generating unit arose in respect of that combination, the cash-generating unit is treated for impairment prior to the end of the relevant annual period.

Other intangible assets, comprising software and concession rights are recorded at acquisition cost, being fair value at the 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 two to sixteen years or being the duration of the software licenses which currently range from three to seven years.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on invoice price on either an average basis or on a first-in first-out basis depending on the stock category. An allowance is made on an annual basis in respect of potential stock obsolescence. It is 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

Current tax, including Irish corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unutilised tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

The tax expense or income is presented in the same component of comprehensive income or equity as the transaction to which it relates.

Payments for corporation tax group relief to companies within the daa Group that are in excess of the value of the tax value surrendered are treated as a capital contribution.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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.

Retirement Benefit 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.

— Deferred tax on the pension is recognised (to the extent that it is recoverable) and disclosed as part of provisions for liabilities if it is a deferred tax liability and part of debtors if it is a deferred tax asset.

— 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 net interest cost on the net defined benefit liability is included within finance costs in the profit and loss account.

— Remeasurement comprising actuarial gains and losses, due to changes in the actuarial assumptions or because actual experience during the year was different to that assumed, and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in other comprehensive income.

— Tax in relation to service costs, net interest costs, past service costs or gains and losses on curtailments and settlements is recorded in the profit and loss account. Tax on remeasurements is recorded in other comprehensive income.

Unfunded retirement benefit liabilities are accounted for as defined benefit arrangements.

Other post-employment benefits are recognised where there is a legal or constructive obligation and are measured at the present value of the benefit obligation at the reporting date.

Termination benefits are recognised when the Group has a present obligation (legal or constructive) to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy or early retirement. Termination benefits 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 termination benefits are due more than 12 months after the balance sheet date.

1. Accounting Policies (continued)

Capital Grants

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

Financial Instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through the profit or loss account, which are initially measured at fair value (which is normally the transaction price excluding transaction costs).

Debt instruments which meet the basic financial instruments conditions, such as the Group's bank loans and loan notes, which have fixed or determinable payments, are subsequently measured at amortised cost using the effective interest method. Debt instruments that are classified as payable or receivable within one year and which meet the basic financial instruments conditions, such as intercompany loans carried in the company's balance sheet and which are repayable on demand, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

At the end of each reporting period financial assets measured at amortised cost, such as unlisted investment in loan stock and loan receivables which are repayable on demand, are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the profit and loss account.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the profit and loss account.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to foreign exchange risk. The Group does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in the profit or loss account immediately.

(iii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a signifcant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the Group estimates the fair value by using a valuation technique.

(iv) Interest income and expense recognition

Interest income and expense is recognised in the profit and loss account for all interest-bearing financial instruments using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or when appropriate, a shorter period to the carrying amount of the financial asset or liability.

Cash and Cash Equivalents

Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value. Within the Group cash flow statement, cash is defined as cash and deposits repayable on demand.

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, costs of a fundamental reorganisation or restructuring or fair value movements on investment property.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 1, the Directors are required to make judgements, estimates and assumptions about the carrying amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenue and expenses during the period that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The nature of estimation means that actual outcomes could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty and critical accounting judgements include, but are not limited to, the following:

Impairment Assessments

Airport assets are reviewed for potential impairment by applying a series of external and internal indicators specific to the assets under consideration. Dublin and Cork airports are considered to be a single income cash-generating unit for the purpose of impairment assessments based on the statutory mandate to operate airport infrastructure, the interdependence of the airports' cash flows and the functional organisational structure of the daa Group. The level of headroom is a direct function of the judgements and assumptions underpinning the strategic plan and is ultimately dependent on the discount rate, the terminal growth rate and passenger combined annual growth rate. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the cash–generating unit. The main assumptions that affect the estimation of the value in use are continuation of the current regulatory regime, the existence and rate of passenger growth and the discount rate. The cash flows are taken from the Group's long term financial projections and rolling five-year business and financial plan and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested.

2. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Where there are indicators of impairment of financial or intangible assets including goodwill and concession rights, the Group performs impairment tests based on the value in use. The value in use is determined by calculating the net present value of estimated future cash flows arising from that income generating unit, discounted at an appropriate discount factor. The cash flows are derived from the financial projections plan.

Revaluation of Investment Property

The Group engaged independent valuation specialists to determine fair values at 31 December 2015 and 31 December 2016. The valuations were prepared in consideration of FRS 102 and in accordance with the appraisal and valuation manual issued by the Royal Institution of Chartered Surveyors. The Group has significant property assets which are employed in a wide variety of activities throughout the airports such as car parking, car hire, hangars and office space. Judgement was required to determine in the context of the operations of airports, which properties, if any, should be classified as investment properties under Section 16 Investment Property. Where property assets are held to deliver essential services required at the airport such as car hire, parking and hangar facilities, these were not deemed to be held as investment properties. Other properties which are considered to be an investment property are properties or land held to earn rentals or for capital appreciation such as hotel sites and office buildings which are not used in the core operation of the airports.

All valuations are professional opinions on a stated basis, coupled with any appropriate or special assumptions. A valuation is not a fact, it is an estimate. The degree of subjectivity involved will inevitably vary from case to case, as will the degree of certainty, or probability, that the valuer's opinion of market value would exactly coincide with the price achieved were there an actual sale at the valuation date.

Subjective judgements were made by the valuers during their valuation approach in arriving at the valuation and whilst they consider these to be both logical and appropriate they are not necessarily the same as would be made by every purchaser.

Provision for Liabilities

A provision is recognised when the Group has a present obligation (either legal or constructive) as a result of a past event, 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. The Group carries provisions for reported and potential claims under its self-insurance programme and for other liabilities, including legal claims. These provisions are made based on historical or other relevant information, adjusted for recent trends where appropriate. However, provisions represent estimates of the financial costs of events that may not occur for some years. The basis for these estimates are reviewed and updated at least annually and where information becomes available that may give rise to a material change.

Useful Economic Lives of Tangible Assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Determination of appropriate useful economic lives is a key judgement and the useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See Note 11 for the carrying amount of the tangible fixed assets, and Note 1 for the useful economic lives for each class of assets.

Intangible Assets and Goodwill

The Group establishes a reliable estimate of the useful life of intangible assets and goodwill arising on business combinations. The estimate is based on a five-year period or where longer, over the period of the concession agreement entered into in the acquired entity.

3. Turnover

An analysis of the Group's turnover by class of business is as follows:

	2016 €000	2015 €000
Ireland		
Aeronautical revenue	**289,135**	256,597
Direct retailing and retail/catering concessions	**145,851**	132,215
Other commercial activities	**127,607**	112,330
Total Ireland	**562,593**	501,142
International retail and other activities	**230,514**	178,616
Total turnover	**793,107**	679,758
By geographical area		
Australasia	**66,770**	28,482
Europe	**653,607**	584,686
Middle East	**28,282**	22,775
North America	**44,448**	43,815
	793,107	679,758

An analysis of the Group's turnover by category is as follows:

	2016 €000	2015 €000
Sale of goods	**327,105**	269,709
Rendering of services	**466,002**	410,049
Total turnover	**793,107**	679,758

4. Payroll and related costs

	2016 €000	2015 €000
Wages and salaries	**179,806**	162,313
Social insurance costs	**17,197**	15,633
Retirement benefit costs (Note 24)	**8,989**	8,136
Other compensation costs (Note 21)	**5,454**	3,550
	211,446	189,632
Staff costs capitalised into fixed assets (Note 11)	**(9,861)**	(7,743)
Payroll and related costs (pre-exceptional)	**201,585**	181,889
Exceptional pension restructuring credit (Note 6)	–	(8,195)
Net staff costs charged to the profit and loss account	**201,585**	173,694

	2016	2015
Average monthly employee numbers (full time equivalents) were as follows:		
Airports	**2,723**	2,493
International activities	**875**	807
	3,598	3,300

5. Share of operating profits of associated undertakings

€27.8 million (2015: €27.8 million) relates to the Group's share of profits after interest and taxation for the year in its associated undertakings (see Note 14) as defined in Note 1. 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.

6. Exceptional items and fair value movements

a. Settlement cost on early redemption of loan notes

In 2016, the Group repurchased €259.4 million of the €549.7 million loan notes due in 2018 (see Note 19), following which the amount of principal outstanding on the loan notes due in 2018 is €290.2 million. The settlement cost, arising on the redemption of these loans was €37.1 million, largely comprising unpaid interest. A deferred tax credit of €4.5 million was recognised.

b. Fair value movement on investment property

The Group has engaged independent valuation specialists to determine the fair value of its properties deemed to be investment properties at 31 December 2016. These valuations resulted in the Group recognising a fair value revaluation gain of €4.1 million (2015: gain of €19.7 million). The impact on taxation was the recognition of a net deferred tax charge of €0.1 million (2015: charge of €4.9 million). A deferred tax credit of €0.5 million arose on the transfer of two investment properties from investment property to tangible fixed assets (see Note 13). See Note 2 and 13 for further detail regarding the Group's investment properties.

c. Pension restructuring

During 2015, the Group incurred a pension credit of €8.2 million in connection with the restructuring of the Irish Airlines (General Employees) Superannuation Scheme ("IAS Scheme"). Following a restructuring of the IAS Scheme, benefits were reduced and frozen for services up to 31 December 2014. The net impact on taxation was to recognise a deferred tax charge of €1 million in 2015 (see Note 24).

7. Finance income/expense

	2016 €000	2015 €000
Other financial income		
Income from unlisted investment	**1,686**	520
Derivatives financial instruments revaluation	**1,665**	(220)
Financial assets revaluation	**629**	918
Total other financial income	**3,980**	1,218
Interest receivable and similar income		
Income from listed and unlisted investments	**642**	1,035
Income on retirement benefits (Note 24)	**495**	444
Other interest received	**573**	–
Total interest receivable and similar income	**1,710**	1,479
Interest payable and similar charges		
Interest payable on bank loans and overdrafts	**14,094**	15,874
Interest on loan notes	**30,102**	36,207
Amortisation of issue costs/other funding costs	**836**	1,099
Other interest payable	**1,430**	1,426
Interest expense on retirement benefits (Note 24)	**741**	760
Total interest payable	**47,203**	55,366
Interest income capitalised	**(321)**	(132)
Total interest payable and similar charges	**46,882**	55,234

8. Profit on ordinary activities before taxation

Group profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	2016	2015
	€000	€000
Auditors' remuneration		
Auditor – Irish firm		
— audit of the Group financial statements	**251**	236
— other assurance services	**73**	66
— tax advisory services	**124**	128
— other non-audit services	**–**	4
	448	434
Auditor – international firms		
— other assurance services	**148**	160
— tax advisory services	**19**	41
— other non-audit services	**6**	5
	173	206
	621	640

Included in the above are audit fees incurred of €43,000 for the statutory audit of the company (2015: €43,000), €38,000 for other assurance services (2015: €56,000) and €80,200 for tax advisory services (2015: €48,000).

Operating lease rentals		
— equipment	**268**	258
— buildings	**1,933**	810
Depreciation (Note 11)	**105,365**	99,855
Profit on retirements and disposals of tangible fixed assets	**(6)**	(156)
Amortisation of capital grants (Note 20)	**725**	757
Amortisation of intangible assets and goodwill (Note 12)	**6,826**	6,664
Foreign exchange gains	**(171)**	(1,083)

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 Act 2014, is set out below:

	2016	2015
	€000	€000
Directors' fees – for	**€000**	
Services as directors	**179**	189
Other amounts – in connection to their employment	**614**	581
Pension contributions		
– defined contribution scheme	**133**	405
	926	1,175

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.

Pension contributions includes aggregate pension contributions paid, treated as paid or payable during the financial year in respect of qualifying services of directors of €132,829 (2015: €405,248). Pension contributions have been made in respect of 5 directors (2015: 5 directors), each of whom have contracts of employment with the Group. The amount paid in 2015 includes once-off pension contributions of €270,000 paid to the Elected Directors' pursuant to the restructuring of the IAS Scheme referred to in Note 24.

8. Profit on ordinary activities before taxation (continued)

Directors' 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 during 2016 and 2015 were as follows:

	2016	2015
	€	€
— Pádraig Ó Ríordáin	**31,500**	31,500
— Niall Greene	**15,750**	15,750
— Patricia King*	**–**	–
— John Lynch	**15,750**	15,750
— Colm McCarthy	**15,750**	15,750
— Des Mullally	**15,750**	15,750
— Barry Nevin	**15,750**	15,750
— Eric Nolan	**15,750**	15,750
— Ann-Marie O'Sullivan	**5,793**	15,750
— Paul Schütz	**15,750**	15,750
— Denis Smyth	**15,750**	15,750
— Kevin Toland	**–**	–
— Gerry Walsh	**15,750**	15,750

* Patricia King opted to waive her director's fee.

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 €14,694 (2015: €13,315). 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 2016 amounted to €399,063 (2015: €397,710) which included basic salary of €250,000 (2015: €250,000) and pension contributions and other taxable benefits of €149,063 (2015: €147,710). Mr Toland did not receive a director's fee.

9. Tax on profit on ordinary activities

The tax charge comprises:

	2016 €000	2015 €000
Current tax on profit on ordinary activities:		
Corporation tax – Ireland	**2,439**	5,372
Double tax relief	**(2,440)**	(5,362)
Overseas corporation tax	**3,527**	1,934
Adjustment in respect of prior financial years:		
Irish corporation tax	**1**	(9)
Total current tax charge	**3,527**	1,935
Deferred tax:		
Origination/reversal of timing differences		
Attributable to Group	**6,345**	13,012
Adjustment in respect of prior financial years	**(73)**	386
Timing differences relating to retirement benefit obligations	**77**	1,437
Total deferred tax charge	**6,349**	14,835
Total tax on profit on ordinary activities	**9,876**	16,770
Total current and deferred tax (credit)/charge relating to items of other comprehensive income	**(284)**	61

The Group's Irish operations are subject to differing rates of corporation taxation, according to the nature of activities. During 2016 and 2015, 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 lower than that based on the standard rate of tax in the Republic of Ireland. The differences are set out in the tax reconciliation below:

	2016 €000	2015 €000
Profit on ordinary activities before taxation	**94,517**	105,153
Profit on ordinary activities at standard Irish corporation tax rate of 12.5% (2015: 12.5%)	**11,814**	13,144
Effects of:		
Permanent differences	**(263)**	3,045
Income taxed at higher rates	**1,336**	3,108
Revaluations taxed at higher rates	**178**	2,458
Prior year adjustments	**(497)**	377
Foreign tax on branch activities	**838**	–
Foreign tax credit	**(2,440)**	(5,362)
Investment property related adjustment to deferred tax	**(1,090)**	–
Total tax charge for the financial year	**9,876**	16,770

Corporation tax is provided on taxable profits at current rates.

Total current and deferred tax relating to items of other comprehensive income for the financial year was a credit of €0.28 million (2015: charge of €0.06 million).

10. Company profit for the financial year

A separate company profit and loss account is not presented, as provided for under the Companies Act 2014, Section 304(2). A profit for the financial year after exceptionals and taxation of €59.6 million (2015: €65.6 million profit after exceptionals and taxation) 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 with the Registrar of Companies as permitted by Section 357 of the Companies Act 2014.

11. Tangible fixed assets

Group	Terminal complexes & piers €000	Lands & airfields €000	Plant & equipment €000	Other property €000	Assets in the course of construction €000	Total €000
Cost						
At 1 January 2016	921,567	387,195	809,696	350,453	56,235	2,525,146
Additions	3,764	1,206	14,867	14,366	85,043	119,246
Transfer from investment property (Note 13)	–	13,845	–	3,616	–	17,461
Transfer to intangible assets (Note 12)	–	–	(872)	–	–	(872)
Transfer from completed assets	8,132	13,870	17,826	3,740	(43,568)	–
Disposals	(5,614)	(3,686)	(11,749)	(4,950)	–	(25,999)
Translation reserve	–	–	726	–	–	726
At 31 December 2016	**927,849**	**412,430**	**830,494**	**367,225**	**97,710**	**2,635,708**
Depreciation						
At 1 January 2016	243,856	146,110	392,741	121,736	–	904,443
Charge for the financial year	25,364	13,479	54,568	11,954	–	105,365
Transfer to intangible assets (Note 12)	–	–	(384)	–	–	(384)
Disposals	(952)	(3,022)	(9,683)	(1,829)	–	(15,486)
Translation reserve	–	–	247	–	–	247
At 31 December 2016	**268,268**	**156,567**	**437,489**	**131,861**	**–**	**994,185**
Net book value						
At 31 December 2016	**659,581**	**255,863**	**393,005**	**235,364**	**97,710**	**1,641,523**
At 31 December 2015	677,711	241,085	416,955	228,717	56,235	1,620,703

In respect of prior financial year:

Group

Cost						
At 1 January 2015	918,329	371,165	808,321	340,161	27,979	2,465,955
Additions	1,575	8,285	24,801	9,542	52,045	96,248
Transfer to completed assets	5,316	7,790	9,366	1,317	(23,789)	–
Disposals	(3,653)	(45)	(32,334)	(567)	–	(36,599)
Translation reserve	–	–	(458)	–	–	(458)
At 31 December 2015	921,567	387,195	809,696	350,453	56,235	2,525,146
Depreciation						
At 1 January 2015	222,755	133,419	373,216	111,935	–	841,325
Charge for the financial year	24,744	12,736	52,039	10,336	–	99,855
Disposals	(3,643)	(45)	(32,265)	(535)	–	(36,488)
Translation reserve	–	–	(249)	–	–	(249)
At 31 December 2015	243,856	146,110	392,741	121,736	–	904,443
Net book value						
At 31 December 2015	677,711	241,085	416,955	228,717	56,235	1,620,703

11. Tangible fixed assets (continued)

Company	Terminal complexes & piers €000	Lands & airfields €000	Plant & equipment €000	Other property €000	Assets in the course of construction €000	Total €000
Cost						
At 1 January 2016	921,567	376,908	776,953	349,884	56,235	2,481,547
Additions	3,764	1,206	10,343	14,366	85,043	114,722
Transfer from investment property (Note 13)	–	1,800	–	3,615	–	5,415
Disposals	(5,614)	(3,686)	(10,442)	(4,949)	–	(24,691)
Transfer to completed assets	8,132	13,870	17,826	3,740	(43,568)	–
At 31 December 2016	**927,849**	**390,098**	**794,680**	**366,656**	**97,710**	**2,576,993**
Depreciation						
At 1 January 2016	243,856	142,702	372,048	121,166	–	879,772
Charge for the financial year	25,364	13,479	50,692	11,923	–	101,458
Disposals	(952)	(3,022)	(8,375)	(1,829)	–	(14,178)
At 31 December 2016	**268,268**	**153,159**	**414,365**	**131,260**	**–**	**967,052**
Net book value						
At 31 December 2016	**659,581**	**236,939**	**380,315**	**235,396**	**97,710**	**1,609,941**
At 31 December 2015	677,711	234,206	404,905	228,718	56,235	1,601,775

In respect of prior financial year:

Company						
Cost						
At 1 January 2015	918,329	360,878	776,200	339,592	27,979	2,422,978
Additions	1,575	8,285	21,747	9,542	52,045	93,194
Disposals	(3,653)	(45)	(30,360)	(567)	–	(34,625)
Transfer to completed assets	5,316	7,790	9,366	1,317	(23,789)	–
At 31 December 2015	921,567	376,908	776,953	349,884	56,235	2,481,547
Depreciation						
At 1 January 2015	222,755	130,011	353,476	111,366	–	817,608
Charge for the financial year	24,744	12,736	48,869	10,336	–	96,685
Disposals	(3,643)	(45)	(30,297)	(536)	–	(34,521)
At 31 December 2015	243,856	142,702	372,048	121,166	–	879,772
Net book value						
At 31 December 2015	677,711	234,206	404,905	228,718	56,235	1,601,775

The accounting policies used by the Group for tangible fixed assets, including depreciation, cost capitalisation and impairment reviews, are set out in Note 1.

Lands and airfields include airport land at a cost of €28.6 million (2015: €14.7 million). Fixed asset additions include internal architectural, engineering and agency payroll costs of €9.9 million (2015: €7.7 million). Cost of fixed assets includes cumulative interest capitalised of €68.7 million (2015: €68.4 million).

Interest of €0.3 million was capitalised in 2016 at a rate of 5.60% per annum (2015: €0.1 million at a rate of 4.65% per annum).

12. Intangible assets

Group	Software	Goodwill	Concession rights	Total
	€000	€000	€000	€000
Cost				
At 1 January 2016	16,795	23,610	67,290	107,695
Additions	505	985	–	1,490
Translation movement	92	–	1,068	1,160
Disposals	(180)	–	(687)	(867)
Transfer from tangible fixed assets (Note 11)	872	–	–	872
Adjustment	–	(90)	–	(90)
At 31 December 2016	**18,084**	**24,505**	**67,671**	**110,260**
Amortisation				
At 1 January 2016	13,410	8,723	19,463	41,596
Charge for the financial year	1,964	1,656	3,206	6,826
Translation movement	67	–	1,009	1,076
Disposals	(180)	–	(687)	(867)
Transfer from tangible fixed assets (Note 11)	384	–	–	384
At 31 December 2016	**15,645**	**10,379**	**22,991**	**49,015**
Net book value				
At 31 December 2016	**2,439**	**14,126**	**44,680**	**61,245**
At 31 December 2015	3,385	14,887	47,827	66,099

In respect of prior financial year:

Group

Cost				
At 1 January 2015	16,473	24,289	68,427	109,189
Additions	700	–	–	700
Translation movement	(7)	–	(1,137)	(1,144)
Disposals	(371)	–	–	(371)
Adjustment	–	(679)	–	(679)
At 31 December 2015	16,795	23,610	67,290	107,695
Amortisation				
At 1 January 2015	11,880	7,166	17,289	36,335
Charge for the financial year	1,889	1,557	3,218	6,664
Translation movement	(19)	–	(1,044)	(1,063)
Disposals	(340)	–	–	(340)
At 31 December 2015	13,410	8,723	19,463	41,596
Net book value				
At 31 December 2015	3,385	14,887	47,827	66,099

12. Intangible assets (continued)

Company	**Software €000**	**Total €000**
Cost		
At 1 January 2016	15,303	15,303
Additions	322	322
Disposals	(180)	(180)
At 31 December 2016	**15,445**	**15,445**
Amortisation		
At 1 January 2016	12,501	12,501
Charge for the financial year	1,596	1,596
Disposals	(180)	(180)
At 31 December 2016	**13,917**	**13,917**
Net book value		
At 31 December 2016	**1,528**	**1,528**
At 31 December 2015	2,802	2,802

In respect of prior financial year:

Company		
Cost		
At 1 January 2015	15,659	15,659
Additions	15	15
Disposals	(371)	(371)
At 31 December 2015	15,303	15,303
Amortisation		
At 1 January 2015	11,128	11,128
Charge for the financial year	1,713	1,713
Disposals	(340)	(340)
At 31 December 2015	12,501	12,501
Net book value		
At 31 December 2015	2,802	2,802

The goodwill balance at 31 December 2016 comprises:

(i) Goodwill of €17.4 million relates to the 2008 acquisition of Aer Rianta International (Middle East) WLL ("ARIME"), which was revised in light of the acquisition of additional interest in 2013. This goodwill has been subsequently adjusted in 2015 and 2016 as a result of a revision of the costs in relation to the additional acquisition in 2013. The goodwill is being amortised from 2013 over ten years which is the average life of the concession agreements currently held by ARIME.

(ii) Goodwill of €6.2 million in respect of the deferred tax liability recognised on the capitalised concession rights arising from the CTC-ARI acquisition in 2014 net of the deferred tax asset recognised on the fair value adjustment of a loan receivable amount. This goodwill is being amortised from 2014 over seventeen years which is the life of the concession agreement currently held by CTC-ARI.

The accounting policies used by the Group for intangible fixed assets, including amortisation and cost capitalisation, are set out in Note 1.

13. Investment property

Group	Investment Property €000	Property under Construction €000	Total €000
Valuation			
At 1 January 2016	111,911	11,769	123,680
Additions	6,459	–	6,459
Revaluations (Note 6)	4,115	–	4,115
Transfer to completed fixed assets	5,859	(5,859)	–
Transfer to tangible fixed assets (Note 11)	(12,046)	(5,415)	(17,461)
At 31 December 2016	**116,298**	**495**	**116,793**

In respect of prior financial year:

Valuation			
At 1 January 2015	80,177	–	80,177
Additions	12,046	11,796	23,842
Revaluations (Note 6)	19,661	–	19,661
Transfer to completed assets	27	(27)	–
At 31 December 2015	111,911	11,769	123,680

Company

Valuation			
At 1 January 2016	95,280	11,769	107,049
Additions	6,459	–	6,459
Revaluations	3,665	–	3,665
Transfer to completed assets	5,859	(5,859)	–
Transfer to tangible fixed assets (Note 11)	–	(5,415)	(5,415)
At 31 December 2016	**111,263**	**495**	**111,758**

In respect of prior financial year:

Valuation			
At 1 January 2015	75,527	–	75,527
Additions	–	11,796	11,796
Revaluations	19,726	–	19,726
Transfer to completed assets	27	(27)	–
At 31 December 2015	95,280	11,769	107,049

Investment property comprises land and buildings owned by the Group and is measured at fair value at each reporting date with changes in fair value recognised in profit and loss. The fair value of the investment properties is based on a valuation by independent valuers who hold a recognised and professional qualification and have recent experience in the location and class of the investment properties being valued.

Valuations are carried out having regard to comparable market evidence relevant to each specific property or class of properties. In assessing fair value for all of the investment properties, current and potential future income has been capitalised using yields derived from market evidence. The external valuers, in discussion with the Group's management, have determined the appropriate judgements used in the valuations based on the size of the properties, rental values, repair and condition.

There are no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal.

In the year ended 31 December 2016, two properties were used to deliver essential services in the operations of Dublin Airport. On this basis, the classification of these two properties was reassessed and on the basis that these assets were used in airport related activities it was deemed appropriate to classify these properties as tangible fixed assets. The transfer from investment property to tangible fixed assets has been effected at fair value.

In the year ended 31 December 2015, a subsidiary company purchased land for €12.05 million and this land was classified as investment property in 2015. This classification was reassessed in 2016 and on the basis that the land is currently being held to support the future developments of the airport infrastructure it was deemed appropriate to classify this land as a tangible fixed asset going forward as the land will be used to deliver essential services in the operation of Dublin Airport. The transfer from investment property to tangible fixed assets has been effected at the original cost price of the land.

14. Fixed assets – Investments

Group	At 1 January 2016 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2016 €000
Joint venture undertakings [a]				
Joint venture undertakings	1,796	1,742	–	3,538
Dividends received	(504)	–	(1,400)	(1,904)
	1,292	**1,742**	**(1,400)**	**1,634**
Associated undertakings				
Equity interest at cost	63,785	–	–	63,785
Share of post-acquisition profits	254,924	27,772	–	282,696
Dividends received	(227,209)	–	(21,408)	(248,617)
Translation reserve	6,803	1,152	–	7,955
	98,303	**28,924**	**(21,408)**	**105,819**
Other financial assets				
Listed investments [b]	9,995	362	(95)	10,262
Other unlisted investments [c]	11,390	742	(720)	11,412
Other financial assets	441	504	(86)	859
	21,826	**1,608**	**(901)**	**22,533**
Total investments	**121,421**	**32,274**	**(23,709)**	**129,986**

In respect of prior financial year:

Group	At 1 January 2015 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2015 €000
Joint venture undertakings [a]				
Joint venture undertakings	672	1,124	–	1,796
Dividends received	–	–	(504)	(504)
	672	1,124	(504)	1,292
Associated undertakings				
Equity interest at cost	63,785	–	–	63,785
Share of post-acquisition profits	227,138	27,813	(27)	254,924
Dividends received	(203,615)	–	(23,594)	(227,209)
Translation reserve	5,171	1,632	–	6,803
	92,479	29,445	(23,621)	98,303
Other financial assets				
Listed investments [b]	8,115	1,880	–	9,995
Other unlisted investments [c]	11,466	–	(76)	11,390
Other financial assets	383	58	–	441
	19,964	1,938	(76)	21,826
Total investments	113,115	32,507	(24,201)	121,421

a. The opening balance in joint venture undertakings reflects the acquisition during 2014 by ARIME, a subsidiary undertaking, of an additional 25.01% shareholding in Cyprus Airports (F&B) Limited. The movement in joint venture undertakings reflects the 2016 share of profits of €1.7 million and dividends received of €1.4 million.

b. Listed investments are held by ARIME, a subsidiary undertaking, are carried at fair value and changes in fair value are recognised in the profit and loss. The investments are held in shares quoted on the Bahrain Stock Exchange.

c. Other investments comprise loan stock that ARIME holds, as an investment and a loan receivable amount that is due to CTC-ARI.

14. Fixed assets – Investments (continued)

Company	At 1 January 2016 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2016 €000
Ordinary shares in subsidiary undertakings at cost	12,102	–	–	12,102
Capital contributions to subsidiary undertakings	1,260	3,942	(4,442)	760
Other financial assets	441	504	(86)	859
	13,803	**4,446**	**(4,528)**	**13,721**

In respect of prior financial year:

Company	At 1 January 2015 €000	Additions/ other increases €000	Disposals/ other movements €000	At 31 December 2015 €000
Ordinary shares in subsidiary undertakings at cost	12,102	–	–	12,102
Capital contributions to subsidiary undertakings	1,760	2,782	(3,282)	1,260
Other financial assets	383	58	–	441
	14,245	2,840	(3,282)	13,803

In the opinion of the Directors, the net realisable values of the financial assets are not less than the carrying values. The basis on which financial assets are stated is set out in Note 1.

The principal operating subsidiary, associate and joint venture undertakings of the Group, all of which are included in the Group financial statements, together with the Group's beneficial holding of ordinary shares, net of minority interest, at 31 December 2016, are as set out below:

Undertaking	Registered office	Principal activity	%
Subsidiary undertakings			
ARI Auckland Limited	Auckland, New Zealand	Duty free shopping and related activities	100.0
Aer Rianta International cpt	Shannon, Ireland	International management services and airport investor	100.0
Aer Rianta International (Middle East) WLL	Manama, Bahrain	Duty free shopping and related activities	71.3
Aer Rianta International (North America) Inc.	Montreal, Canada	Duty free shopping and related activities	100.0
ASC Airport Services Consolidated Limited	Dublin, Ireland	Provision of services to daa plc	100.0
DAA Airport Services Limited	Dublin, Ireland	Secondment of employees to daa plc	100.0
DAA Finance plc	Dublin, Ireland	Financing company	100.0
DAA Operations Limited	Dublin, Ireland	Property development	100.0
daa International Limited	Dublin, Ireland	Consultancy services	100.0
daa USA International Inc.	Massachusetts, USA	Car park consultancy services	100.0
CTC-ARI Airports Limited	Nicosia, Cyprus	Duty free shopping and related activities	85.6
Gatland Property Limited	Dublin, Ireland	Property development	100.0
Halamar Development Limited	Dublin, Ireland	Property dealing and development	100.0
SkyZone Limited	Dublin, Ireland	Property investment	100.0
Joint venture undertakings			
CTC Airports (F+B) Limited [1]	Nicosia, Cyprus	Duty free food and beverage related activities	35.6

14. Fixed assets – Investments (continued)

Undertaking	Registered office	Principal activity	%
Associated undertakings			
Caribbean ARI Inc. [2]	Bridgetown, Barbados	Duty free shopping and related activities	50.0
Delhi Duty Free Services Private Limited [3]	Delhi, India	Duty free shopping and related activities	25.6
Flughafen Düsseldorf GmbH	Düsseldorf, Germany	Airport operator	20.0
Oman Sales & Services LLC	Muscat, Oman	Duty free shopping and related activities	35.6
Phoenicia Aer Rianta Management SAL	Beirut, Lebanon	Duty free shopping and related activities	35.6
Phoenicia Aer Rianta Co. SAL	Beirut, Lebanon	Duty free shopping and related activities	11.5

1. CTC Airports (F&B) Limited is treated as a joint venture as defined under FRS 102 Section 15 ("Investments in Joint Ventures") on the grounds that the group exercises joint control over CTC Airports (F&B) Limited 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 FRS 102 Section 14 ("Investments in Associates") on the grounds that the Group exercises significant influence or dominant control.

3. Aer Rianta International cpt held 33.1% of the shares of Delhi Duty Free Services Private Limited, with 7.55% of these held in trust for a third party. On 6 February 2017, Aer Rianta International cpt acquired this 7.55% and increased its net beneficial interest in Delhi Duty Free Services Limited from 25.6% to 33.1%.

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 2016 for the purpose of including results of this company in the Group financial statements.

15. Stocks

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Goods for resale	**35,341**	31,813	**7,569**	6,818
Maintenance	**3,865**	3,631	**3,865**	3,632
	39,206	35,444	**11,434**	10,450

The replacement value of stock was not materially different from the carrying amount.

16. Debtors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Trade debtors	**40,938**	30,075	**31,889**	23,969
Prepayments and accrued income	**9,133**	8,002	**7,738**	7,178
Due from subsidiary undertakings	**–**	–	**35,032**	31,171
Due from associated undertakings	**1,337**	2,020	**–**	–
Corporation tax	**804**	1,039	**564**	830
Other debtors	**2,825**	6,857	**5,092**	6,843
	55,037	47,993	**80,315**	69,991

Debtors of €0.8 million (2015: €4.5 million) in the Group and debtors of €0.8 million (2015: €4.5 million) in the company, fall due after more than one year. Other debtors of the Group, include €1.4 million of borrowing costs capitalised at a rate of 1.2% (2015: €1.8 million at a rate of 1.2%). Other debtors of the company, include borrowing costs of €3.7 million split between €2.3 million at a capitalisation rate of 0.05% and €1.4 million at a capitalisation rate of 1.2% (2015: €1.8 million at a rate of 1.2%).

17. Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Bank loans (Note 19)	**42,605**	42,855	**17,348**	16,696
Trade creditors	**20,964**	24,655	**7,526**	8,852
Due to subsidiary undertakings	**–**	–	**950,454**	979,647
Other creditors	**15,741**	13,458	**16,751**	14,438
Accruals	**82,739**	74,787	**59,801**	56,467
Deferred income	**5,148**	5,009	**5,465**	5,309
Capital accruals	**34,170**	36,372	**34,170**	36,372
	201,367	197,136	**1,091,515**	1,117,781
Taxation and social welfare included in other creditors:				
PAYE	**2,876**	2,742	**2,503**	2,401
PRSI	**1,688**	1,585	**1,654**	1,585
VAT	**2,645**	1,478	**4,076**	2,826
Other taxes	**855**	904	**855**	821

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

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Bank loans (Note 19)	**447,619**	490,224	**208,061**	225,410
Loan notes (Note 19)	**687,505**	548,301	**–**	–
Accruals	**8,210**	9,581	**8,210**	9,581
Deferred income	**12,105**	14,756	**12,105**	14,756
Other creditors	**–**	918	**–**	–
	1,155,439	1,063,780	**228,376**	249,747

Deferred income of €3.1 million (2015: €4.4 million), Group and company, falls due after more than five years.

19. Financial liabilities

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Repayable by instalments:				
Repayable within one year	**42,605**	42,855	**17,348**	16,696
Repayable within one to two years	**43,798**	42,605	**18,029**	17,348
Repayable within two to five years	**126,980**	135,224	**58,485**	56,254
Repayable after more than five years	**276,841**	312,395	**131,547**	151,808
	490,224	533,079	**225,409**	242,106
Repayable other than by instalments:				
Repayable within one to two years	**289,776**	–	**–**	–
Repayable within two to five years	**–**	548,301	**–**	–
Repayable after more than five years	**397,729**	–	**–**	–
	1,177,729	1,081,380	**225,409**	242,106
Split as follows:				
Bank loans	**490,224**	533,079	**225,409**	242,106
Loan notes	**687,505**	548,301	**–**	–
	1,177,729	1,081,380	**225,409**	242,106
Included in creditors falling due within one year (Note 17)	**42,605**	42,855	**17,348**	16,696
Included in creditors falling due after more than one year (Note 18)	**1,135,124**	1,038,525	**208,061**	225,410

The loan notes comprised €290.2 million (2015: €549.7 million) of loan notes repayable in 2018 (less unamortised amounts) and €400 million (2015: €Nil) of loan notes repayable in 2028 (less unamortised costs). Loan notes also include borrowing costs capitalised of €2.7 million split between €2.3 million at a capitalisation rate of 0.05% and €0.4 million at a capitalisation rate of 0.08% (2015: €1.4 million at a rate of 0.08%). These are issued by the company's subsidiary, DAA Finance plc. These loan notes are listed on the Main Securities Market of the Irish Stock Exchange. The loan notes are guaranteed by the company.

At 31 December 2016, DAA Finance plc also had bank loans of €264.8 million (2015: €289.6 million) which are guaranteed by the company. Interest rates and risk profile of financial liabilities are further analysed in Note 27.

The company's bank loans at 31 December 2016 of €225.4 million (2015: €242.1 million) are unsecured and are repayable by instalments.

Borrowing facilities

The Group has a €300 million undrawn committed revolving credit facility as at 31 December 2016 in respect of which all conditions precedent have been met. This facility expires in more than two years but not more than five years.

20. Capital grants

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
At 1 January	**9,898**	10,655	**9,898**	10,655
Amortised to profit and loss account	**(725)**	(757)	**(725)**	(757)
Grants received	**983**	**–**	**983**	–
At 31 December	**10,156**	9,898	**10,156**	9,898

Grants received relate to the development and expansion of certain airport facilities including multi-storey car park, apron facilities and software development.

21. Provisions for liabilities

	Insurance and other[1]	Deferred tax (Note 22) €000	Restructuring programme (Note 24)[3] €000	Pension liability (Note 24) €000	Pension restructuring (Note 24)[2] €000	Total €000
Group						
At 1 January 2016	18,844	36,250	7,227	8,950	3,565	74,836
Charge/(credit) for the financial year	1,964	6,094	3,182	924	(522)	11,642
Utilised during the financial year	(2,386)	–	(1,325)	–	(124)	(3,835)
At 31 December 2016	**18,422**	**42,344**	**9,084**	**9,874**	**2,919**	**82,643**

In respect of prior financial year:

	Insurance and other[1] €000	Deferred tax (Note 22) €000	Restructuring programme (Note 24)[3] €000	Pension liability (Note 24) €000	Pension restructuring (Note 24)[2] €000	Total €000
Group						
At 1 January 2015	19,733	21,160	22,256	21,441	74,700	159,290
Charge/(credit) for the financial year	1,237	14,704	1,125	(12,491)	(1,050)	3,525
Adjustment in respect of prior financial years	–	386	–	–	–	386
Utilised during the financial year	(2,126)	–	(3,957)	–	(70,085)	(76,168)
Transfer to accruals [3]	–	–	(12,197)	–	–	(12,197)
At 31 December 2015	18,844	36,250	7,227	8,950	3,565	74,836

21. Provisions for liabilities (continued)

	Insurance and other[1]	Deferred tax (Note 22) €000	Restructuring programme (Note 24)[3] €000	Pension liability (Note 24) €000	Pension restructuring (Note 24)[2] €000	Total €000
Company						
At 1 January 2016	18,844	30,532	4,748	8,252	3,565	65,941
Charge/(credit) during the financial year	1,964	5,713	2,667	831	(522)	10,653
Utilised during the financial year	(2,386)	–	(563)	–	(124)	(3,073)
At 31 December 2016	**18,422**	**36,245**	**6,852**	**9,083**	**2,919**	**73,521**

In respect of prior financial year:

	Insurance and other[1] €000	Deferred tax (Note 22) €000	Restructuring programme (Note 24)[3] €000	Pension liability (Note 24) €000	Pension restructuring (Note 24)[2] €000	Total €000
Company						
At 1 January 2015	19,733	15,883	20,712	20,762	74,700	151,790
Charge/(credit) for the financial year	1,237	14,649	–	(12,510)	(1,050)	2,326
Utilised during the financial year	(2,126)	–	(3,767)	–	(70,085)	(75,978)
Transfer to accruals [3]	–	–	(12,197)	–	–	(12,197)
At 31 December 2015	18,844	30,532	4,748	8,252	3,565	65,941

In accordance with FRS 102, Section 21 'Provisions and Contingencies' the Group and company carry provisions 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 will be settled within one to ten years.

1. A provision for reported and potential claims under its self-insurance programme and for other liabilities including legal claims.

2. The remaining pension provision relates to the restructuring of the IAS which was frozen on 31 December 2014 (See Note 24).

3. The Group developed a restructuring programme following consultation with staff and staff representatives in prior years. At 31 December 2016, €6.4 million (2015: €7.2 million) is remaining relating to the historical restructuring programme. A further restructuring provision was put in place in 2016 amounting to €2.7 million. In 2015, the Group transferred €12.2 million of the early retirement benefits from provisions for liabilities to creditors amounts falling due within one year (€2.6 million) and creditors amounts falling due after more than one year (€9.6 million). There is no uncertainty of the amount of early retirement benefits or the timing of payment.

22. Deferred tax liability

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Deferred tax				
Deferred tax is provided as follows:				
Timing differences on capital allowances	**59,443**	55,663	**59,443**	55,663
Amounts temporarily not deductible for corporation tax	**(3,394)**	(5,001)	**(4,592)**	(5,507)
Tax losses available	**(29,528)**	(31,168)	**(29,528)**	(31,168)
Retirement benefit obligations	**(1,349)**	(1,221)	**(1,135)**	(1,031)
Revaluations	**12,285**	12,679	**12,057**	12,575
Goodwill	**4,887**	5,298	**–**	–
At 31 December	**42,344**	36,250	**36,245**	30,532

Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

23. Called up share capital and other reserves

	Group and Company	
	2016	2015
	€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.

Other reserves

	Translation reserves	**Other capital reserves**	**Total**
	€000	**€000**	**€000**
Group			
At 1 January 2016	3,421	246	3,667
Exchange differences arising on translation of overseas investments	3,144	–	3,144
At 31 December 2016	**6,565**	**246**	**6,811**
In respect of prior financial year:			
At 1 January 2015	1,227	246	1,473
Exchange differences arising on translation of overseas investments	2,194	–	2,194
At 31 December 2015	3,421	246	3,667

24. Retirement benefits

The Group operates, or participates in, a number of pension schemes, including both defined contribution and defined benefit schemes for its staff. Pension scheme assets are held in separate, Revenue-approved, trustee administered funds. The Group has accounted for retirement benefits under defined schemes in accordance with FRS 102, Section 28 "Employee Benefits".

daa plc participates in a number of pension schemes in respect of its staff, the principal arrangements are as set out below.

a. daa Defined Contribution Retirement Savings Scheme (the "daa DC Scheme")

The daa DC Scheme is a contributory defined contribution pension plan operated by the Group for its eligible, Irish based, employees. Contributions are paid by the members and the employer at fixed rates. The benefits secured at retirement reflect each employee's accumulated fund and the cost of purchasing benefits at that time. The daa DC Scheme has been effective since 1 January 2015 and is now the main arrangement for eligible employees at the Group's Irish airports for providing pension benefits in respect of reckonable service.

Prior to 1 January 2015, pension benefits, for the majority of eligible parent company employees, accrued in the Irish Airlines (General Employee) Superannuation Scheme (the "IAS Scheme") and, in some cases, also in the Aer Rianta Supplemental Superannuation Scheme ("the AR Supplemental Scheme"). Following the restructuring of these schemes, accrued benefits were reduced (IAS Scheme) and frozen (both schemes) on 31 December 2014. Further details of these schemes are set out below.

b. The IAS Scheme

The IAS Scheme is a multi-employer scheme in which benefits were formerly accrued by eligible employees of the company and of other member employers. Fixed contributions were made by the employers and employees in accordance with the scheme's trust deed and rules and the scheme is accounted for as a defined contribution scheme. Aer Lingus Limited, Shannon Airport Authority DAC and SR Technics (which has ceased trading) are the other employer members of the IAS Scheme. Following a restructuring of the IAS Scheme, benefits in this scheme were reduced and frozen for service up to 31 December 2014. The employers ceased to have any further liability to the scheme (save in relation to the ongoing expenses).

c. Aer Rianta Supplemental Superannuation Scheme ("the AR Supplemental Scheme")

This scheme is for certain categories of company employees which provide certain retirement pension benefits supplementary to those payable under the IAS Scheme. This scheme is accounted for as a defined benefit scheme. As at 31 December 2014, accrued benefits were frozen, save for annual revaluation, and pension benefits in respect of service from that date are provided through the daa Defined Contribution Retirement Savings Scheme. The employers ceased to have any further liability to the scheme (save in relation to the ongoing expenses).

Aer Rianta International cpt ("ARI") operates a defined contribution pension scheme in respect of eligible Irish-based employees. Aer Rianta International (North America) Inc., a subsidiary of ARI, operates a defined benefit pension scheme ("the ARINA Scheme").

Employee benefits disclosures

The pension cost to the Group charged against operating profit for the financial year amounted to €9.0 million (2015: €8.1 million), see Note 4. The pension cost to the company chargeable against operating profit for the financial year amounts to €7.3 million (2015: €6.7 million).

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Defined benefit arrangements				
Service cost	**457**	432	**148**	139
Defined contribution schemes	**8,532**	7,704	**7,113**	6,536
	8,989	8,136	**7,261**	6,675

24. Retirement benefits (continued)

The combined pensions liabilities of arrangements, accounted for as defined benefit schemes were as follows:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Gross pension liability	**9,874**	8,950	**9,083**	8,252

The AR Supplemental Scheme is actuarially valued every three years by independent professionally qualified actuaries. The actuarial valuations are not available for public inspection. In accordance with FRS 102, at each reporting date the most recent valuation of the scheme is updated by the actuaries to reflect financial assumptions that are current at the balance sheet date.

At 31 December 2016, the net pension liability in the Group was €8.5 million (2015: €7.7 million) being assets of €19.3 million (2015: €16.0 million) and present value of accrued scheme liabilities of €29.1 million (2015: €24.9 million) net of a related deferred tax asset of €1.3 million (2015: €1.2 million).

At 31 December 2016, the net pension liability in the company was €7.9 million (2015: €7.2 million) being assets of €14.8 million (2015: €12.2 million) and present value of accrued scheme liabilities of €23.9 million (2015: €20.5 million) net of a related deferred tax asset of €1.1 million (2015: €1.0 million).

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

	As at 31/12/2016	As at 31/12/2015
Valuation method	**Projected Unit**	Projected Unit
Rate of increase in salaries	**1.7% – 2.50%**	1.75% – 2.50%
Rate of increase in pension payment	**0.00% – 1.70%**	0.00% – 1.75%
Discount rate	**1.9% – 3.75%**	2.60% – 4.00%
Inflation assumption	**1.7% – 2.00%**	1.75% – 2.00%
Life expectancy		
Male member age 65 (current life expectancy)	**23.0 – 25.1**	22.9 – 25.4
Male member age 40 (life expectancy at age 65)	**25.8 – 26.3**	25.7 – 28.3
Female member age 65 (current life expectancy)	**25.0 – 29.7**	24.9 – 27.5
Female member age 40 (life expectancy at age 65)	**27.9 – 30.7**	27.8 – 30.5

The discount rate of 1.9% (Ireland) and 3.75% (overseas) is based on AA Rated Corporate Bonds which are considered appropriate for the duration of the liabilities of the schemes.

The asset allocations at the year-end were as follows:

	Group		Company	
	2016	2015	**2016**	2015
	Percentage of plan assets	Percentage of plan assets	**Percentage of plan assets**	Percentage of plan assets
Equities	**57.2%**	42.1%	**56.3%**	36.6%
Bonds	**39.6%**	53.8%	**39.4%**	58.0%
Property	**–**	0.5%	**–**	0.6%
Cash	**0.1%**	0.1%	**0.2%**	0.2%
Other	**3.1%**	3.5%	**4.1%**	4.6%
	100.0%	100.0%	**100.0%**	100.0%

24. Retirement benefits (continued)

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Amounts recognised in the balance sheet				
Present value of defined benefit obligations	**(29,129)**	(24,916)	**(23,846)**	(20,453)
Fair value of plan assets	**19,255**	15,966	**14,763**	12,201
Gross liability	**(9,874)**	(8,950)	**(9,083)**	(8,252)
Related deferred tax asset	**1,349**	1,221	**1,135**	1,031
Net liability	**(8,525)**	(7,729)	**(7,948)**	(7,221)
Change in benefit obligation				
Benefit obligation at beginning of financial year	**(24,916)**	(37,990)	**(20,453)**	(33,668)
Current service cost	**(457)**	(432)	**(148)**	(139)
Interest cost	**(741)**	(760)	**(549)**	(577)
Plan members' contributions	**(63)**	(58)	**–**	–
Remeasurement (loss)/gain	**(3,070)**	1,588	**(2,861)**	1,578
Benefits paid	**433**	328	**165**	249
Translation (loss)/gain	**(315)**	304	**–**	–
Plan curtailments	**–**	12,104	**–**	12,104
Benefit obligation (funded and unfunded) at end of financial year	**(29,129)**	(24,916)	**(23,846)**	(20,453)
Change in plan assets				
Fair value of plan assets at beginning of financial year	**15,966**	16,551	**12,201**	12,906
Interest income	**495**	444	**336**	292
Remeasurement gain				
Actuarial gain/(loss)	**935**	(919)	**841**	(748)
Employer contributions	**1,963**	407	**1,550**	–
Member contributions	**63**	58	**–**	–
Benefits paid from plan	**(433)**	(328)	**(165)**	(249)
Translation gain/(loss)	**266**	(247)	**–**	–
Fair value of plan assets at end of financial year	**19,255**	15,966	**14,763**	12,201
Total defined pension loss/(gain)				
Amounts recorded in profit and loss				
Current service cost	**457**	432	**148**	139
Interest cost	**246**	316	**213**	285
Curtailment gain	**–**	(12,104)	**–**	(12,104)
Total defined benefit pension loss/(gain)	**703**	(11,356)	**361**	(11,680)

The return on plan assets was €0.2 million for the year (2015: €0.3 million).

Other Employee Benefits

In previous years the Group developed a restructuring programme following consultation with staff and staff representatives. At the balance sheet date a provision remained for restructuring of €9.1 million (2015: €7.2 million), see Note 21. This is an unfunded liability, within the meaning of FRS 102, at the balance sheet date.

Termination and early retirement benefits were transferred to creditors' amounts due within one year and creditors' amounts greater than one year at 31 December 2015. (See Note 21).

25. Cash flow statement

Reconciliation of operating profit to cash generated by operations:

	Note	2016 €000	2015 €000
Operating profit		**143,292**	128,752
Adjustment for:			
Depreciation charge	11	**105,365**	99,855
Fair value movement on investment properties	13	**(4,115)**	(19,661)
Pension provision credit		**(522)**	(8,195)
Taxation paid		**(3,559)**	(2,018)
Amortisation of intangible assets	12	**6,826**	6,664
Profit on disposal and retirements of tangible fixed assets	8	**(6)**	(156)
Amortisation of capital grants	20	**(725)**	(757)
		246,556	204,484
Operating cash flow before movement in working capital			
Increase in stocks		**(3,762)**	(10,589)
Increase in debtors		**(8,764)**	(2,373)
Increase in creditors		**7,389**	16,100
Decrease in pension liability		**(1,459)**	(54)
Increase in insurance liability	21	**1,964**	1,237
Payments in respect of restructuring programme	21	**(1,325)**	(3,957)
Payments in respect of pension and other provisions		**(2,510)**	(77,154)
Cash generated by operations		**238,089**	127,694

26. Analysis of net debt

	At 1 January 2016 €000	Cash flow €000	Non-cash movement €000	Foreign exchange movement €000	At 31 December 2016 €000
Cash	84,798	1,783	–	(229)	86,352
Cash equivalents	380,342	139,534	–	–	519,876
	465,140	141,317	–	(229)	606,228
Debt due within one year	(42,855)	302,287	(302,037)	–	(42,605)
Debt due after one year	(1,038,525)	(397,626)	301,027	–	(1,135,124)
	(1,081,380)	(95,339)	(1,010)	–	(1,177,729)
Total	**(616,240)**	**45,978**	**(1,010)**	**(229)**	**(571,501)**

In respect of prior financial year:

	At 1 January 2015 €000	Cash flow €000	Non-cash movement €000	Foreign exchange movement €000	At 31 December 2015 €000
Cash	36,075	49,128	–	(405)	84,798
Cash equivalents	487,239	(106,897)	–	–	380,342
	523,314	(57,769)	–	(405)	465,140
Debt due within one year	(42,814)	42,726	(42,767)	–	(42,855)
Debt due after one year	(1,080,814)	–	42,289	–	(1,038,525)
	(1,123,628)	42,726	(478)	–	(1,081,380)
Total	(600,314)	(15,043)	(478)	(405)	(616,240)

27. Financial instruments

Narrative disclosures concerning the Group's treasury policy and management are set out in the 2016 Financial Review. The required disclosures in respect of relevant financial assets and liabilities (as defined) in accordance with FRS 102 Section 11 "Basic 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 2016 was:

			2016			2015
	Total	**Floating rate**	**Fixed rate**	Total	Floating rate	Fixed rate
	€000	**€000**	**€000**	€000	€000	€000
Financial liabilities						
Euro	**1,177,729**	**221,765**	**955,964**	1,081,380	238,447	842,933
Financial assets						
Euro	**578,267**	**578,267**	**–**	444,175	444,175	–
Sterling	**545**	**545**	**–**	153	153	–
US dollar	**18,739**	**18,739**	**–**	12,771	12,771	–
Canadian dollar	**4,504**	**4,504**	**–**	4,061	4,061	–
New Zealand dollar	**3,890**	**3,890**	**–**	3,689	3,689	–
Hong Kong dollar	**6**	**6**	**–**	23	23	–
Swiss franc	**191**	**191**	**–**	163	163	–
Renminbi	**14**	**14**	**–**	–	–	–
Australian dollar	**72**	**72**	**–**	105	105	–
	606,228	**606,228**	**–**	465,140	465,140	–

The weighted average interest rate for fixed rate Euro currency financial liabilities was 3.9% (2015: 5.9%) and the weighted average period for which the rate was fixed was 9.0 years (2015: 5.4 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.

27. Financial instruments (continued)

(ii) Currency exposures

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

	Net foreign currency monetary assets €000									
	Euro	**Sterling**	**US dollar**	**Canadian dollar**	**Russian rouble**	**Swiss franc**	**Australian dollar**	**Hong Kong dollar**	**Saudi Riyal**	**Renminbi**
As at 31 December 2016										
Functional currency of Group operations										
Euro	–	437	7,399	1,586	–	–	–	–	2,026	–
Canadian dollar	24	–	129	–	–	–	–	–	–	–
Hong Kong dollar	43	–	6	–	–	–	–	–	–	14
US dollar	3,561	69	–	–	–	191	–	–	–	–
New Zealand dollar	99	39	93	–	–	–	72	–	–	–
	3,727	**545**	**7,627**	**1,586**	**–**	**191**	**72**	**–**	**2,026**	**14**
As at 31 December 2015										
Functional currency of Group operations										
Euro	–	463	5,088	1,971	–	–	–	–	–	–
Canadian dollar	–	–	288	–	–	–	–	–	–	–
Hong Kong dollar	66	–	6	–	–	–	–	–	–	–
US dollar	168	93	–	–	163	156	–	–	–	–
Renminbi	–	–	–	–	–	–	–	3	–	–
New Zealand dollar	53	20	36	–	–	–	105	–	–	–
	287	576	5,418	1,971	163	156	105	3	–	–

27. Financial instruments (continued)

(iii) Carrying values of financial liabilities and assets

Set out below are the carrying values of the Group's relevant financial assets and liabilities:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Financial Assets				
Measured at fair value through profit or loss				
Financial asset	**11,121**	10,436	**859**	441
Debt instruments measured at amortised cost				
Loan stock receivable	**11,412**	11,390	**–**	–
Measured at undiscounted amount receivable				
Trade debtors	**40,938**	30,075	**31,889**	23,969
Other debtors	**2,825**	6,857	**5,092**	6,843
Amounts due from subsidiary undertakings	**–**	–	**35,032**	31,171
Amounts due from associated undertakings	**1,337**	2,020	**–**	–
	67,633	60,778	**72,872**	62,424
Financial Liabilities				
Measured at fair value through profit or loss				
Derivative financial liabilities	**–**	1,247	**–**	1,247
Measured at amortised cost				
Bank loans	**490,224**	533,079	**225,409**	242,106
Loan notes	**687,505**	548,301	**–**	–
Amounts due to subsidiary undertakings	**–**	–	**819,814**	844,584
Measured at undiscounted amount payable				
Trade creditors	**20,964**	24,655	**7,526**	8,852
Other creditors	**15,741**	12,211	**16,751**	13,191
Amounts due to subsidiary undertakings	**–**	–	**130,640**	135,063
	1,214,434	1,119,493	**1,200,140**	1,245,043

The fair values of assets and liabilities, held at fair value through the profit and loss, are determined using quoted market prices in place at each balance sheet date.

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.

(iv) Income, expense, gains and losses in respect of financial instruments

The Group's income, expense, gains and losses in respect of financial instruments are summarised below:

	Group	
	2016	2015
	€000	€000
Interest income and expense		
Total interest expense for financial liabilities at amortised cost	**45,626**	53,507
Total interest income for financial assets at amortised cost	**642**	1,035
Fair value gains and (losses)		
On financial assets measured at fair value through profit or loss	**1,665**	58
On financial liabilities measured at fair value through profit or loss	**–**	(220)

28. Commitments and related matters

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
(i) Capital commitments				
Contracted	**96,323**	22,432	**96,323**	22,432
Authorised by the directors but not contracted for	**61,458**	34,516	**44,947**	18,747
	157,781	56,948	**141,270**	41,179

(ii) International concession agreements

Certain international retail activities of the Group are subject to arrangements that include guaranteed minimum concession fees.

Guaranteed minimum concession fees payable over the life of concession agreements that are in place as at 31 December 2016 are made up as follows:

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Payable on concession agreements within:				
One year	**54,085**	45,044	**–**	–
Two to five years	**325,665**	318,104	**–**	–
Greater than five years	**666,612**	595,731	**–**	–
	1,046,362	958,879	**–**	–

At 31 December 2016, €19.1 million (2015: €18.2 million) of these commitments had been secured by performance bonds issued by banks and guaranteed by the Group.

The total minimum concession fees payable as at 31 December 2016 includes a concession agreement entered into by ARIME, a subsidiary undertaking of the Group, on 21 December 2015 to operate a retail concession at the Midfield Terminal Building at Abu Dhabi International Airport for a period of 10 years from a future commencement date. The Group has established a new joint venture company with a local partner during the year for the purpose of carrying out the obligations and liabilities set out in the concession agreement, which it is proposed to be novated to the joint venture entity.

The novation of the concession agreement to the joint venture entity is subject to a number of conditions and consents and is expected to be completed before the commencement date. The Group's share of (a) committed investment costs to establish the retail outlets are indicated in note 28 (i) and (b) expected commitments in respect of guaranteed minimum concession fees are included in note 28 (ii).

28. Commitments and related matters (continued)

(iii) Lessee operating leases

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

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Buildings				
One year	**1,709**	703	**–**	–
Two to five years	**5,333**	2,021	**–**	–
Greater than five years	**1,664**	2,004	**–**	–
	8,706	4,728	**–**	–
Land				
One year	**32**	14	**32**	14
Two to five years	**56**	56	**56**	56
Greater than five years	**23**	51	**23**	51
	111	121	**111**	121
Plant and Equipment				
One year	**82**	86	**2**	2
Two to five years	**131**	116	**–**	–
Greater than five years	**7**	7	**–**	–
	220	209	**2**	2

Group lease payments expensed at 31 December 2016 amounted to €2.2 million (2015: €1.0 million). Company lease payments expensed at 31 December 2016 amounted to €0.2 million (2015: €0.2 million).

(iv) Other commitments, guarantees and contingencies

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 2016, the purchase commitments amounted to €4.3 million (2015: €3.0 million).

In the ordinary course of business, certain subsidiary undertakings have provided guarantees to financial institutions in respect of guarantees issued by them on the Group's behalf to customs, taxation and related authorities as security in relation to their ongoing commercial obligations to an aggregate extent of €8.8 million (2015: €7.9 million). At 31 December 2016 and 2015, any outstanding amounts in relation to the underlying obligations were included in the Group's balance sheet.

In the normal course of business, certain subsidiary undertakings have provided guarantees, security or indemnities in respect of certain obligations and liabilities related to particular associated and joint venture undertakings to a partial or capped level. As at 31 December 2016 no liabilities or other obligations have arisen pursuant to these obligations.

29. Lessor operating leases

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

	Group		Company	
	2016	2015	**2016**	2015
	€000	€000	**€000**	€000
Buildings				
One year	**14,181**	14,743	**14,181**	14,743
Two to five years	**24,817**	31,456	**24,817**	31,456
Greater than five years	**16,410**	21,851	**16,410**	21,851
	55,408	68,050	**55,408**	68,050
Land				
One year	**109**	214	**109**	214
Two to five years	**427**	421	**427**	421
Greater than five years	**770**	875	**770**	875
	1,306	1,510	**1,306**	1,510
Plant and Equipment				
One year	**760**	1,061	**760**	1,061
Two to five years	**2,079**	2,750	**2,079**	2,750
	2,839	3,811	**2,839**	3,811

30. Related party disclosures

The related parties of the Group, as defined by FRS 102, Section 33 "Related Party Disclosures", the nature of the relationship and the extent of transactions with them (excluding subsidiary undertakings), are summarised below.

	2016 €000	2015 €000
Associated undertakings		
Management charges to associated undertakings	**9,532**	10,687
Dividends received from associated undertakings	**22,808**	24,098
Due from associated undertakings at year-end	**1,337**	2,020

Details of the Group's principal associated undertakings are set out in Note 14.

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 2016 were €1.2 million (2015: €1.2 million). The amount unbilled or billed and not yet paid by the Group at year-end was €0.4 million (2015: €0.7 million).

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.

Terms and conditions of transactions with related parties

Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables. There were no amounts provided for or written off in the period in respect of debts due to or from related parties.

Key management compensation

The Board of Directors who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of the individuals in respect of 2016 was €0.9 million (2015: €0.9 million).

31. Non-controlling interest

	2016 €000	2015 €000
At beginning of financial year	**13,657**	11,615
Share of profit for the financial year	**5,258**	4,971
Exchange differences	**671**	1,021
Dividend to non-controlling interest [1]	**(1,355)**	(3,950)
Dividend disclosed but not yet paid to non-controlling interest [1]	**(1,367)**	–
At end of financial year	**16,864**	13,657

1. Amounts above represent dividend payments by ARIME to its non-controlling interests of €1.3 million and €1.4 million of dividends declared but not yet paid to non-controlling Interests in 2016.

32. Litigation

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

33. Events after the end of the reporting period

Other than the recommendation of a dividend for the current financial year, noted on page 1, there are no other significant post balance sheet events which require adjustment to the financial statements or inclusion of a note thereto.

34. Approval of financial statements

The financial statements were approved by the Board of Directors on 21 March 2017.

Five–Year Summary of Financial Results

	2016 €000	2015 €000	2014 €000	2013 €000	2012 €000
Operating results [1, 2]					
Turnover	**793,107**	679,758	564,076	500,589	574,611
EBITDA (pre-exceptional)	**247,476**	206,042	180,862	160,972	166,763
Depreciation, amortisation and impairment	**(108,299)**	(105,146)	(100,307)	(99,179)	(107,011)
Fair value adjustment on investment property	**4,115**	19,661	16,004	–	–
Group operating profit (pre-exceptional)	**143,292**	120,557	96,559	61,793	59,752
Share of profits of associates and joint ventures	**29,505**	28,938	20,935	38,213	53,052
Finance income/expenses	**(41,192)**	(52,537)	(50,793)	(57,162)	(55,515)
Group exceptional items	**(37,088)**	8,195	(25,702)	9,865	(27,139)
Profit before taxation	**94,517**	105,153	40,999	52,709	30,150
Taxation	**(9,876)**	(16,770)	(5,462)	(10,385)	(6,539)
Minority interest	**(5,258)**	(4,971)	(4,212)	(4,166)	(4,172)
Profit for the financial year	**79,383**	83,412	31,325	38,158	19,439
Profit excluding exceptional items (after taxation)	**107,512**	61,481	41,895	28,119	43,186
Capital employed					
Tangible fixed assets	**1,758,316**	1,744,383	1,704,807	1,707,818	1,753,962
Intangible fixed assets	**61,245**	66,099	72,854	14,105	7,084
Investments	**129,986**	121,421	113,115	104,383	100,780
Net current assets	**499,104**	351,441	427,673	449,265	422,579
Total assets less current liabilities	**2,448,651**	2,283,344	2,318,449	2,275,571	2,284,405
Creditors due after more than one year	**(1,155,439)**	(1,063,780)	(1,101,930)	(1,144,039)	(1,176,408)
Capital grants	**(10,156)**	(9,898)	(10,655)	(11,418)	(12,227)
Provisions for liabilities	**(82,643)**	(74,836)	(159,290)	(120,213)	(128,032)
Net assets	**1,200,413**	1,134,830	1,046,574	999,901	967,738

	2016 €000	2015 €000	2014 €000	2013 €000	2012 €000
Summary Cash Flow [2]					
Cash flow from operating activities	**245,483**	210,823	178,783	158,630	146,036
Dividends from associated undertakings (net)	**22,808**	24,098	22,343	23,361	19,148
	268,291	234,921	201,126	181,991	165,184
Net interest paid	**(41,424)**	(51,558)	(49,622)	(46,467)	(49,711)
Taxation paid	**(3,559)**	(2,018)	(2,784)	(640)	(2,904)
	223,308	181,345	148,720	134,884	112,569
Investment in tangible fixed assets and software	**(118,273)**	(111,563)	(65,402)	(55,866)	(44,228)
Payments in respect of exceptional restructuring and other provisions	**(3,835)**	(81,111)	(11,935)	(13,907)	(9,573)
Investment in/loans to associated and joint venture undertakings and financial assets	**–**	–	(3,125)	–	–
Acquisition of subsidiary undertakings net of cash acquired	**–**	–	(45,023)	(11,121)	–
Net proceeds/(outflow) from disposal of subsidiary/associated undertakings/joint ventures	**–**	–	–	11,625	(215)
Sale of tangible and financial assets	**7**	236	37	73	139
Grants received	**983**	–	11	54	22
	(121,118)	(192,438)	(125,437)	(69,142)	(53,855)
	102,190	(11,093)	23,283	65,742	58,714
Dividends paid to shareholder	**(18,300)**	–	–	–	–
Dividends paid to minority undertakings of subsidiaries	**(1,355)**	(3,950)	(4,798)	(4,310)	(54)
Cash inflow/(outflow) before management of liquid resources and financing	**82,535**	(15,043)	18,485	61,432	58,660
Net debt					
Group net debt at year-end	**571,501**	616,240	600,314	613,970	674,827

1. 2012 balance above includes Shannon Airport results.
2. 2016 and 2015 results have been prepared under FRS 102. 2014 has been restated under FRS 102.

Five-Year Summary of Passenger Statistics

Passengers	2016	2015	2014	2013	2012
Overall					
Transatlantic	**2,734,502**	2,396,684	2,122,081	1,863,381	1,932,077
Britain	**11,219,615**	10,108,080	8,956,245	8,287,527	8,774,890
Continental Europe	**15,144,817**	13,631,772	12,054,857	11,652,325	11,439,525
Other International	**767,534**	797,932	643,038	540,265	478,471
Domestic	**97,049**	84,008	74,596	70,561	66,744
Transit	**174,431**	102,053	5,626	10,729	142,838
	30,137,948	27,120,529	23,856,443	22,424,788	22,834,545
Percentage change year-on-year	**+11.1%**	+13.7%	+6.4%	-1.8%	+0.5%
Dublin					
Transatlantic	**2,733,975**	2,396,416	2,121,880	1,863,134	1,643,885
Britain	**9,930,904**	8,906,766	7,789,004	7,179,756	6,894,019
Continental Europe	**14,208,822**	12,768,193	11,082,613	10,510,488	10,015,982
Other International	**767,324**	797,932	643,036	540,257	477,890
Domestic	**93,731**	80,079	70,795	65,392	60,572
Transit	**172,628**	99,933	4,639	7,756	7,301
	27,907,384	25,049,319	21,711,967	20,166,783	19,099,649
Percentage change year-on-year	**+11.4%**	+15.4%	+7.7%	+5.6%	+1.9%
Cork					
Transatlantic	**527**	268	201	247	269
Britain	**1,288,711**	1,201,314	1,167,241	1,107,771	1,144,904
Continental Europe	**935,995**	863,579	972,244	1,141,837	1,187,425
Other International	**210**	–	2	8	–
Domestic	**3,318**	3,929	3,801	5,169	4,779
Transit	**1,803**	2,120	987	2,973	2,738
	2,230,564	2,071,210	2,144,476	2,258,005	2,340,115
Percentage change year-on-year	**+7.7%**	-3.4%	-5.0%	-3.5%	-0.9%
Shannon					
Transatlantic	**N/A**	N/A	N/A	N/A	287,923
Britain	**N/A**	N/A	N/A	N/A	735,967
Continental Europe	**N/A**	N/A	N/A	N/A	236,118
Other International	**N/A**	N/A	N/A	N/A	581
Domestic	**N/A**	N/A	N/A	N/A	1,393
Transit	**N/A**	N/A	N/A	N/A	132,799
	N/A	N/A	N/A	N/A	1,394,781
Percentage change year–on–year	**N/A**	N/A	N/A	N/A	–14.2%

Five-Year Summary of Aircraft Movements

	2016	2015	2014	2013	2012
Overall					
Commercial					
Scheduled	**217,513**	199,064	184,353	173,139	177,595
Non Scheduled	**6,090**	5,910	4,808	6,417	13,269
Cargo	**4,055**	4,413	4,743	4,636	6,224
Commercial Air Transport Movements	**227,658**	209,387	193,904	184,192	197,088
Percentage change year-on-year	**+8.7%**	+8.0%	+5.3%	-6.5%	-0.4%
Others	**38,332**	30,857	27,504	29,955	39,984
Total Aircraft Movements	**265,990**	240,244	221,408	214,147	237,072
Dublin					
Commercial					
Scheduled	**197,925**	181,735	165,794	154,377	147,380
Non Scheduled	**5,537**	5,394	4,156	5,445	5,288
Cargo	**4,055**	4,105	3,968	3,878	3,918
Commercial Air Transport Movements	**207,517**	191,234	173,918	163,700	156,586
Percentage change year-on-year	**+8.5%**	+10.0%	+6.2%	+4.5%	+1.4%
Others	**7,561**	6,636	6,416	6,657	7,084
Total Aircraft Movements	**215,078**	197,870	180,334	170,357	163,670
Cork					
Commercial					
Scheduled	**19,588**	17,329	18,559	18,762	19,944
Non Scheduled	**553**	516	652	972	963
Cargo	**–**	308	775	758	789
Commercial Air Transport Movements	**20,141**	18,153	19,986	20,492	21,696
Percentage change year-on-year	**+11.0%**	-9.2%	-2.5%	-5.5%	-2.2%
Others	**30,771**	24,221	21,088	23,298	27,442
Total Aircraft Movements	**50,912**	42,374	41,074	43,790	49,138
Shannon					
Commercial					
Scheduled	**N/A**	N/A	N/A	N/A	10,271
Non Scheduled	**N/A**	N/A	N/A	N/A	7,018
Cargo	**N/A**	N/A	N/A	N/A	1,517
Commercial Air Transport Movements	**N/A**	N/A	N/A	N/A	18,806
Percentage change year-on-year	**N/A**	N/A	N/A	N/A	-11.2%
Others	**N/A**	N/A	N/A	N/A	5,458
Total Aircraft Movements	**N/A**	N/A	N/A	N/A	24,264

Aeronautical Information

Dublin Airport

Location	Lat. 532517N, Long. 0061612W (midpoint Runway 10/28)
Elevation	242 ft. AMSL
Runway	**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	24hrs
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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Principal Bankers
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Barclays Bank
BNP Paribas
Danske Bank A/S
European Investment Bank
HSBC Bank plc
Ulster Bank Limited

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.

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