ANNUAL REPORT
AND ACCOUNTS

shannon GROUP

2015

www.shannongroup.ie

70

YEARS

of

COMMERCIAL TRANSATLANTIC AVIATION

CONTENTS

About Shannon Group plc

OUR VISION

Our Vision is to be a customer and value driven success story making a real difference by attracting more and more people and businesses to our region.

OUR CORE VALUES

Our Core Values demonstrate the standards and principles that define what we do and how we do it, central to these are:

- Integrity
- Customer Focus
- Teamwork
- Innovation
- Responsibility
- Community Engagement

OUR MISSION

Our Mission is to manage and develop our aviation, tourism and property assets, to generate a sustainable commercial return, to drive excellence in safety standards and service to customers and to make a difference to the communities we serve.

Shannon Group plc is a commercial semi-state group comprising three companies, focused on delivering economic benefits for the West of Ireland and the wider national economy.

The Group was formally established on 5 September 2014 following the enactment of the State Airports (Shannon Group) Act, 2014.

The Group brings together Shannon Airport Authority Limited ('Shannon Airport'), Shannon Commercial Enterprises Limited ('Shannon Commercial Properties', formerly known as Shannon Development) and Shannon Castle Banquets & Heritage Limited ('Shannon Heritage').

Shannon Group plc provides air transport and aviation services at Shannon Airport and its environs, supports the growing aviation cluster at Shannon through the IASC brand, harnesses its property and land assets owned by Shannon Commercial Properties, and offers visitors a range of heritage tourism options through its tourism company Shannon Heritage. Today, the Group employs over 600 people in high season.

€65.6 MILLION

TURNOVER FOR SHANNON GROUP IN 2015

Shannon Airport Authority Limited is an international airport company with over 260 employees. The Company's principal activity is the day-to-day management of Shannon Airport. It is the home of Shannon Duty Free, the world's first duty free shop. The airport operates a 24 hour service with no curfews, slots or noise restrictions. At 3,199 metres in length, the airport has the longest runway in Ireland and is capable of handling all aircraft types. Shannon Airport operates a fire and rescue service to Category 9.

The airport campus comprises approximately 855 hectares of land of which 493 hectares are used for the operation of the airport. It has its own fuel storage farm with hydrant delivery systems and its own water supply facilities.

Shannon was the first airport in Europe to offer US CBP preclearance (customs and immigration) facilities for scheduled services. It was also the first airport in the world to offer US CBP preclearance facilities for business jets and remains the only airport in Europe and the Middle East offering such services to business jets.

Shannon Airport, in providing daily access to the US, UK and Europe, is a key economic driver for a region that stretches from the south to the northwest of Ireland. In 2015, the airport handled 1.71 million passengers and had over 23,000 aircraft movements. From Shannon you can fly to 35 destinations in 11 countries.

1.71 MILLION

PASSENGERS FLEW THROUGH SHANNON DURING 2015

Shannon Airport is committed to the delivery of a safe, secure and customer focused airport operation. This is achieved through its commitment in delivering its services to the highest national and international standards and best practice.

The International Aviation Services Centre (IASC)

The International Aviation Services Centre (IASC) is tasked with developing a globally-recognised aviation industry brand for Shannon. IASC helps existing aerospace firms located in Shannon develop their business, as well as working alongside IDA Ireland and Enterprise Ireland as they seek to bring new companies to the area.

Today, over 50 aerospace firms are established in and around Shannon, employing approximately 1,600 staff. IASC is dedicated to marketing the aerospace cluster at Shannon. In doing so it hopes to support the development of Ireland's aerospace capabilities by raising the profile of this growing aviation cluster in the international marketplace and ensuring Ireland remains a global centre for the aviation industry.

For further information please visit www.iasc.aero

The World at Your Doorstep

Shannon Airport is an independent airport that operates a 24 - hour service with no curfews, slots, noise restrictions and is situated between Ireland's second and third biggest cities. Shannon is the only airport in Ireland to offer preclearance facilities for both commercial and private aircraft.

PASSENGER

BUSINESS

CARGO

For more information please visit **shannonairport.ie**

CELEBRATING 70 YEARS OF TRANSATLANTIC AVIATION AT SHANNON

Since the beginning of transatlantic air travel, Shannon has always been much more than just an airport. It has been a place where the implausible has always been deemed possible, where frontiers were looked on as invitations.

Shannon's place in modern history was celebrated in 2015 with the unveiling of a special permanent photographic exhibition launched by Rose Hynes, Chairman, Shannon Group plc, in the airport's transit lounge, to celebrate the 70th anniversary of the first commercial transatlantic flight from the US to Shannon. That first US flight was the 'Flagship London', an American Overseas Airline (AOA) DC4, which flew from Gander to Shannon on 24 October 1945 in eight hours 20 minutes.

Almost seventy photographs spanning the decades, capturing some of the world's famous faces to visit Shannon, were unveiled including movie stars, global political and religious leaders. The exhibition includes photographs such as; Gene Kelly, Bob Hope, Marilyn Monroe, Charlie Chaplin, Princess Grace of Monaco, Nelson Mandela, President Mikhail Gorbachev, Chinese President Xi Jinping, Cuban President Fidel Castro, Pope John Paul II and the Dalai Lama.

It also contains photographs of every American President since John F Kennedy and Shannon is probably only one of a small percentage of airports outside the US to have had such an impressive gallery of US Presidents.

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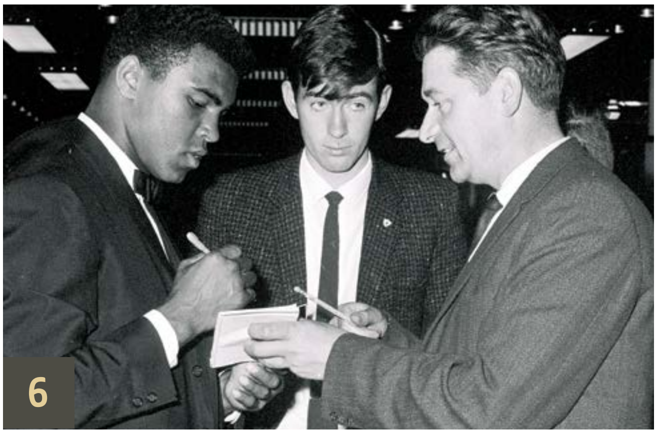
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1 **Former US President John F Kennedy** is pictured speaking at Shannon Airport on 29 June 1963. The President was departing from Shannon following a civic reception at the airport.

2 **Pope John Paul II** is pictured following his arrival at Shannon Airport in 1979.

3 **Fidel Castro, the former Cuban President** is seen in Shannon during a stopover in 1982. Castro, who transited Shannon several times, showed a strong appreciation for the Irish economy. He also left a box of exclusive Cohiba cigars for the then-Taoiseach, Charles Haughey.

4 **Princess Grace of Monaco**, a film star of the 1950's pictured here at Shannon Airport, visited Ireland three times. Following her marriage to Prince Rainier of Monaco, she bought the ancestral farm of her grandfather John Peter Kelly in Co. Mayo in 1979, but her dream to build a holiday home there never materialised before her death in 1982.

5 **Nelson Mandela** visited Ireland in April 2000 where he was greeted at Shannon Airport ahead of a stay at Dromoland Castle.

6 **Boxing legend Muhammad Ali** signing autographs at Shannon Airport.

7 **Actor Marlon Brando** is pictured signing the airport's visitor book during one of his visits to Ireland.

8 **Mick Jagger, the lead singer of the Rolling Stones** is pictured being interviewed by the late Arthur Quinlan, the Irish Times 'man on the ground' in the region from the mid 1940's.

9 **Hollywood star Gene Kelly** is pictured in an iconic photo meeting staff member Anne Coyne. Anne, now 78 years, returned to the airport in December 2015 for the photographic exhibition launch and shared her memories of meeting the famous star.

10 **Past and present airport management** at the unveiling of the Shannon Airport photographic exhibition in December 2015 to celebrate the 70th anniversary of transatlantic aviation from Shannon were: (from left) Mary Considine, Company Secretary, Shannon Group; former airport director Michael Guerin; Rose Hynes, Chairman, Shannon Group; former airport directors Liam Skelly and Barry O'Shea; Neil Pakey, CEO, Shannon Group and Niall Maloney, Airport Operations Director, Shannon Airport.


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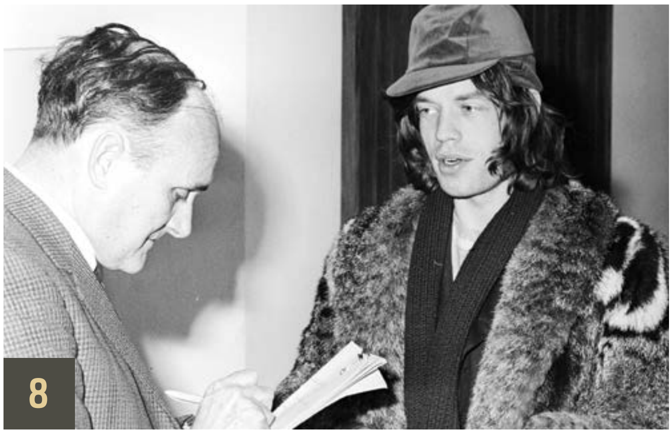
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shannon COMMERCIAL PROPERTIES

Shannon Commercial Properties is a commercially focused property development company, managing and developing an extensive commercial property portfolio in the wider Shannon region.

In the past, when known as Shannon Development, the Company was a regional development agency and was responsible for enterprise support, employment, development and tourism for the Shannon region. These functions transferred to IDA Ireland, Enterprise Ireland and Fáilte Ireland respectively.

Shannon Commercial Properties owns and manages eight business and technology parks and has over 2.4 million square feet of building space, over 300 buildings and over 1,600 acres in over 40 locations across counties Clare, Limerick, Tipperary, Offaly and Kerry. It also manages the Shannon Airport property portfolio which includes the airport terminal, nine aircraft hangars and a range of warehouse and logistics facilities. Shannon Commercial Properties works with the airport and the International Aviation Services Centre (IASC) to plan for future aviation development requirements. IASC helps existing aerospace firms located at Shannon develop their business, as well as working alongside IDA Ireland and Enterprise Ireland as they work to bring new companies to the area. The continued development of the aviation cluster and other sectors will have an obvious positive effect on the property portfolio of Shannon Group.

The Company's portfolio ranges from prime office buildings and multi-let technology parks to engineering, manufacturing, warehousing and logistics facilities. In addition, Shannon Commercial Properties has a portfolio of fully serviced sites available for sale and development.

€21 MILLION

SHANNON COMMERCIAL PROPERTIES FIRST PHASE INVESTMENT PROGRAMME LAUNCHED

Shannon Free Zone is the largest business park in the Company's portfolio and is one of the largest multi-sector business parks in Ireland. This 600 acre business park contains over 130 companies. It is also home to a cluster of 50 globally recognised aviation and aerospace companies. Other sectors in the business park include ICT, pharma, financial services, engineering, manufacturing and logistics.

A key priority for Shannon Commercial Properties is to regenerate its property assets at Shannon Free Zone and the Company is embarking on a major redevelopment programme there.

The initial five-year investment programme involves the construction of Grade A advance manufacturing units and office blocks as well as the upgrade of some of its existing core assets. The investment is focussed on delivering a stock of high quality advanced manufacturing, warehousing and office space solutions which will aid state development agencies attract new business and jobs to the airport and Shannon Free Zone.

The Shannon region has a number of major advantages as a business location, including an international airport with ample adjacent development land. The combined land banks of Shannon Airport and Shannon Free Zone total over 1,100 hectares and together represent a superb asset for development. A pro-business environment and a good road network combined with the availability of a highly skilled, educated, English-speaking workforce, makes the Shannon region a highly attractive location to do business.

Where Business Lives

With over 300 buildings and 1,600 acres of land in over 40 locations in the Shannon region, Shannon Commercial Properties has helped some of the biggest companies in the world locate in Ireland. The property portfolio ranges from prime office buildings and multi-let technology parks to engineering, manufacturing, warehousing and logistics facilities.

For more information please visit **shannonproperties.ie**

- PROPERTY DEVELOPMENT
- SALES & LEASING
- FACILITIES MANAGEMENT
- TECHNOLOGY PARKS

shannon HERITAGE

Shannon Heritage is one of Ireland's largest operators of heritage tourism attractions, complete with six castles and a variety of other day attractions and evening entertainment options in Clare, Limerick, Galway and Dublin.

The Company manages a total of seven day visitor attractions including its flagship location Bunratty Castle & Folk Park, the refurbished King John's Castle, Limerick and Malahide Castle and Gardens. It also has interests in many other world famous sites such as the Cliffs of Moher, where the Company manages a retail operation.

In 2015, Shannon Heritage was awarded the contract to manage and operate the new €10 million GPO Witness History visitor attraction for An Post. GPO Witness History is a permanent immersive visitor experience in Dublin's iconic GPO building in O'Connell Street and opened at Easter 2016 to commemorate the centenary of the 1916 Easter Rising.

Shannon Heritage was one of the first companies in Ireland to develop and run heritage attractions and evening entertainments and has been in the tourism business since 1963. The Shannon Heritage portfolio has grown over the years, beginning with its first medieval banquet at Bunratty Castle. The major success of Bunratty Castle led to the rapid expansion of its visitor portfolio.

The spirit of innovation of those early days has left a lasting legacy. The enduring success of Bunratty Castle and its medieval banquets has served as a model – one which has been imitated in other parts of the world but not equalled. Shannon Heritage is dedicated to capturing the past at their visitor attractions and evening entertainments in a way that can be enjoyed and appreciated by all.

€10 MILLION

SHANNON HERITAGE WINS CONTRACT TO MANAGE AND OPERATE THE €10M GPO WITNESS HISTORY VISITOR CENTRE

Today, over 300 people are employed at Shannon Heritage sites in the peak tourist season, which helps generate an estimated €20 million annually in spend throughout the Shannon Region, benefiting a range of local businesses.

Shannon Heritage reported strong performances in 2014 and 2015, with an increase in numbers year on year and attendance figures at a height not seen since 2007. In 2015, the Company welcomed over 692,000 visitors to its sites, representing an 8.6% increase over 2014 numbers. The increase in access and number of additional passengers coming through Shannon Airport were undoubtedly major factors in this increase.

Shannon Heritage Visitor Attractions:

- Bunratty Castle & Folk Park
- King John's Castle
- Craggaunowen
- Knappogue Castle & Walled Garden
- Dunguaire Castle
- Malahide Castle & Gardens
- GPO: Witness History Exhibition Centre.

Evening Entertainments:

Shannon Heritage operates medieval banquets at Bunratty, Knappogue and Dunguaire Castles and a Traditional Irish Night at Bunratty Folk Park.

Weaving Tales of History and Myth

Shannon Heritage is one of Ireland's largest visitor experience operators, complete with six castles and a variety of other day and evening visitor attractions in Clare, Limerick, Galway and Dublin.

- BUNRATTY CASTLE & FOLK PARK
- KING JOHN'S CASTLE
- CRAGGAUNOWEN - THE LIVING PAST
- DUNGUAIRE CASTLE
- KNAPPOGUE CASTLE & WALLED GARDEN
- GPO WITNESS HISTORY
- MALAHIDE CASTLE & GARDENS

For more information please visit **shannonheritage.com**

Chairman's Statement
Rose Hynes

There is still a great deal more to do ...

Shannon Group plc has delivered a good performance in 2015, the Group's first full year of operation. We continued to focus on delivering on our commercial mandate, growing our passenger numbers, improving profitability, delivering capital investment projects to enhance our business operations and improve our customers' experience. However, there is still a great deal more to do.

Shannon Group plc turnover in 2015 was €65.6 million, reflecting a strong performance by all group companies and putting us on a firm footing for further revenue growth.The Group returned a post-tax profit of €7.3 million in its first full year of operation by consolidating our revenue streams and continuing to focus on managing our cost base. The Group's year end cash deposits totalled €30 million and the Group remains debt free as at 31 December 2015, with available debt facilities of €10 million.

During the year we invested over €11.5 million in a capital development programme across the Group designed to enhance our product offering, improve customer experience and address historic underinvestment in group infrastructure. We will continue in 2016 and 2017 to deal with our legacy issues and it is our intention to undertake significant further capital investments across the Group. Additionally, we will continue to focus on growing income and profitability to fund future development projects.

Synergies between Shannon Group companies and business units were harnessed effectively in 2015 to maximise growth and ensure future sustainability. A number of support functions within the Group were also centralised during the year and we will continue to identify further efficiencies to strengthen Shannon Group operations and profitability in the years ahead.

As a self-financing commercial semi-state, we recognise that it is imperative that we maintain a robust operational cost base. Cost efficiencies achieved across a number of non-payroll areas in 2014 were maintained in 2015. We fully intend in 2016 to continue this focus on implementing a sustainable business model, to allow group companies to compete effectively, generate increased profitability and ultimately to fund and deliver on our investment goals.

IMPROVED BUSINESS PERFORMANCE

We are pleased with the performance of Shannon Group companies in 2015. Important steps in their evolution have been taken by all group companies during the year and we have much more to do to get our businesses where we want them to be. From an airport perspective we consolidated and grew passenger numbers. Passenger numbers grew by 5% to 1.71 million in 2015, our third successive year of passenger growth. This is the first year since 2010 that the airport has exceeded the 1.7 million passenger mark. After the high of 2014 when we achieved 17% growth, the 5% increase in 2015 is a solid performance.

> "Shannon Heritage, our heritage visitor attraction company, had a very successful operating year in 2015 welcoming over 692,000 visitors to its attractions ..."

During the three year period since Shannon Airport became independent, total passenger numbers increased by over 22%. The biggest growth area over this period has been on our European services, which have more than doubled, while the US market has enjoyed a 12% increase. We will consolidate and build on this success in 2016 and beyond, while continuing to invest in the airport's infrastructure to improve standards, customer experience and address historic underinvestment. We want to create a better airport that will both enhance passenger experience and enhance the region we serve.

The International Aviation Services Centre (IASC) continues to work on initiatives to support the existing cluster of circa 50 aviation businesses at Shannon. In line with our ambition to develop a globally-recognised aviation industry cluster at Shannon, work in 2015 included overseas promotion of the cluster to attract new aviation business to the region, both independently and in collaboration with IDA Ireland and Enterprise Ireland. While some progress was made in 2015, towards both achieving our ambition and laying foundations for the future, we recognise that there is still a great deal more work to be done in the years ahead.

Shannon Heritage, our heritage visitor attraction company, is now the largest operator of visitor attractions in Ireland. It had a very successful operating year in 2015 welcoming over 692,000 visitors to its attractions in Clare, Limerick, Galway and Dublin, an increase of 8.6% on the previous year. Included in this was a 22% year on year increase in visitor numbers at King John's Castle, with over 104,000 visits to this site.

Shannon Heritage received a welcome endorsement in 2015 when it was successful in winning an An Post tender to manage the new GPO Witness History visitor centre, a permanent, interactive visitor attraction opened in Dublin during Easter 2016 which forms a central component of the Government's 1916 commemorations.

Shannon Commercial Properties, our property company, launched a major €21 million action plan to regenerate Shannon Free Zone by delivering a stock of high quality, advanced manufacturing, warehousing and office space property solutions. €6.5 million of this was invested in 2015 on a range of projects, including the commencement of a major extension for a US multi-national client.

This investment is in line with our strategy to redevelop Shannon Free Zone and our wider property portfolio. It will give Shannon Free Zone a competitive edge in the national and international marketplace and will assist the national job development agencies to attract further investment into the region. It sends a clear signal to the market and potential investors that we are creating quality space from which they can operate globally.

2015 WAS A MILESTONE YEAR FOR SHANNON AIRPORT AS IT MARKED THE 70TH ANNIVERSARY OF THE FIRST COMMERCIAL TRANSATLANTIC PASSENGER FLIGHT.

TOURISM AND AVIATION POLICY

It is clear that over the past number of years the Government placed tourism and aviation at the centre of its economic recovery plan and supported the industry with measures such as the 9% VAT rate, the Gathering Ireland 2013, the Wild Atlantic Way, the reduced 0% Air Travel Tax and the Visa Waiver. I would like to commend these positive actions and the Government's commitment to tourism and aviation development.

Shannon Group welcomes the publication of the National Aviation Policy ("the Policy") in 2015 and the mandate it gives Shannon to develop as an air-cargo hub which we believe can play a leading role in reducing congestion at other state airports. Shannon Group also welcomes the Government's commitment in the Policy to support the development of long haul transit opportunities at Shannon, which can assist exporters in getting their goods to the international marketplace, while in tandem help bring international visitors to Ireland.

Both the National Aviation Policy and the Mid-West Action Plan for Jobs acknowledge IASC's ongoing role and importance in developing Ireland's and Shannon's aviation and aerospace industry capabilities. We look forward to playing a key role in the new National Civil Aviation Development Forum to ensure that Shannon Airport continues to be an engine for growth.

Shannon Group also welcomed the publication of the Government's Tourism Policy Statement in 2015 and the establishment of a Tourism Leadership Group to oversee the development of an action plan to implement the goals set out in the policy statement.

The implementation of this Government policy initiative is crucial for the West of Ireland's tourism industry. As highlighted in the Irish Tourist Industry Confederation (ITIC) publication 'Tourism in the West, an Engine for Growth and Jobs', the tourism industry along the Western Seaboard generates €2.6 billion and provides employment for more than 100,000 people and direct access to this area through Shannon Airport is vital.

PROUD OF OUR PAST

2015 was a milestone year for Shannon Airport as it marked the 70th anniversary of the first commercial transatlantic passenger flight. That first US aircraft was the 'Flagship London', an American Overseas Airline (AOA) DC4, which flew from Gander to Shannon on 24 October 1945 in eight hours 20 minutes. To commemorate this historic event we undertook a number of initiatives during the year to thank our loyal clients, customers and stakeholders for their continued support.

Central to these celebrations was the Shannon Airshow which brought over 40,000 people to the airport for a day of celebration and spectacular aeronautical feats. We also unveiled a photographic exhibition in the airport transit lounge capturing some of the golden moments and world famous faces that have visited Shannon Airport through the decades. The exhibition contains photos of some of the world's best known political leaders and stars of screen and stage, among them every US President since John F. Kennedy, US Vice President Joe Biden, Nelson Mandela, President Gorbachev, Prince Charles, Pope John Paul II, Bob Hope, Gene Kelly, Bruce Springsteen and Mick Jagger.

The airport continues to provide a warm welcome to passengers and dignitaries from all over the world and in 2015 we were honoured to greet Prince Charles and the Duchess of Cornwall, the Chinese Premier Li Keqiang and his wife Professor Cheng Hong, and the President of the Federal Republic of Germany, HE Joachim Gauck.

Seventy years on, Shannon continues to be an important international gateway to Ireland.

SHANNON COLLEGE TRANSFER TO NUI GALWAY

From its foundation at Shannon Airport in 1951, the Shannon College of Hotel Management has been a world leader when it comes to training highly sought after hotel managers. The internationally renowned college, with its unrivalled record of delivering 100% graduate employment, was the brainchild of the father figure of Shannon Airport, Dr. Brendan O'Regan. Having flourished for over 64 years under the auspices of Shannon Airport, we were pleased that

CHAIRMAN'S STATEMENT *(Continued)*

the formal amalgamation of the College with NUI Galway took place on 31 July 2015, which was the culmination of commitment and hard work by both parties to ensure a seamless transfer.

This amalgamation marks another milestone in its remarkable story as it now becomes the first college dedicated to hotel management in an Irish university and Shannon is now the only airport in Ireland with a university campus on its doorstep. We look forward to working closely together in the years ahead.

LOOKING AHEAD

Shannon has always been synonymous with innovation, it's in our DNA. Since achieving independence on 1 January 2013, Shannon Airport has been successfully determining its own destiny and driving its own performance. In that time it has become increasingly evident, especially in a healthier economic environment, just how critical a successful Shannon Airport is to the Mid-West region and beyond.

As we move into the next phase in our development strategy it is good to reflect on what has been achieved to date. Since 2013 we have fulfilled the first phase of our business objectives, reversing the decline in airport passenger numbers, establishing Shannon Group and integrating its businesses, growing visitor numbers at Shannon Heritage, and beginning to address the historic underinvestment in our property portfolio.

> "Shannon Group plc is in good shape now in 2016, but we have much more to do to get the business to where we want and need it to be. We will continue our task of building on the solid achievements of 2015."

Having successfully navigated this first phase, Shannon Group now enters a new, exciting period, where we fully intend to build on this momentum. Our focus now is on consolidating air traffic growth, renewing and developing the Group's commercial property portfolio, extending and enhancing Shannon Heritage attractions and supporting and marketing the Shannon aviation and aerospace industry cluster. All of this will require close collaboration with, and the support of, our stakeholders as we continue to put in place the building blocks for future economic growth. We will continue to work with our stakeholders to further stimulate and develop the economy of the West of Ireland and beyond.

Shannon Group plc is in good shape now in 2016, but we have much more to do to get the business to where we want and need it to be. We will continue our task of building on the solid achievements of 2015. We will also work to unlock further opportunities and synergies within the Group. We will continue the implementation of our five-year strategic plan for the Group which is aimed at continued revenue and profit growth, and is focused on innovation and the achievement of a sustainable cost base. Our plans include an ambitious capital investment programme to address the legacy issues and to take advantage of growth opportunities across the Group.

Shannon Airport continues to be a very important economic driver in the Mid-West region and beyond. However, it is important to point out that the current environment in which it operates is very competitive. To improve competitiveness we need balanced regional development and central government policy solutions to ensure a level playing field so that all regions across Ireland can experience the economic recovery equally.

It is not easy, especially in the current very competitive environment and there will be challenges ahead, but Shannon Group will face these with confidence and determination. We are focused on achieving our goals and with the continued support of all our stakeholders, working together in a collaborative way, I am confident we are well positioned to overcome such challenges.

ACKNOWLEDGEMENTS

Shannon Group made huge strides in its first full year of operation and on behalf of the Board I would like to thank Neil Pakey, the outgoing CEO of Shannon Group, for this vital contribution to the revitalisation of Shannon Airport and formation of the wider group. Neil has left Shannon Group on a very positive footing, primed for growth. Mary Considine, Shannon Group Company Secretary has been appointed Acting CEO for the Group for the transition period between the outgoing CEO and the appointment of the new CEO. I thank Mary for taking on this role and I wish her well in the position.

During the year we received support and encouragement from our shareholder, the acting Minister for Transport, Tourism and Sport, Mr. Paschal Donohoe TD and his department officials and I would like to thank them sincerely.

We are fortunate to have a dedicated and talented Executive Team and employees at Shannon Group who are passionate about what they do. Without their commitment we could not have made such progress towards achieving our goals during the year. Their hard work is very much appreciated and we look forward to success in 2016 and beyond.

I would like to take this opportunity to thank our customers and assure you of our continued commitment to improving customer experience and service offerings.

Finally, I would to thank the Shannon Group Board for the drive and dedication they have shown to the Group throughout the year. Their contribution has been invaluable in steering the Group on its journey.

Rose Hynes
Chairman

ABOVE PIC:
Rose Hynes, Chairman, Shannon Group welcomes Prince Charles, when he and his wife Camilla, Duchess of Cornwall, arrive at Shannon Airport ahead of their official visit to Ireland.

Acting Chief Executive Officer's Review
Mary Considine

Performance Review

2015 was a year of further progress for Shannon Group across each of our businesses. We grew passenger numbers at Shannon Airport and increased visitor numbers at Shannon Heritage attractions. We also began implementing plans to drive new business for Shannon Commercial Properties, while seeking opportunities to grow the Shannon aviation cluster through the work of our International Aviation Services Centre (IASC).

SHANNON GROUP BUSINESS PERFORMANCE

Shannon Group turnover in 2015 was €65.6 million and the Group generated earnings before interest, taxation, depreciation and amortisation (EBITDA) of €6.9 million before exceptional charges. The Group remained focused on controlling our payroll and non-payroll operating cost base during 2015. With cash deposits of €30 million at 31 December 2015, the Group has sufficient reserves and profitability to meet its operating and recurring capital expenditure needs.

On the formation of the Group, we set ourselves the task of building for the future and to this end we commenced a major capital investment programme with a spend of over €11.5 million across group companies during 2015. The Group recorded income from capital sales of €9.4 million in 2015.

Shannon Airport achieved solid growth in 2015 with over 1.71 million passengers, an increase of 5% on the previous year.

Growth at the airport during the year was achieved through a combination of increased capacity and frequency on 16 air services. In 2015, Aer Lingus increased capacity on its Heathrow service by 20%, adding an extra 25,000 seats by restoring the Airbus 320 to the popular London service, replacing the A319. In addition, they expanded capacity on the Shannon to Boston service from June to September replacing the Boeing 757 with the larger 767 aircraft and added an extra 1,300 seats on their Lanzarote service. 2015 also saw the welcome return of the Birmingham service, operated by Stobart Air under the Aer Lingus Regional brand, which delivered 45,000 additional seats.

SINCE 1 JANUARY 2013, TOTAL PASSENGER NUMBERS AT SHANNON AIRPORT HAVE INCREASED BY OVER 22%. THIS GROWTH OVER THE LAST THREE YEARS REPRESENTS A GREAT ACHIEVEMENT FOR EVERYONE ASSOCIATED WITH SHANNON

During the year Ryanair operated services to 19 destinations from Shannon and Sunway introduced a new charter to Izmir in Turkey.

American Airlines increased its capacity by 44% on its Philadelphia service as the airline looked to build on the growing demand for flights between Shannon and the US. 2015 marked the 70th anniversary of the first commercial transatlantic flight to Ireland which was operated by American Overseas Airlines, a forerunner to American Airlines.

All of these services are good news for the business community and holidaymakers looking for global connectivity. The airport will continue to work closely with its airline partners and the national tourism agencies to grow services and stimulate demand for Shannon Airport's 35 destinations across 11 countries.

Since 1 January 2013, total passenger numbers at Shannon Airport have increased by over 22%. This growth over the last three years represents a great achievement for everyone associated with Shannon and provides the platform from which the business can continue to grow in future years.

The International Aviation Services Centre (IASC) works closely with group companies and is tasked with supporting and strengthening the existing cluster of 50 aerospace and aviation companies at Shannon which today employ approximately 1,600 staff. IASC continued to actively support the cluster in 2015, undertaking international marketing and promotional work on its behalf.

Among capital investment projects undertaken at the airport in 2015 were a major refurbishment of our Shannon Duty Free and an extension of the covered walkways from our airport car parks.

We continued to develop the natural synergies between Shannon Group companies. For example, we have had considerable success with the introduction of a new Shannon Group retail strategy which yielded a 16% increase in retail performance across the Group.

In 2015, Shannon Group continued to deliver on its commitment to redevelop its commercial property portfolio in the region around Shannon Free Zone, Shannon Airport and other key strategic locations. To this end, Shannon Commercial Properties announced a major €21 million initial investment programme at Shannon Free Zone to deliver high quality advanced manufacturing, warehousing and office space solutions. Over 250 construction related jobs will be generated over the next two years as a result of the delivery of the first-phase of investment centred on the redevelopment of a 12 acre site in Shannon Free Zone.

Part of the €21 million investment was delivered in 2015 with capital expenditure of almost €6.5 million as part of its business plan to redevelop and refurbish its core properties. This included the commencement of a major 67,000sq ft extension of the GE Measurement & Control facility in Shannon Free Zone East and the upgrade of existing units with specific tailored solutions for clients.

During 2015, Shannon Commercial Properties completed 29 land transactions, the most significant of which was the sale of a land bank at Raheen Business Park in Limerick to IDA Ireland.

Shannon Heritage continued to grow in 2015 achieving an 8.6% increase in visitor numbers over 2014, with over 692,000 visitors. Numbers attending our daytime visitor attractions were particularly buoyant, up over 11% on 2014 with particular growth in international visitors. The Company recorded turnover of €13.5 million for the year ending 31 December 2015, a 14% increase on the previous year. The increased number of passengers coming through Shannon Airport was undoubtedly a major factor in these gains.

King John's Castle in Limerick recorded a 22% increase on 2014 with 104,000 visitors. A number of new events were held at the Castle in 2015 including 'Enchanted', a Christmas experience which attracted over 11,000 visitors. We look forward to introducing further events in 2016, kicking-off with the Coronas live at King John's Castle on the May Bank Holiday weekend.

A number of improvements were introduced in 2015 to reinvigorate and enhance facilities across Shannon Heritage sites, in particular at Bunratty Folk Park. The focus in 2016 will be on consolidating growth and continuing to improve our customer offering. Among planned initiatives is a €1 million upgrade at Bunratty Castle and Folk Park with an extended retail store to accommodate growing visitor numbers, along with a new café and a refurbished admissions building.

2016 will also be an exciting year for Shannon Heritage as it plays a central role in the Easter 1916 centenary commemorations. It has added a new visitor attraction to its portfolio, GPO Witness History, which it manages on behalf of An Post at the GPO in Dublin. The permanent €10 million visitor centre opened at Easter 2016 and tells the story of the 1916 rebellion and its aftermath.

"The sustainability of the Shannon Group business model remains a key challenge for the Group."

SUSTAINABILITY AND GROWTH

The sustainability of the Shannon Group business model remains a key challenge for the Group. Further work needs to be done to ensure the operating revenue and cost bases of group companies are aligned to improve our competitiveness in the marketplace.

The Group must be in a position to grow its businesses and exploit attractive growth opportunities. Consequently we are putting in place a strategy to raise funds as appropriate, in line with our five-year strategic plan.

OUR PEOPLE

I would like to acknowledge the contribution of Neil Pakey and the many milestones achieved during his tenure as CEO of Shannon Group. Neil played a key role in ensuring the Group is well positioned as we embark on the next phase of our journey.

During 2015 Shannon Group employees, who are our most valuable asset, used their wealth of knowledge, experience and skills to help us achieve our goals. Their dedication and commitment is critical to the success of our businesses and to meeting the needs of our customers and stakeholders.

It is gratifying to see that Shannon Group companies received a range of accolades from our peers and customers, winning 18 high profile national and international awards since 2013. Among these was the prestigious European Airport of the Year, awarded by the European Regions Airline Association, which we won two years in a row, a tremendous achievement. These awards are great recognition for the hard work of the Shannon team.

Mary Considine
Acting Chief Executive Officer

The Board of Directors of Shannon Group Plc


ROSE HYNES


NEIL PAKEY


TONY BRAZIL


MICHAEL LEYDON


KEVIN McCARTHY


KATHRYN O'LEARY HIGGINS

ROSE HYNES, CHAIRMAN

Rose Hynes was appointed as Chairman of the Board of Shannon Group plc on its incorporation on 29 August 2014. She chairs Shannon Group's Remuneration Sub-Committee and Property and Investment Sub-Committee. Rose is Chairman of Origin Enterprises Ltd and is the former Chairman of Ervia. She is the Senior Independent Director of Total Produce plc, One Fifty One plc and Mincon plc. A law graduate of University College Dublin and a lawyer, Rose is an Associate of the Irish Institute of Taxation and of the Chartered Institute of Arbitrators. Rose was a member of senior management in GPA Group.

NEIL PAKEY, OUTGOING CHIEF EXECUTIVE OFFICER

Neil Pakey, the outgoing CEO of Shannon Group plc, was appointed to the Board of Shannon Airport Authority in June 2013 and Shannon Heritage in September of that year. He was appointed CEO of Shannon Group plc on its incorporation on 29 August 2014 and departs the Group in 2016 following his term as CEO.

TONY BRAZIL

Tony Brazil was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014. He chairs the Shannon Group Sales and Marketing Advisory Group and sits on the Audit and Risk Sub-Committee. He was Managing Director of Limerick Travel for over 40 years.

JOE BUCKLEY

Joe Buckley was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014 as an Employee Representative. He sits on the Health, Safety, Security and Environment Sub-Committee. He is currently the Manager - External Relations, Cargo & Business Aviation, Shannon Airport.

TOM COUGHLAN

Tom Coughlan was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014 and he sits on the Remuneration Sub-Committee. He was the Chief Executive of Clare County Council until April 2016.

JOE BUCKLEY

TOM COUGHLAN

PAT DALTON

LIAM O'SHEA

PAT DALTON

Pat Dalton was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014. He chairs the Shannon Group Audit and Risk Sub-Committee and sits on the Property and Investment Sub-Committee. Pat is currently CFO and an Executive Director of One Fifty One plc.

MICHAEL LEYDON

Michael Leydon was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014. He sits on the Property and Investment and the Health, Safety, Security and Environment Sub-Committees. Michael worked in Shannon Development for 33 years from 1979 to 2012 and prior to his retirement he was Shannon Development's Property and Infrastructure Director and the Energy Department Manager.

KEVIN McCARTHY

Kevin McCarthy was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014 as an Employee Representative. He sits on the Health, Safety, Security and Environment Sub-Committee. Kevin has spent 36 years working in Shannon Airport's Police and Fire Service.

KATHRYN O'LEARY HIGGINS

Kathryn O'Leary Higgins was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014. She chairs the Shannon Group Health, Safety, Security and Environment Sub-committee. She is a public policy consultant and transport expert based in the United States and President of the Higgins Company, a government relations firm.

LIAM O'SHEA

Liam O'Shea was appointed to the Board of Shannon Group plc on its incorporation on 29 August 2014. He sits on the Audit and Risk and Remuneration Sub-Committees and also sits on the Sales and Marketing Advisory Group. Liam is currently MD of both Clare FM and Tipp FM and is a former Chairman of both Spin South West and of Clare FM. He was inducted into the PPI Radio Hall of Fame in 2013. Liam has recently been appointed to the Board of Invest Tipperary.

Shannon Group Executive Team

NEIL PAKEY
Outgoing Chief Executive Officer
Shannon Group plc

MARY CONSIDINE
Acting Chief Executive Officer
Company Secretary
Shannon Group plc

PATRICK EDMOND
Managing Director IASC
Group Strategy Director
Shannon Group plc

NIALL MALONEY
Airport Operations Director
Shannon Airport

DAVID McGARRY
Chief Financial Officer
Shannon Group plc

ANDREW MURPHY
Chief Commercial Officer
Shannon Group plc

CHRIS O'DONOVAN
HR Director
Shannon Group plc

RAY O'DRISCOLL
Managing Director
Commercial Properties
Shannon Group plc

JOHN RUDDLE
Chief Executive Officer
Shannon Heritage

OVER €57,000

RAISED BY SHANNON GROUP EMPLOYEES FOR CHARITY IN 2015

ABOVE PIC:
Niall Maloney, Airport Operations Director, Shannon Airport, Finbarr Brougham, Milford Care Centre, Rose Hynes, Chairman, Shannon Group and Jackie Gaffrey, TLC4CF taking part in the Shannon Group charity cycle.

Corporate Social Responsibility

Shannon Airport added new electric vehicles to help further reduce the airport's carbon footprint

Young leaders in County Clare were honoured for their outstanding civic awareness at the inaugural Clare Garda Youth Awards sponsored by Shannon Airport

Corporate Social Responsibility is fundamental to the way Shannon Group does business. It is deep-rooted in our core values and it is important to us that Shannon Group has a positive impact on the communities we serve, the markets in which we conduct our business and the environment in which we operate.

Our Corporate Social Responsibility programme is integral to what we do and the desire to "give something back" is strongly embedded in our corporate culture. We aim to facilitate our employees to contribute positively to our society by actively encouraging them to participate in environmental, community and fundraising initiatives.

Our sustainability strategy supports our corporate strategy and reflects our determination to build a successful business in the long-term as we move to improve our energy efficiency and reduce our carbon footprint. During 2015, Shannon Group continued to make a significant contribution to the needs of the wider community.

OUR CORPORATE SOCIAL RESPONSIBILITY PROGRAMME AT A GLANCE:

PROTECTING OUR ENVIRONMENT

Shannon Airport continued to drive improvements in its energy efficiency to help it achieve a 33% improvment in its overall energy efficiency by 2020. In 2015, the airport achieved 17% energy savings through a combination of energy efficiency projects, monthly monitoring and an airport energy conservation awareness programme.

In total, Shannon Airport invested in excess of €150,000 in energy efficiency projects in 2015. Among key projects delivered was the purchase of two additional electric powered vehicles to further reduce carbon emission. Other projects included the installation of additional LED street lighting and the replacement of inefficient pumping systems with more modern IE3 class motors with integrated variable speed drives. These initiatives will significantly assist in the overall reduction in Shannon Airport's carbon footprint.

We continue to operate the aerodrome in harmony with the relevant statutory bodies, including the Department of Arts, Heritage and the Gaeltacht and the National Parks and Wildlife Service (NPWS) who oversee the management of the Special Protection Area (SPA) for birds on the estuary and also the Special Areas of Conservation (SAC) located on airport and adjacent estuarine lands.

Shannon Group continues to support the recovery and recycling of packaging materials on site. For example, in 2015 we recycled almost 35 tonnes of cardboard/packaging waste and we will continue to strive for further improvements in future years.

COMMUNITY ENGAGEMENT

Our community engagement programme contributes across a diverse range of activities. Examples of projects in 2015 include:

- Shannon Airport sponsored the inaugural Clare Garda Youth Awards designed to acknowledge the outstanding civic awareness and contribution of young people in the community.
- Santa Flights where more than 2,200 children and their parents took to the skies to meet Santa, with selected seats reserved for special needs groups. The event raised funds for our Shannon Group chosen charities.
- During the year Shannon Commercial Properties provided facilities to local community groups rent-free, among them the Order of Malta (ambulance storage at Childers Road, Limerick) and Shannon Musical Society (rehearsal space at Shannon Free Zone).
- An airshow, held to celebrate the 70th anniversary of transatlantic aviation at Shannon, brought over 40,000 people to the airport for a day of celebration and spectacular aeronautical feats.
- The airport established a special support team to assist with Diocesan Pilgrimage flights.
- Shannon Commercial Properties provided support for the establishment of two Men's Sheds in Shannon and Limerick. Men's Sheds are community-based, non-commercial organisations providing a safe, friendly and inclusive environment where men are able to gather and work on meaningful projects.

The Shannon branch of the Irish Hotel Federation held a business event at Shannon Airport

Shannon Group employees are pictured presenting their chosen charities for 2015, TLC4CF (Tipperary, Limerick & Clare for Cystic Fibrosis) and Milford Care Centre, Limerick, with a cheque for €57,000 raised through a number of employee fundraising initiatives during the year

SUPPORTING OUR BUSINESS COMMUNITY

Shannon Group is committed to supporting the business community and was involved in a number of initiatives during the year:

- Shannon Airport hosted a number of business events at the airport during the year, among them a meeting of the Shannon branch of the Irish Hotel Federation, the Ennis Business Networking Forum, a business event for Supply Chain Ireland and the inaugural Mid-West Energy Forum.
- Shannon Airport sponsored the Network North Tipperary Women in Business Awards and the North Tipperary Woman of the Year award which was presented to The Saturday's star Una Foden.
- To demonstrate our commitment to the Galway business community, Shannon Airport sponsored the Galway Chamber 2015 Business Awards.
- We sponsored the 2015 Shannon Airport Sport Tourism European Summit, an annual global think-tank for the sport tourism sector – the fastest growing segment of the tourism industry.
- The International Aviation Services Centre (IASC) held a networking event to offer the growing cluster of aviation companies in Shannon an opportunity to come together to explore co-operation opportunities for future growth.
- Shannon Airport supported Clare Employability Week by facilitating a stand promoting the work of the organisation in a high profile location at the airport departures area.

FUNDRAISING AND SUPPORTING LOCAL CHARITIES

Our employees actively give of their time and skills to fundraise for charity:

- Each year, Shannon Group employees select chosen charities to support and undertake fundraising initiatives. The 2015 charities chosen by Shannon Group employees were TLC4CF (Tipperary, Limerick & Clare for Cystic Fibrosis) and Milford Care Centre, Limerick. Employees raised over €57,000 for these charities.
- The second Bank of Ireland Runway Night Run took place in June and gave participants a unique opportunity to run on the Shannon Airport runway. Due to popular demand the number of participants was increased to 2,000 in 2015.
- In June, Shannon Group employees got on their bikes to undertake a gruelling 110km cycle challenge for our chosen charities.
- Shannon Group also supported a range of special needs initiatives in Galway, Clare, Limerick and Tipperary during the year.
- In July, the airport hosted an event for Munster based volunteers who were departing Shannon to lend their support at the World Special Olympics in Los Angeles.
- In December, Shannon Heritage supported the Make a Wish Foundation, providing a special visit for children to their 'Enchanted' Christmas event with a personal guided tour by Peter Kelly (Franc).
- The airport surprised a Galway child battling cancer with a VIP flight during the Shannon Airshow in July.
- Enable Ireland Information sessions and tours were facilitated by the airport to raise awareness of this charity which provides free services to over 5,000 children and adults with physical, sensory and intellectual disabilities in 14 counties across Ireland.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

Limerick primary school students taking part in an archaeological dig at King John's Castle in Limerick

Unveiled at Shannon Airport transit lounge, a new Aviation Gallery showcasing an extensive collection of memorabilia from the early days of commercial aviation

FOSTERING EDUCATION AND INNOVATION

Shannon Group is committed to fostering education and innovation and undertook the following in 2015:

- In June Shannon Heritage, in partnership with archaeologists from the Irish School of Archaeology in Dublin, gave students from five Limerick primary schools a unique opportunity to learn about archaeology by taking part in a special archaeological dig at King John's Castle.
- Shannon Group employees partnered with Business in the Community and fifth year students from Ennis Community College, to encourage these students to look at careers in aviation and tourism. The students had site visits to Shannon Airport and the education suite at King John's Castle, as well as career talks from Shannon Group personnel.
- Throughout the year the airport facilitated complimentary airport tours for schools, scouts and special needs groups.
- Shannon Heritage facilitated a market day for St. Mary's Community with the first market held in the forecourt of King John's Castle in December. The initiative is part of a pilot Education Programme facilitated through the University of Limerick.
- Shannon Airport and Ryanair gave students from St Conaire's National School in Shannon an opportunity to learn about different jobs at an airport. The students went on-board a Ryanair aircraft, met its pilot and visited the airport fire station.
- Shannon Airport accommodated a number of familiarisation visits from the deaf community including teachers, students and sign language tutors during the year.

At the announcement of the Shannon Airport title sponsorship of the Munster GAA Primary Games

SUPPORTING PUBLIC ART AND CULTURE

Shannon Group managed a Public Arts and Culture programme in 2015:

- In April, an Aviation Gallery showcasing an extensive collection of model aircraft, photos and other memorabilia from the early days of commercial aviation at Shannon was unveiled at the airport's transit lounge for passengers to enjoy.
- A sculpture commemorating Ireland's 2007 rugby clash with England in Croke Park was unveiled at Shannon Airport in July. 'The Day That Changed Ireland', a 20ft-tall piece by artist Paddy Campbell, captures a famous Irish line-out that saw rugby legend Paul O'Connell raised high by teammates John Hayes and Donncha O'Callaghan to claim possession in the second half of the game over England.
- In December, almost 70 photos from the 1950s to the present were placed in a permanent exhibition in the airport's transit lounge. The exhibition captures some of the golden moments and world famous faces that visited Shannon Airport over the decades.
- Shannon Airport assisted the Irish Aviation Authority (IAA) with an event in September at the airport for the Irish Historic Flight Foundation.

SPORTS SPONSORSHIP

We recognise the importance of sport in terms of physical health and wellbeing and undertook the following in 2015:

- During the year we sponsored a number of local GAA, rugby, athletics and swimming events throughout the region.
- Shannon Airport was title sponsor for the Munster GAA Primary Games which saw over 400 boys and girls from all six counties of Munster line out in their county colours at the province's major venues.
- In May, Shannon Group sponsored the prestigious Shannon Airport Sport Tourism European Summit and the Shannon Group European Sport Tourism awards.
- We sponsored the Pakie Ryan Memorial charity run/walk/cycle.

3.2KM

THE LENGTH OF IRELAND'S LONGEST RUNWAY, LOCATED AT SHANNON AIRPORT

ABOVE PIC:
Leading Irish jockey Nina Carberry was on hand to launch what is one of the most eagerly awaited fixtures of the national hunt calendar, the Shannon Airport Christmas Racing Festival at Limerick Racecourse.

Highlights of the Year

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A LOOK AT A SELECTION OF SHANNON GROUP HIGHLIGHTS IN 2015

1 The appointment of Shannon Heritage to operate and manage the new €10 million GPO Witness History visitor centre which opened in Dublin at Easter 2016 was announced by An Post in February 2015. Pictured in front of the iconic GPO with workmen are; (from left) Barney Whelan, An Post, Heather Humphreys TD, and Minister for the Arts, Heritage and Gaeltacht and John Ruddle, Chief Executive, Shannon Heritage.

2 Pictured in May, Prince Charles and Camilla, Duchess of Cornwall, at Shannon Airport during their visit to Ireland. The Prince and Duchess were welcomed by Rose Hynes, Chairman, Shannon Group plc and Neil Pakey, CEO, Shannon Group plc.

3 An iconic Irish sporting moment was immortalised at Shannon Airport when a 20 ft sculpture of the famous 2007 Irish line-out in a match which ended with Ireland's victory over England in Croke Park. Pictured at the unveiling in July are; Andrew Murphy, Chief Commercial Officer, Shannon Group plc, Artist Paddy Campbell, Neil Pakey, CEO, Shannon Group plc, rugby legends Donncha O'Callaghan, John Hayes and Paul O'Connell with Rose Hynes, Chairman, Shannon Group plc and Sean Kelly, MEP and former GAA President.

4 Over 2,000 participants took part in the second Bank of Ireland Runway Night Run at Shannon Airport on 19 June 2015. Due to the popularity of the inaugural event in 2014, it was decided to almost double the number of athletes taking part in this unique and fun event in 2015.

5 Shannon and the West of Ireland's links with China deepened in May when Premier Li Keqiang was welcomed to the airport on the commencement of a two-day visit to the region. Pictured greeting Premier Li and his wife Professor Cheng Hong is Rose Hynes, Chairman, Shannon Group plc.

6 In September, Shannon Commercial Properties announced the commencement of a major €21 million first-phase redevelopment programme at Shannon Free Zone, which will significantly assist the national development agencies in attracting major investments and enabling job creation in the region. Part of the project involves the demolition of older buildings to make way for planned future developments.

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7 In July, Shannon Airport delivered an air display extravaganza to mark one of the key moments in Irish aviation history – the 70th anniversary of the first commercial transatlantic flight at the airport. Over 40,000 people flocked to Shannon for the airshow and the unique thrill of enjoying the stunning display from the airfield itself. Pictured is five year old aviation enthusiast Donnacha Ryan.

8 In April, the world's largest aircraft, the Antonov 225 touched down at Shannon to the delight of aviation enthusiasts from all over Ireland. The giant aircraft was originally built to carry the then Soviet Union's space shuttle between launch and landing sites. Due to the length of the airport's runway, the longest in Ireland, Shannon is the only Irish airport at which the Antonov 225 has landed.

9 A three day state visit to Ireland by President of the Federal Republic of Germany, HE Joachim Gauck, accompanied by Ms Daniela Schadt took place in July. The President was greeted at Shannon Airport by Rose Hynes, Chairman, Shannon Group plc and Neil Pakey, CEO, Shannon Group plc.

10 Exporters to the US received a boost in March with the launch of Ireland's only direct, all-cargo air service to North America. The service is operated by Turkish Airlines, through its cargo subsidiary Turkish Cargo, from Istanbul to Shannon and then continues to Chicago (once a week), Atlanta (once a week) and New York (once a week), significantly boosting options for Irish exporters, including multi-nationals and SMEs. Pictured at Shannon Airport are; (from left) Adnan Cetinkaya, Turkish Cargo and Patrick Edmond, Managing Director of the International Aviation Services Centre (IASC) and Shannon Group Strategy Director.

ABOVE PIC:
Ravens in action over the crowd at the Shannon Airport Airshow.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

CONTENTS

Directors' Report

The directors present their annual report and the audited consolidated financial statements of Shannon Group plc and subsidiaries ("the Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

Shannon Group plc ("the Company") was incorporated on 29 August 2014 and following the enactment of the State Airports (Shannon Group) Act 2014 ("Shannon Group Act") on 5 September 2014 the Group was formed.

Shannon Airport Authority Limited ("Shannon Airport") and Shannon Commercial Enterprises Limited (trading as "Shannon Commercial Properties") are subsidiaries of the Group. Shannon Castle Banquets & Heritage Limited (trading as "Shannon Heritage") and Kilrush Creek Marina Limited are subsidiaries of Shannon Commercial Properties. SAA Pension Corporate Trustee Limited is a subsidiary of Shannon Airport Authority Limited.

The Group's principal activities are the operation, management and development of Shannon Airport ("the Airport"), the management and development of the extensive commercial property portfolio held by Shannon Commercial Properties, including Shannon Free Zone, and the operation of tourism, leisure and entertainment sites managed by Shannon Heritage.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

There has been no significant change in the principal activities of the Group during the year.

Shannon Group plc is a semi-state company with a clear commercial mandate. The purpose of Shannon Group is to promote and facilitate air transport and aviation services in and around Shannon Airport, and optimise the return on its land and property and on its shareholding in subsidiary companies.

In addition to information directly included in this report, detailed commentaries on performance for the year ended 31 December 2015 including information on recent events, likely future developments facing the business and key performance indicators, required in accordance with the Companies Act 2014, are contained in the Chairman's Statement and the Acting Chief Executive Officer's Review.

Neil Pakey was appointed Chief Executive Officer ("CEO") of Shannon Group plc on its incorporation and served as CEO for the financial year ended 31 December 2015. Mary Considine was appointed as Acting CEO during March 2016.

RESULTS FOR THE YEAR

2015 was the Group's first full year of operation following the incorporation of Shannon Group plc. The directors are satisfied with the performance of the Group for the year. The results of the Group for the year ended 31 December 2015 are set out in the Consolidated Statement of Profit or Loss on page 41 and in the related notes.

In monitoring the Group's performance, the directors and management have regard to a range of key performance indicators including the following:

- Airport passenger numbers
- Shannon Heritage visitor numbers
- Turnover
- EBITDA (earnings before interest, tax, depreciation and amortisation)
- Profit after tax
- Net cash position
- Capital expenditure
- Capital income

The Group recorded a consolidated profit of €7.3 million (post-tax) (four months ended 31 December 2014: €0.5 million) and consolidated turnover for the year was €65.6 million (four months ended 31 December 2014: €21.1 million). Airport passenger numbers for the year were 1.71 million (four months ended 31 December 2014: 521,000) and Heritage sites welcomed over 692,000 visitors in the year (four months ended 31 December 2014: 128,000).

Group EBITDA[1] for the year is €6.9 million, before exceptional items (four months ended 31 December 2014: €1.7 million). This result is considered satisfactory and reflects continuing focus on both revenue generation and cost control across all Group companies.

The Group incurred a net exceptional charge of €0.9 million, as described in Note 3 to the financial statements. This comprised an exceptional gain of €1.24 million, arising from the disposal of its interest in a financial asset, and an exceptional charge of €2.14 million following successful negotiations regarding the closure of the Irish Airlines (General Employees) Superannuation Scheme.

The Group has cash reserves to meet its operating and recurring short term capital expenditure needs. The Group is debt free at 31 December 2015, with total cash deposits of €30.3 million (2014: €27.9 million).

Capital expenditure projects, which address historic underinvestment, are seen as key to ensuring the future sustainability of Shannon Airport, Shannon Commercial Properties and Shannon Heritage. The Group invested €11.5 million in capital projects in the year (four months ended 31 December 2014: €3.1 million). In addition the Group realised proceeds of €9.4 million on capital disposals in the year (four months ended 31 December 2014: €8.1 million).

RESEARCH AND DEVELOPMENT

The Group does not undertake research and development activities.

RISK MANAGEMENT

The Group has an established group wide risk management process that ensures risks are consistently identified, assessed, recorded and reported across all business functions. Risk registers are maintained and updated quarterly. The process is overseen by the Audit and Risk Committee with regards to strategic/commercial, financial and compliance risks and overseen by the Health, Safety, Security and Environmental Committee with regards to operational and compliance risks in the areas of health, safety, security and the environment.

PRINCIPAL RISKS AND UNCERTAINTIES

A summary of the principal risks and uncertainties identified that could materially and adversely affect the Group's future operating profits or financial position and the strategies being adopted to mitigate the risks are set out below. The risks and uncertainties are not listed in a particular order and the list is not intended to be an exhaustive analysis of all the risks and uncertainties that may arise in the ordinary course of business. These risks and uncertainties are assessed on a continual basis and management report to the Audit and Risk Committee, the Health, Safety, Security and Environmental Committee and the Board significant changes in the business and external environment, which affect the significant risks and uncertainties identified.

1 Group EBITDA is calculated as follows (before exceptional items) - €'000

	2015	2014
Operating profit before other income/(expenses)	3,237	689
Depreciation and amortisation of intangible assets	4,003	1,162
Amortisation of capital grants	(354)	(116)
EBITDA	**6,886**	**1,735**

DIRECTORS' REPORT *(Continued)*

PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

I. Strategic/commercial risks

Business performance

The Group's revenue is sensitive to competitive and economic conditions in the markets and sectors in which it operates. A key factor affecting the Group's financial performance is the number of passengers and the number of aircraft movements at Shannon Airport, the ability of Shannon Commercial Properties to negotiate new and renew terminating leases and the number of visitors to the sites managed by Shannon Heritage.

The Group is also exposed to cost increases arising from the nature of its operating cost base.

Impact

Increased competition, reduced consumer demand and the impact of further economic austerity measures could negatively impact the overall level of revenue generated by the Group. Coupled with this, the fixed and semi fixed nature of the Group's operating costs exposes it to the risk of higher unit costs in an environment where revenues are flat or declining.

Mitigation

- The Group operates strong business and financial control systems (including capital appraisal) with regular reporting on financial performance, early signalling of material deviation from plan and accountability of business unit management to the Chief Executive Officer.
- The Group is focused on continuous improvement of processes to drive efficiency, improve flexibility and proactively manage its cost base.
- The Group is focused on taking pro-active management action and implementing sound commercial strategies to grow its passenger footfall through Shannon Airport and visitor admission footfall through Shannon Heritage sites, which will yield increasing revenues, and to maintain and grow its rental income in Shannon Commercial Properties.
- The Group has processes in place to ensure it remains up to date with property market trends and is focused on maintaining and upgrading its properties through a programme of investment to meet customer expectations.
- The Group continuously reviews its customer product offerings to ensure they remain relevant, engaging and value for money.

Competition

The Group operates in a very competitive environment, particularly in the operation of an international airport.

Impact

Investment in additional infrastructural capacity, innovation and pricing policy on the part of our competitors could have an adverse effect on the Group's market share and results.

Mitigation

- Group management are continually cognisant of the competition posed by other airports, regions and countries on the performance of Shannon Airport.
- Management keep the value proposition offered by the Group and the West of Ireland under review.
- A continued focus remains on the Airport's cost base, to ensure that it is efficient, effective and adaptable to the demands of the business.

Investments and capacity

The management and operation of an airport, property portfolio and historic tourism sites are by their nature capital intensive. Coupled with this, the Group's portfolio of investment properties, airport infrastructure and heritage assets have been subject to historic underinvestment.

Impact

While recognising our obligation to stakeholders, there is a risk that investments made in respect of aeronautical and other regulated activities, upgrades of investment properties and preservation of historic sites do not deliver the required rates of return or cash flows.

Mitigation

- The Group has determined its risk appetite for commercial investments and set financial tolerance levels accordingly.
- Decisions regarding investments in aeronautical and other regulated activities, upgrades of investment properties and preservation of historic sites are based on professional evidence-based inputs and are subject to Board approval.

Reliance on core customers

The prospect of future air traffic movements at Shannon Airport and future visitor numbers at Shannon Heritage sites are dependent, to a significant extent, on the future strategies and financial strengths of core airline customers and core tour operator customers respectively.

Impact

The loss of one or more of these customers, a significant deterioration in commercial terms or changes in the strategic direction of such key customers such as restructuring of route networks, consolidation of the airline industry or a change in ownership or control of significant airline customers or tour operators could have a material impact on the Group's profitability.

Mitigation

- The Group has developed strong relationships with major customers by focusing on superior customer service and cost competitiveness.
- The Group is focused on keeping abreast of developments in the airline and tourism industries and on the competitiveness of its offering and appropriateness of facilities for the needs of its current and prospective customers.

II. Financial risks

Liquidity and treasury

The Group is exposed to certain financial and treasury related risks, including fluctuating interest rates, credit risks and liquidity risks. Further information on financial and treasury related risks can be found in Note 27.

Impact

Significant fluctuations in interest rates or counterparties failing or defaulting in the performance of their obligations could have a negative financial impact on the Group.

DIRECTORS' REPORT *(Continued)*

PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

Liquidity and treasury *(Continued)*

Mitigation

- The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained in the short to longer term.
- The Group's strategic plan and related funding strategy sets out key performance ratios and tolerances within which the Group manages its liquidity, profitability and gearing.
- A prudent approach is adopted in managing liquidity including funding of significant investment requirements.
- Counterparty exposures are regularly monitored by management and reported to the Board as required.

Funding

The Group has plans to make significant capital investment in line with its approved 5 year Business Plan 2015-2019. The ability to deliver this investment plan is contingent on funding from a number of sources, namely bank debt, disposal of non-core property, recurring operating profits and cash resources held by the Group. There can be no certainty that each of these funding sources will be available to meet planned investment needs.

Impact

Failure to deliver the planned sources of funding would have a significant negative financial impact on the delivery of the Group's capital investment plans.

Mitigation

- The Group maintains effective relationships with financial institutions.
- The Group maintains a bank overdraft of €10 million to fund its Airport working capital requirements and minimum cash balances across the Group to ensure it can fund its operations and capital needs.
- The Group tracks and reports on key initiatives to generate funds e.g. disposal of property, debt raising plans, free cash flows and cash balances.
- The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained in the short to longer term.

III. Operational risks

Business continuity

The Group's operations are subject to operational risks and other unforeseen events such as weather events, fire, flooding, mechanical systems failure, technical failures and terrorism. Disruption to operations could also arise due to internal or third party industrial action.

Impact

Disruptions to operational and commercial activities could result in a significant financial and/or reputational impact on the Group.

Mitigation

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

Talent management risk

The Group is dependent upon the quality, ability and commitment of key management personnel in order to sustain, develop and grow the business in line with its key objectives.

Impact

Growth targets may be at risk through failing to attract, retain and manage key personnel with appropriate experience and skills.

Mitigation

- The Group has put in place strong recruitment processes and effective human resource management policies and procedures together with strategic workforce planning to ensure appropriate resources are in place to meet the Group's business requirements.

Operational standards

The Group is obliged to meet various operational and quality standards including, but not limited to, those standards set by the Irish Aviation Authority and European Aviation Safety Agency as part of its aerodrome licensing requirements.

Impact

Failure to meet any of these standards could result in sanctions, up to and including the withdrawal of the Airport's operating licence.

Mitigation

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

Information technology systems

Effective and secure information technology systems are critical for the efficient management of the business and to support operational activities.

Impact

A significant failure of the Group's information technology systems could result in significant disruption to operations, financial loss or reputational damage to the Group.

Mitigation

- The Group operates a centralised information technology systems function with a group wide remit. The information technology function operates with a high level of resilience in systems and processes.
- Business continuity plans exist to manage the risk of any significant disruption from a failure of information technology systems.
- Appropriately qualified and trained professionals are employed by the Group to manage this function.
- A programme of continuous improvement and re-investment in information technology systems is in place.

DIRECTORS' REPORT *(Continued)*

PRINCIPAL RISKS AND UNCERTAINTIES *(Continued)*

Health, safety, security and environment
The Group's operations are subject to an increasingly stringent range of health, safety, security and environmental laws, regulations and standards.

Impact
A breach of any such law or regulation could result in the imposition of material sanctions on the Group and have a material adverse effect on the Group's business.

Mitigation
- Staff training in the areas of health, safety, security and environment, as well as strong emphasis on monitoring compliance form an integral part of the Group's mitigating strategies. These are designed to prevent a serious breach of statutory or other regulatory obligations.
- The Group continues to invest in safety and security installations, systems and resources to meet legal and regulatory requirements to achieve best industry standards across all its business units.
- The Group actively engages with various bodies of the State and other stakeholders to address health, safety, security and environmental issues of operating an international airport.

Governance and compliance
The Group is subject to a wide range of legislative and governance requirements, including, but not limited to, those set out in Irish company and European law.

Impact
Any breach of these requirements could result in serious financial loss or reputational damage to the Group.

Mitigation
- The Group has structures and processes in place to monitor compliance with regulatory, legislative and governance requirements.
- The Group has a proactive, forward looking approach to monitoring changes in regulation and legislation and is actively involved with its shareholder, the Department of Transport, Tourism and Sport on this matter.
- The Group also engages with other external organisations who provide advice and training on these matters to management.

CORPORATE GOVERNANCE REPORT

The Board is committed to maintaining high standards of Corporate Governance. Shannon Group plc and its subsidiaries have put in place appropriate measures to comply with the Code of Practice for the Governance of State Bodies 2009 (the "Code"). The Code sets out the principles of Corporate Governance, which the boards of State bodies are required to observe. The Group has put in place a Code of Business Conduct for directors and senior management of Shannon Group plc and subsidiary companies. The Group continuously reviews and updates its policies and procedures to ensure compliance with the Code and best practice in Corporate Governance.

THE BOARD OF DIRECTORS

Shannon Group plc was incorporated on 29 August 2014, with a Board of Directors appointed with effect from that date.

The ten directors serving on the Board as of the date of approval of the financial statements are listed in the table below. All directors have served as Board members for the period from incorporation of the Group to the date of approval of the financial statements.

Director
Rose Hynes (Chairman)
Neil Pakey (outgoing Chief Executive Officer)
Tony Brazil
Joe Buckley
Tom Coughlan
Pat Dalton
Michael Leydon
Kevin McCarthy
Kathryn O'Leary Higgins
Liam O'Shea
Company Secretary
Mary Considine (Acting Chief Executive Officer)

The Board is responsible for the proper management and long-term success of the Group. It takes all significant strategic decisions and retains full and effective control while allowing management sufficient flexibility to run the business efficiently and effectively within appropriate Board approved delegated authority. The Board has reserved a formal schedule of matters for its decision and approval. These matters include the adoption of strategic and business plans, the approval of the annual financial statements and annual budget, treasury policy, acquisitions, disposals, capital expenditure and property transactions (above certain thresholds) and material contracts. Other matters reserved for the Board include oversight of the system of risk management and internal control and the appointment of the Chief Executive Officer.

The Chairman leads the Board in the determination of its strategy and in the achievement of its objectives and is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman facilitates the effective contribution of directors, ensures that directors receive accurate, timely and clear information, and manages effective communication with the Minister for Transport, Tourism and Sport.

The Board is provided with regular information, which includes key performance indicators for all aspects of the Group's businesses. Regular reports and papers are circulated to the directors in a timely manner, in preparation for Board and Board sub-committee meetings. These papers are supplemented by information specifically requested by the directors from time to time. Regular management financial reports and information are provided to all directors, which enable them to scrutinise the Group and management's performance against agreed objectives.

The Board structure is prescribed by statute whereby the number of directors on the Board, and the manner in which such directors, including the Chairman, are appointed (and removed) is set out in the Shannon Group Act. This legislation provides that:
- The Board of the Group shall consist of not more than 10 directors.
- The Minister for Transport, Tourism and Sport ("the Minister") may, with

DIRECTORS' REPORT *(Continued)*

THE BOARD OF DIRECTORS *(Continued)*

the consent of the Minister for Public Expenditure and Reform following consultation with such trade union representatives as he or she believes appropriate, appoint 2 persons representing the employees of the Group and its subsidiaries, as directors of the Group.

- The directors of the Group (other than the Chief Executive Officer) shall be appointed by the Minister, with the consent of the Minister for Public Expenditure and Reform.
- The Chief Executive Officer shall, for the duration of his or her appointment, be *ex officio* a director of the Group.
- Each director of the Group shall hold office on such terms (other than the payment of remuneration and allowances for expenses) as the Minister determines at the time of his or her appointment. The Minister, when appointing a director of the Group, shall fix such director's period of office, which shall not exceed 5 years.
- A director of the Group (other than the Chief Executive Officer) shall not serve for more than a period of 10 years in total.

The directors have a blend of skills and experience in areas of aviation, property, tourism, retail and leisure, heritage management, finance and accountancy, economics, law, marketing, business development, operations, safety and security, change management and industrial relations. These skills bring the necessary competence to the Board to address the challenges facing 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 Board is satisfied that its members have the appropriate blend of skills and experience relevant to the requirements of the Group.

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.

Directors have undergone a formal induction process and are also provided with detailed briefing documents, governance, financial and operational information and an opportunity to be briefed by executives on the different aspects of the Group's business. Organised familiarisation tours of the Group's facilities including the Airport campus, the Group's commercial properties and heritage sites are also provided. The on-going development needs of directors are kept under review. The Board recognises the need to ensure that Board members are aware of their statutory and fiduciary responsibilities and that they are kept up to date and fully informed of industry, economic and Corporate Governance developments and changes in best practice. Training and development requirements are reviewed and agreed with the Chairman.

Board members have access to the Company Secretary who is responsible for ensuring the Board procedures are followed and that applicable rules and regulations are adhered to.

The Board has formed a number of sub-committees as follows:

- Audit and Risk Committee
- Remuneration Committee
- Health, Safety, Security and Environmental Committee
- Property and Investment Committee

During 2015, the Board undertook an evaluation of Board performance for its first year of operation.

INDEPENDENCE OF DIRECTORS

The directors and secretary who held office at 31 December 2015 had no interest in the shares of Shannon Group plc or its subsidiary companies either at the start of the year or their date of appointment, if later, nor at the end of the year.

Certain members of the Board, as outlined further below, hold directorships or executive positions in organisations which are under the control of the Irish Government. From 1 January 2015 to 16 October 2015 Rose Hynes was the Chairman of Ervia. Tom Coughlan is Chief Executive of Clare County Council. Joe Buckley and Kevin McCarthy are employees of Shannon Airport.

The Board is satisfied that its non-executive directors are independent of management, independent of character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Board member's judgement. Each Board member brings independent judgement. Non-executive Board members are required to declare any interests or relationships which could interfere with the exercise of their independent judgement.

The Board has put procedures in place to deal with potential conflicts of interest. In accordance with the provisions of the Code and the Shannon Group Act, all directors must disclose any interests and absent themselves from Board discussions where they have a direct or indirect interest.

COMPANY SECRETARY AND ACCESS TO PROFESSIONAL ADVICE

The Company Secretary is appointed by the Board. Mary Considine served as Company Secretary for the full year and to the date of approval of the financial statements.

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 Group's professional advisors are available for consultation by the Board as required. Individual directors may take independent professional advice, in line with Group procedures, at the Group's expense.

MEETINGS

Regular meetings of the Board are held throughout the year. The Board met formally nine times during the year. In addition, there were a number of committee meetings.

Attendance at scheduled Board meetings is set out below:

Director	Board meetings attended	Maximum number of meetings
Rose Hynes (Chairman)	9	9
Neil Pakey (outgoing Chief Executive Officer)	9	9
Joe Buckley	8	9
Tony Brazil	9	9
Tom Coughlan	9	9
Pat Dalton	5	9
Michael Leydon	9	9
Kevin McCarthy	9	9
Kathryn O'Leary Higgins	9	9
Liam O'Shea	9	9

DIRECTORS' REPORT *(Continued)*

BOARD COMMITTEES

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

Details of the work of the Audit and Risk Committee, the Remuneration Committee, the Health, Safety, Security and Environmental Committee and the Property and Investment Committee, including their current membership, are set out below.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises three independent non-executive Board members. The Committee has defined terms of reference under which authority is delegated to it by the Board. The Board is satisfied that at least one member of the Committee has recent and relevant financial experience.

Pat Dalton serves as chairman of the Audit and Risk Committee and he is a qualified Chartered Accountant. The Committee met eight times during the year and attendance at the Committee meetings is set out in the table below:

Member	Sub-committee meetings attended	Number of meetings held
Pat Dalton	7	8
Tony Brazil	8	8
Liam O'Shea	8	8

The regular attendees at the Audit and Risk Committee meetings included the Chief Executive Officer, the Chief Financial Officer, the Company Secretary, the out-sourced Internal Auditor - Deloitte, the Group Risk and Internal Control Manager, senior management from the finance department and KPMG, the independent statutory auditor.

The main areas of responsibility of the Committee are as follows:

- reviewing the annual financial statements and submitting a recommendation to the Board, focusing particularly on changes in accounting policies and practices, major judgemental areas, significant adjusted or unadjusted audit differences, the going concern assumption, compliance with accounting standards, ensuring compliance with legal requirements and consistency of other information presented alongside the financial statements;
- considering and recommending the appointment, re-appointment and removal of the statutory auditor and the audit fee;
- developing and implementing a policy on the engagement or the award of contracts to the statutory auditor or affiliate for non-audit work, taking into account relevant best practice and ethical guidelines;
- monitoring and reviewing at least annually the performance, qualifications, expertise, resources and independence of the statutory auditor and assessing the effectiveness of the external audit process;
- reviewing the effectiveness of the Group's internal financial controls, internal controls and risk management systems;
- assisting the Board in fulfilling its responsibilities in ensuring the appropriateness and completeness of the system of internal control, reviewing the manner and framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems and thereby maintaining an effective system of internal financial control;
- reviewing and making a recommendation on the Group's statement on internal financial control and risk management systems prior to endorsement by the Board;
- overseeing and advising the Board on the current risk exposures of the Group and future risk strategy;
- reviewing the effectiveness of the Internal Audit function on an annual basis;
- monitoring and reviewing the effectiveness of the Internal Audit programme, ensuring co-ordination between the internal and statutory auditors and ensuring that the Internal Audit function is adequately resourced and that adequate attention is paid to value for money auditing;
- reviewing the policy by which staff may, in confidence, raise concerns about possible business, financial or other improprieties and ensure that arrangements are in place to investigate such matters.

The Committee reviewed the 2015 annual financial statements before recommending their approval to the Board. The Committee considered, and discussed with the Chief Executive Officer, Chief Financial Officer, senior financial management and the statutory auditors, the appropriateness of the significant accounting policies, estimates and judgements applied in preparing these financial statements, together with presentational and disclosure matters.

The Committee has an established risk management framework and considered the processes for identifying, reporting and managing both existing and emerging risks. The Committee received periodic management reports 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 and significant changes in the business and external environment which affect the risk registers.

The Committee reviewed, on behalf of the Board, the effectiveness of the Group's system of risk management and internal control. Monitoring covered all controls, including financial, operational and compliance controls and risk management processes.

The Committee reviewed 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. During the period, the Committee considered reports from the Internal Auditor summarising the work planned and undertaken, recommending improvements and describing actions taken by management. The Committee was appraised by the Internal Auditor 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 approved the remuneration and terms of engagement of KPMG, the independent statutory auditor. The Committee reviewed and approved the external audit plan and the findings of KPMG from its audit of the annual financial statements. The Committee took appropriate steps to ensure that an objective and professional relationship was maintained with KPMG.

The Committee considered KPMG's independence and objectivity. This included considering a) the nature and extent of the services provided, and fees earned, for external audit and non-audit work carried out by KPMG and b) ensuring the provision of non-audit services to the Group do not present a conflict of interest.

DIRECTORS' REPORT *(Continued)*

AUDIT AND RISK COMMITTEE *(Continued)*

Fees paid to KPMG for audit services, audit related services and other non-audit services are set out in Note 5 of the financial statements. There were no instances where KPMG was engaged to provide services which were adjudged to give rise to a conflict of interest.

The Committee also monitored KPMG'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 chairman of the Committee reports periodically to the Board on significant issues considered by the Committee which are then considered by the Board.

REMUNERATION COMMITTEE

The Remuneration Committee comprises three non-executive members. The Committee has defined terms of reference under which authority is delegated to it by the Board. Rose Hynes serves as chairman of the Remuneration Committee. The Committee met four times during the year and attendance at the Committee meetings is set out in the table below:

Member	Sub-committee meetings attended	Number of meetings held
Rose Hynes	4	4
Liam O'Shea	3	4
Tom Coughlan	4	4

The main responsibilities of the Remuneration Committee during the period were to determine the remuneration of the Chief Executive Officer, the pay structures of senior management and to review the ongoing appropriateness and relevance of the Group's remuneration policies and pension schemes and any major structural changes to such policies or schemes.

Details of directors' fees and emoluments including those of the Chief Executive Officer are set out in Note 6 to the financial statements, in accordance with the requirements of the Code. Remuneration of key management is summarised in Note 29 (b) to the financial statements.

HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL COMMITTEE

The Health, Safety, Security and Environmental Committee comprises four members, including two non-executive members. The Committee has defined terms of reference under which authority is delegated to it by the Board. Kathryn O'Leary Higgins serves as chairman of the Health, Safety, Security and Environmental Committee. The Committee met four times during the year and attendance at the Committee meetings is set out in the table below:

Member	Sub-committee meetings attended	Number of meetings held
Kathryn O'Leary Higgins	4	4
Joe Buckley	4	4
Michael Leydon	4	4
Kevin McCarthy	3	4

The main responsibilities of the Committee during the period were the management of health, safety and environmental matters in all Group companies and the management of aerodrome safety and security matters at Shannon Airport.

It reports to the Board on any significant compliance or other relevant issues, receives incident reports, reviews reports on airside safety, security, health, safety and environmental issues, monitors the processes in place for training and reviews related communications with the Group. It monitors and reviews the risk registers covering its remit.

PROPERTY AND INVESTMENT COMMITTEE

The Property and Investment Committee comprises three non-executive members. The Committee has defined terms of reference under which authority is delegated to it by the Board. Rose Hynes serves as chairman of the Property and Investment Committee. The Committee met eight times during the year and attendance at the Committee meetings is set out in the table below:

Member	Sub-committee meetings attended	Number of meetings held
Rose Hynes	8	8
Pat Dalton	7	8
Michael Leydon	8	8

The main responsibilities of the Committee during the period were to review all strategic property and capital decisions, evaluation of new development opportunities and review property investment, acquisitions, disposals and commercial agreements.

It reports to the Board and ensures that new developments, opportunities and asset acquisitions and disposals optimise the return for the Group on its land and property and on its shareholding in any subsidiary company.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for the Group's system of internal control and for monitoring its effectiveness. The system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and provides only reasonable assurance, but not absolute assurance, against material misstatement or loss.

The Board has established an organisational structure with clear operating and reporting procedures, secured the services of appropriately qualified personnel, designed suitable lines of responsibility, put in place appropriate authorisation limits, made arrangements in respect of segregation of duties and delegated the necessary authority for decision making.

The Board has put in place an on-going process for identifying, evaluating and managing the significant risks faced by the Group. Management is responsible for the identification and evaluation of significant business risks and for the design and operation of suitable internal controls. The Board has appointed the Group's Chief Financial Officer to act as Chief Risk Officer. The Audit and Risk Committee, the Health, Safety, Security and Environmental Committee and the Board receive regular reports from the Chief Risk Officer and management on key risks and how they are managed.

The system of internal controls includes the following:

- Clearly defined organisational structure, with defined authority limits and reporting mechanisms to higher levels of management and to the Board;
- Comprehensive budgeting systems with an annual budget which is subject to approval by the Board;
- Comprehensive system of financial reporting including the reporting of cumulative monthly actual results against budget. These results are

DIRECTORS' REPORT *(Continued)*

INTERNAL CONTROL AND RISK MANAGEMENT *(Continued)*

considered by the Board on a monthly basis. The Board questions significant changes or adverse variances and remedial action is taken where appropriate;

- Comprehensive set of policies and procedures relating to operational and financial controls, including capital expenditure. Large capital projects require the approval of the Board, and are closely monitored on an ongoing basis by the Property and Investment sub-committee of the Board;
- Risk management process which enables identification and assessment of risks that could impact the achievement of agreed business objectives and ensures that appropriate mitigating measures and controls are put in place. This process is led by the Chief Risk Officer with regular reports to the Audit and Risk and Health, Safety, Security and Environmental sub-committees of the Board;
- Code of Ethics that requires senior management and employees to maintain the highest ethical standards in conducting business;
- Responsibility by management at all levels for internal control over their respective business functions;
- The internal audit function conducts a systematic review of internal financial controls. In these reviews, emphasis is focused on areas of greater risk, as identified by risk analysis.

The Group maintains risk registers which have been reviewed by the Board and reviewed in detail by the Audit and Risk Committee and the Health, Safety, Security and Environmental Committee, as appropriate. The risk registers identify, evaluate and address the mitigation of key risks facing the Group, covering strategic, operational, compliance, financial, safety and security risks.

The Chief Executive Officer and Chief Risk Officer report to the Board on significant changes in the business and its external environment and the impact of these changes on the Group's risk profile.

The Board has reviewed the effectiveness of the systems of internal control up to the date of the approval of the financial statements. A detailed review was performed by the Audit and Risk sub-committee of the Board, which reported its findings back to the Board. The key areas of financial, operational and compliance controls and risk management were reviewed. The process used to review the effectiveness of the system of internal control includes:

- Review and consideration of the programme of Internal Audit and consideration of its reports and findings;
- Review of the status of issues raised previously by Internal Audit;
- Review of the risk management activity including the risk registers;
- Review of reports from the statutory auditors which contain details of any material internal financial control issues identified by them in their work as auditors.

The Chairman of the Board reports to the Minister for Transport, Tourism and Sport on compliance with the Code of Practice for the Governance of State Bodies throughout the financial period under review.

The Board is satisfied that the Group's system of internal financial controls is suitably designed to provide reasonable assurance regarding the safeguarding of assets against unauthorised use or disposition and the maintenance of proper accounting and reliable financial information.

COMPLIANCE STATEMENT

The Board confirms that the Group has been in compliance with the Code of Practice for the Governance of State Bodies.

GOING CONCERN

The directors, having reviewed the Group's budget and projections and existing bank facilities, 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 Sections 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 resources to the financial function. The books of account of the Company are maintained at Shannon Airport, Shannon, Co. Clare.

ADDITIONAL COMPLIANCE OBLIGATIONS

The Group complies with the Corporate Governance and other obligations imposed by the Ethics in Public Office Act 1995 and the Standards in Public Office Act 2001. The Group also meets its obligations under other legislation including the Official Languages Act 2003, the Disability Act 2005, the Regulation of Lobbying Act 2015 and the Safety, Health and Welfare at Work Act 2005.

During 2015 the Group implemented a Protected Disclosures Policy in accordance with the requirements of the Protected Disclosures Act 2014. The mechanism whereby the Group's employees can raise concerns which cannot be appropriately addressed through normal channels or make disclosures in the public interest in accordance with the Protected Disclosures Act 2014 is outlined within the Protected Disclosures Policy. All disclosures by employees may be raised to the employee's line manager or Human Resources in accordance with the procedures set out in the policy.

The Group is also committed to protecting the rights and privacy of individuals in accordance with the Data Protection Acts 1988 and 2003 and all associated legislation.

HEALTH, SAFETY, SECURITY AND ENVIRONMENT

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

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

DIRECTORS' REPORT *(Continued)*

PROMPT PAYMENTS ACT

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

POLITICAL CONTRIBUTIONS

The Group and Company did not make any political donations or incur any political expenditure during the year.

SUBSEQUENT EVENTS

There have been no significant events subsequent to the year-end date affecting the Group.

AUDITOR

Pursuant to Section 383(2) of the Companies Act 2014, the auditor, KPMG, Chartered Accountants, will continue in office.

On behalf of the Board

Rose Hynes	**Liam O'Shea**
Chairman	*Director*

5 April 2016

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and applicable law.

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 Company and of the Group's profit or loss for that year. In preparing each of the Group and Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Company and enable them to ensure that the Group and Company financial statements are prepared in accordance with applicable IFRS, as adopted by the EU and comply with the provisions of the Companies Act 2014. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and Company and to prevent and detect fraud and other irregularities. The directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The directors are also responsible for ensuring that the Corporate Governance disclosure in the Directors' report reflects the Group's compliance with the Code of Practice for the Governance of State Bodies 2009.

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

On behalf of the Board

Rose Hynes
Chairman

Liam O'Shea
Director

5 April 2016

Independent Auditor's Report to the Members of Shannon Group plc

We have audited the Group and Company financial statements ("financial statements") of Shannon Group plc for the year ended 31 December 2015 which comprise the Consolidated Statement of Profit or Loss, Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement, the Company Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

OPINIONS AND CONCLUSIONS ARISING FROM OUR AUDIT

1 *Our opinion on the financial statements is unmodified*

In our opinion:

- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2015 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2015;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- the Group and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

2 *Our conclusions on other matters on which we are required to report by the Companies Act 2014 are set out below*

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

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

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

3 *We have nothing to report in respect of matters on which we are required to report by exception*

ISAs (UK & Ireland) require that we report to you if, based on the knowledge we acquired during our audit, we have identified information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In addition, the Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made.

The Code of Practice for the Governance of State Bodies ("the Code") require that we report to you if the statement regarding the system of internal financial control required under the Code as included in the Corporate Governance Report on page 37 does not reflect the Group's compliance with paragraph 13.1 (iii) of the Code or if it is not consistent with the information of which we are aware from our audit work on the financial statements.

BASIS OF OUR REPORT, RESPONSIBILITIES AND RESTRICTIONS ON USE

As explained more fully in the Statement of Directors' Responsibilities set out on page 39, 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 Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) 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 and 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 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.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Caroline Flynn
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephens Green
Dublin 2

5 April 2016

Consolidated Statement of Profit or Loss
for the year ended 31 December 2015

	Note	Total pre exceptional items 2015 €'000	Exceptional items (Note 3) 2015 €'000	Total 2015 €'000	4 months ended 31 December 2014 €'000
Revenue	2	65,561	-	65,561	21,148
Cost of sales		(10,009)	-	(10,009)	(4,764)
Gross profit		55,552	-	55,552	16,384
Administrative expenses		(52,315)	(2,141)	(54,456)	(15,695)
		3,237	(2,141)	1,096	689
Other income	4	4,871	1,240	6,111	-
Other expense	4	(158)	-	(158)	(99)
Operating profit	5	7,950	(901)	7,049	590
Finance income	7	266	-	266	92
Finance expense	7	(26)	-	(26)	(9)
Profit before tax		8,190	(901)	7,289	673
Income tax credit/(expense)	8	6	-	6	(169)
Profit		8,196	(901)	7,295	504

All operations are continuing.

The notes on pages 49 to 89 form an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income
for the year ended 31 December 2015

	Note	Total 2015 €'000	4 months ended 31 December 2014 €'000
Profit		**7,295**	504
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gains/(losses) on defined benefit pension liability	*26*	**314**	(200)
Related deferred tax (charge)/credit	*14*	**(39)**	25
Other comprehensive income, net of tax		**275**	(175)
Total comprehensive income attributable to equity holder		**7,570**	329

The notes on pages 49 to 89 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position
as at 31 December 2015

	Note	2015 €'000	2014 €'000
Assets			
Intangible assets	9	**116**	142
Property, plant and equipment	10	**47,294**	45,892
Investment properties	11	**58,485**	57,020
Available-for-sale financial assets	17	**333**	430
Loan receivable	12	**430**	600
Finance lease receivable	13	**316**	324
Deferred tax assets	14	**92**	129
Non-current assets		**107,066**	104,537
Available-for-sale financial assets	17	**135**	708
Finance lease receivable	13	**32**	32
Inventories	15	**1,878**	1,750
Trade and other receivables	16	**8,075**	6,831
Other investments	19	**10,016**	-
Cash and cash equivalents	20	**20,326**	27,871
Current assets		**40,462**	37,192
Total assets		**147,528**	141,729
Equity			
Share capital	21	**38**	38
Capital contribution reserve	21	**112,275**	112,275
Retained earnings		**7,899**	329
Total equity		**120,212**	112,642
Liabilities			
Deferred income	23	**3,987**	4,647
Provisions	24	**1,505**	2,612
Finance lease liability	25	**80**	-
Employee benefits	26	**738**	1,032
Non-current liabilities		**6,310**	8,291
Trade and other payables	22	**18,405**	17,973
Deferred income	23	**639**	618
Provisions	24	**1,823**	2,037
Finance lease liability	25	**93**	-
Current tax liabilities		**46**	168
Current liabilities		**21,006**	20,796
Total liabilities		**27,316**	29,087
Total equity and liabilities		**147,528**	141,729

The notes on pages 49 to 89 form an integral part of these consolidated financial statements. The Group transitioned to EU IFRS in 2015. As there were no transition adjustments required at the date of transition, 29 August 2014 (the date the Company was incorporated), the third opening statement of financial position is not included (Note 31).

On behalf of the Board

Rose Hynes
Chairman

Liam O'Shea
Director

5 April 2016

Company Statement of Financial Position
as at 31 December 2015

	Note	2015 €'000	2014 €'000
Assets			
Financial assets	18	112,275	112,275
Non-current assets		112,275	112,275
Trade and other receivables	16	28	38
Cash and cash equivalents	20	10	216
Current assets		38	254
Total assets		112,313	112,529
Equity			
Share capital	21	38	38
Capital contribution reserve	21	112,275	112,275
Retained earnings		-	-
Total equity		112,313	112,313
Liabilities			
Trade and other payables	22	-	216
Total current liabilities		-	216
Total equity and liabilities		112,313	112,529

The notes on pages 49 to 89 form an integral part of these financial statements.

The Company transitioned to EU IFRS in 2015. As there were no transition adjustments required at the date of transition, 29 August 2014 (the date the Company was incorporated), the third opening statement of financial position is not included (Note 31).

On behalf of the Board

Rose Hynes
Chairman

Liam O'Shea
Director

5 April 2016

Consolidated Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 29 August 2014	-	-	-	-
Profit	-	-	504	504
Other comprehensive income	-	-	(175)	(175)
Total comprehensive income	-	-	*329*	*329*
Transactions with owner				
Issue of ordinary share capital	38	-	-	38
Capital contribution received	-	112,275	-	112,275
Total contributions	*38*	*112,275*	-	*112,313*
At 31 December 2014	**38**	**112,275**	**329**	**112,642**
At 1 January 2015	**38**	**112,275**	**329**	**112,642**
Profit	-	-	7,295	7,295
Other comprehensive income	-	-	275	275
Total comprehensive income	-	-	*7,570*	*7,570*
At 31 December 2015	**38**	**112,275**	**7,899**	**120,212**

All amounts are attributable to the equity holder/owner of the Company.

The notes on pages 49 to 89 form an integral part of these consolidated financial statements.

Company Statement of Changes in Equity
for the year ended 31 December 2015

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 29 August 2014	-	-	-	-
Profit	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owner				
Issue of ordinary share capital	38	-	-	38
Capital contribution received	-	112,275	-	112,275
Total contributions	*38*	*112,275*	-	*112,313*
At 31 December 2014	**38**	**112,275**	-	**112,313**
At 1 January 2015	**38**	**112,275**	-	**112,313**
Profit	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2015	**38**	**112,275**	-	**112,313**

All amounts are attributable to the equity holder/owner of the Company.

The notes on pages 49 to 89 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 December 2015

	Note	2015 €'000	4 months ended 31 December 2014 €'000
Cash flow from operating activities			
Profit		**7,295**	504
Adjustments for:			
Amortisation of capital grants		**(354)**	(116)
Amortisation of intangible assets		**37**	12
Depreciation of property, plant and equipment		**3,966**	1,150
Change in fair value of investment properties		**(3,611)**	-
Gain on disposal of investment properties		**(800)**	-
Impairment of available-for-sale financial assets		**158**	96
Gain on disposal of available-for-sale financial assets		**(440)**	-
Gain on disposal of interest in financial assets		**(1,240)**	-
(Gain)/loss on disposal of property, plant and equipment		**(20)**	3
Finance income		**(266)**	(92)
Finance expense		**26**	9
Tax (credit)/charge		**(6)**	169
		4,745	1,735
Changes in:			
- Trade and other receivables		**(1,244)**	1,461
- Inventories		**(128)**	245
- Trade and other payables		**(109)**	65
- Provisions		**(1,321)**	(129)
- Employee benefits		**(4)**	(62)
- Loan receivable		**170**	-
- Finance lease payable		**173**	-
- Finance lease receivable		**8**	-
Cash generated from operating activities		**2,290**	3,315
Interest received and similar income		**266**	92
Interest paid		**(2)**	(2)
Taxation paid		**(118)**	-
Net cash from operating activities		**2,436**	3,405
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(5,461)**	(2,820)
Purchases of investment properties		**(6,087)**	(309)
Proceeds from sale of property, plant and equipment		**20**	12
Proceeds from sale of investment properties		**9,371**	8,148
Proceeds from sale of available-for-sale financial assets		**952**	-
Proceeds on disposal of interest in financial assets	*3*	**1,240**	-
Purchase of other investments	*19*	**(10,016)**	-
Net cash (used in)/from investing activities		**(9,981)**	5,031
Cash flows from financing activities			
Receipt of cash on establishment of group	*31*	-	19,435
Net cash from financing activities		-	19,435
Net (decrease)/increase in cash and cash equivalents		**(7,545)**	27,871
Cash and cash equivalents at the beginning of the financial period		**27,871**	-
Cash and cash equivalents at the end of the financial period	*20*	**20,326**	27,871

Company Cash Flow Statement
for the year ended 31 December 2015

	Note	Total 2015 €'000	4 months ended 31 December 2014 €'000
Cash flow from operating activities			
Profit		-	-
Changes in:			
- Trade and other receivables		**10**	(38)
- Trade and other payables		**(216)**	216
Net cash from operating activities		**(206)**	178
Cash flows from financing activities			
Proceeds from issue of share capital		-	38
Net cash from financing activities		-	38
Net (decrease)/increase in cash and cash equivalents		**(206)**	216
Cash and cash equivalents at the beginning of the financial period		**216**	-
Cash and cash equivalents at the end of the financial period	*20*	**10**	216

Notes to the Financial Statements
forming part of the financial statements

1. ACCOUNTING POLICIES

1.1 Reporting entity
Shannon Group plc (the "Company") is a company domiciled in Ireland. The consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

Following the enactment of the State Airports (Shannon Group) Act 2014 ("Shannon Group Act"), Shannon Group plc was incorporated on 29 August 2014. The entire issued share capital of the Company is beneficially held by the Minister for Public Expenditure and Reform.

On 5 September 2014, ownership of all shares held directly by the Minister for Public Expenditure and Reform, in both Shannon Airport Authority plc ("Shannon Airport") and Shannon Commercial Enterprises Limited (formerly Shannon Free Airport Development Company Limited) (which trades as "Shannon Commercial Properties"), transferred to Shannon Group plc ("Shannon Group"). The Shannon Group Act provided that no consideration was payable by Shannon Group in respect of the shares vested in Shannon Group. Shannon Airport was re-registered as a limited company on 7 January 2015 and is now referred to as Shannon Airport Authority Limited.

The Group and Company financial statements were approved for issuance on 5 April 2016.

The following details the accounting policies which are applied consistently in dealing with items which are considered material in relation to the Group and Company financial statements and are consistently applied by all Group entities.

1.2 Basis of preparation
The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and their interpretations issued by the International Accounting Standards Board (IASB) as adopted by the EU ("EU IFRS").

The individual financial statements of the Company ("Company financial statements") have been prepared in accordance with EU IFRS as applied in accordance with the Companies Act 2014, which permits a company that publishes its Company and Group financial statements together to take advantage of the exemption in Section 304 of the Companies Act 2014 from presenting to its members its Company Statement of Profit or Loss and related notes that form part of the approved Company financial statements.

These are the Group and Company's first financial statements prepared in accordance with EU IFRS and IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been applied.

The Group and Company financial statements, which are presented in Euro, the functional currency of the Company and each of its subsidiaries, have been prepared on the historical cost basis, except for the following material items in the Statement of Financial Position:
- investment property is measured at fair value;
- the defined benefit plan liability is recognised as fair value of plan assets less the present value of the defined benefit plan obligations; and
- available-for-sale financial assets are measured at fair value.

The methods used to measure fair values are discussed further within the relevant notes.

The comparative Statement of Profit or Loss reflects the results of the Group from incorporation on 29 August 2014 to 31 December 2014.

1.3 Basis of consolidation
The Group financial statements consolidate the financial statements of Shannon Group and all of its subsidiaries as detailed in Note 18. Therefore, these financial statements are the consolidated results of Shannon Group plc, Shannon Airport Authority Limited and Shannon Commercial Enterprises Limited, together with the results of Shannon Commercial Enterprises Limited's two subsidiary companies, Shannon Castle Banquets & Heritage Limited ('Shannon Heritage') and Kilrush Creek Marina Limited, and Shannon Airport Authority Limited's subsidiary company, SAA Pension Corporate Trustee Limited, for the year ended 31 December 2015.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated Statement of Profit or Loss from the date of acquisition or up to the date of disposal. Control exists when the Company has exposure or rights to variable return and the ability to affect these returns through its power over an investee.

Intra-group balances and income and expenses arising from intra-Group transactions are eliminated in preparing the consolidated financial statements.

1.4 Going concern
The directors believe that sufficient financial resources are available to enable the Group to meet its obligations as they fall due, covering a period of not less than 12 months from the date of approval of the financial statements. In forming their view the directors have taken into consideration the future financial requirements of the Group and Company and the existing bank facilities. For this reason, the Directors continue to adopt the going concern basis in preparing these financial statements.

1.5 Foreign currencies
Transactions in foreign currencies are translated to Euro, being the Company's and each subsidiary's functional currency, at the foreign exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are then retranslated at the exchange rate ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Non monetary assets are not retranslated.

Foreign exchange differences arising on translation are recognised in the Statement of Profit or Loss.

1.6 Business combinations
The acquisition basis of accounting is employed in accounting for the acquisition of subsidiaries by the Group. This method is used at the acquisition date, which is the date on which the control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.6 Business combinations *(Continued)*

Shannon Group plc acquired the entire issued share capital of Shannon Airport Authority and Shannon Commercial Properties, by way of a capital contribution, with effect from 5 September 2014. This has been accounted for as a common control transaction in accordance with IFRS 3 "Business Combinations", with net assets being accounted for at net book value. Therefore no goodwill arose on the acquisition for consolidation purposes. As the shares in both entities, acquired by Shannon Group, were transferred at nil consideration, the share transfer was treated as a capital contribution.

1.7 Exceptional items

The Group has adopted a Statement of Profit or Loss format which seeks to highlight significant items within the Group's results for the year. The Group believes this presentation is a more meaningful and helpful analysis as it highlights non-trading items. Such items may include significant restructuring or acquisition costs, profit or loss on disposals of assets or operations, impairment of assets, together with items that are, by their nature, non-trading. Judgement is used by the Group in assessing the particular items which by virtue of their size or incidence, should be disclosed in the Statement of Profit or Loss and related notes as exceptional items.

1.8 Revenue

Revenue represents the fair value of goods and services, net of discounts and rebates, delivered to external customers in the accounting period excluding value added tax.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied: the significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from services is recognised when those services are delivered. Where the provision of a service is delivered over a time period, turnover is recognised proportionately to the time elapsed.

The following revenue recognition criteria apply to the Group's main income streams:

Aeronautical revenue
Aeronautical revenue is recognised net of rebates and discounts and comprises passenger charges which are recognised on their departure, runway movement charges (landing and take-off) levied according to aircraft's maximum take-off weight recognised on departure, aircraft parking charges based on combination of time parked and area of use and other charges which are recognised when services are rendered.

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

Rental income
Rental income from investment properties and property, plant and equipment is recognised on a straight-line basis over the term of the rental period.

Other commercial activities
Other commercial activities include usage charges for the Airport operational systems (e.g. check-in desks), which are recognised as each service is provided, throughput fee for fuel delivery, recognised when fuel is delivered to aircraft, and car park income, which is recognised at the time of exiting the car park.

Admission and banqueting revenue
Admission and banqueting revenue is recognised on the provision of service to the customer.

Management fee income
The Group manages and operates a number of tourist attractions for which a management fee is receivable from the ultimate owner of the attraction. As the Group acts in the capacity of an agent rather than as the principal in respect of these arrangements the management fee is recorded as revenue over the period to which it relates.

Amounts collected on behalf of the principal (e.g. admission fees) are paid to the principal and are not recorded as revenue. Costs incurred in respect of operating these attractions are fully reimbursable, including the costs of certain employees employed by the Group.

Other income
Other income is recognised in accordance with the general provisions above, that is when a service is provided and it is probable that revenue will flow to the Group.

1.9 Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and any impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Construction work in progress is stated at cost and relates to capital expenditure on construction projects that have not been completed at the year end. Assets in the course of construction are transferred to completed assets when substantially all of the activities necessary to get the asset ready for use are complete. Depreciation is not applied to assets under construction. The cost of industrial land and buildings and construction work in progress includes an apportionment of staff costs directly associated with the acquisition or development of the assets.

Any gain or loss on disposals of property, plant and equipment, calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in operating profit on completion of sale.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Depreciation is charged to the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.9 Property, plant and equipment *(Continued)*

The estimated useful lives are as follows:

Terminal complexes, airfields and other airport property	10 – 50 years
Industrial and tourist buildings and infrastructure	10 – 33.3 years
Building modifications	20 years
Plant, fixtures and fittings	2 – 20 years
Motor vehicles	4 – 5 years
IT equipment	3 – 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Provision is also made for any impairment of items of property, plant and equipment.

The Group earns rental income from a number of Airport assets held as property, plant and equipment. These assets are required for the operation of the Airport and the generation of aeronautical and other income streams. The Group does not have the ability to sell such assets due to their proximity to the airfield and runway areas and as these assets do not generate cashflows independently of the other assets held by the Group they do not meet the requirements to be classified as Investment Properties in accordance with IAS 40.

1.10 Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and less any impairment losses.

Amortisation is charged to the Statement of Profit or Loss on a straight-line basis over the estimated useful lives of the intangible assets unless such lives are indefinite. Intangible assets with indefinite useful lives are systematically tested for impairment at each year end date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 – 6 years

1.11 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories (carried at lower of cost and net realisable value), investment property (measured at fair value), available-for-sale financial assets (measured at fair value) and deferred tax assets (recognised based on recoverability), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an impairment test is carried out and the asset is written down to its recoverable amount as appropriate.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit ("CGU") exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.12 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, and are not occupied by the Group.

Rental income from investment property is accounted for as described in the revenue accounting policy.

Investment properties are measured at fair value. The fair value is the price that would be received if the property were sold in an orderly transaction between market participants based on the asset's highest and best use. Any gains or losses arising from changes in the fair value are recognised in profit or loss in the period that they arise. On disposal of an investment property, the carrying amount is deemed to be the fair value at the date of the previous published Statement of Financial Position.

Management value the portfolio every year. The valuation of investment properties requires a high degree of management judgement. The valuations, which are supported by market evidence and external independent valuations of a portion of the portfolio, are determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or on the use of valuation techniques including the use of market yield on comparable properties. Information on the basis on which such valuations are undertaken in the year is set out in Note 11.

1.13 Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is based on invoice price on an average basis. Net realisable value comprises the actual or estimated selling price (net of trade but before settlement discounts), less all further costs to be incurred in marketing and selling.

Provision is made for obsolete, slow moving or defective items, where appropriate.

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

1.14 Provisions

A provision is defined as a liability of uncertain timing or amount. Provisions are recognised when the Group has a legal or constructive present obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the reporting date. If the effect is material, provisions are measured by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.14 Provisions *(Continued)*

Provisions are recognised for onerous contracts whereby the unavoidable costs of meeting the obligations under the arrangement exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the minimum net cost of exiting from the contract, i.e. the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

1.15 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or receivable in respect of previous years.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The following temporary differences are not provided for: the initial recognition of goodwill if any; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries, associates and joint arrangements to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. For investment property that is measured at fair value deferred tax is provided at the rate applicable to the sale of the property. Deferred tax is measured on an undiscounted basis. Deferred tax assets and liabilities are offset only if certain criteria are met.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent to which it has become probable that taxable profits will be available against which they can be used.

Shannon Commercial Enterprises Limited is exempt from Corporation Tax only in respect of profits arising from trading activities in accordance with Section 36 of the State Airports (Shannon Group) Act 2014. Income from other sources is liable for corporation tax. Shannon Commercial Enterprises Limited is liable for Capital Gains Tax in accordance with Section 36, State Airports (Shannon Group) Act 2014.

1.16 Employee benefits

Short term employee benefits

Short term employee benefits are recognised as an expense as the related employee service is rendered.

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Retirement benefit obligations

Group companies operate or participate in a number of pension schemes, as outlined below.

Defined contribution schemes

The Group operates a number of defined contribution pension schemes. A defined contribution scheme is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. The assets of these schemes are held separately from those of the Group in independently administered funds. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit or Loss in the periods during which services are rendered by employees.

Up to 31 December 2014, Shannon Airport Authority ("Shannon Airport") ("the Company") participated in the Irish Airlines (General Employees) Superannuation Scheme ("IASS"), with the majority of the Company's employees members of this scheme. As this scheme was a multi-employer scheme, the scheme was accounted for by Shannon Airport and Shannon Group as a defined contribution scheme.

Shannon Commercial Properties operated an unfunded defined benefit pension scheme up to the date of transfer to Shannon Group. In accordance with the Shannon Group Act, all liabilities, duties, obligations and funding (including pension increases and supplementary pension payments) arising by virtue of the operation of the scheme was transferred to the Minister for Jobs, Enterprise and Innovation. Therefore, for the period from 5 September 2014 to 31 December 2015, Shannon Group and Shannon Commercial Properties have accounted for the scheme as a defined contribution pension scheme.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.16 Employee benefits *(Continued)*

The Group pays employer and employee contributions to the Department of Jobs, Enterprise and Innovation for its employees who are members of this defined benefit scheme. The amount charged to the Statement of Profit or Loss represents the employer contributions payable to this scheme in respect of the accounting period.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

Certain employees of Shannon Airport Authority Limited are members of a separately administered defined benefit scheme ("The Aer Rianta Supplemental Superannuation Scheme"). daa plc ("daa") is the main sponsoring employer of the scheme. The scheme is now closed to new members.

The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at the price within the bid-ask spread most representative of fair value) are deducted. The Group determines the net interest on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

1.17 Leases

Finance lease obligations

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases.

Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the period in which they are incurred.

Operating lease obligations

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit or loss as an integral part of the total lease expense.

Assets held for rent under operating leases are included in property, plant and equipment at cost less accumulated depreciation and in investment properties at fair value. The rental income earned from the leasing of these assets is accounted for as income in the Statement of Profit or Loss on the accruals basis.

Finance lease receivables

Leases in which the Group transfers substantially all the risks and rewards of ownership of the leased asset are classified as finance lease receivables. Leased assets sold by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated impairment losses.

Minimum lease payments are apportioned between finance income and the reduction of the outstanding liability. The finance income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable.

1.18 Financial assets and liabilities

Loans and receivables at amortised cost

Loans receivable

Loans receivable are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents comprise of cash at bank and in hand and short-term deposits with a maturity of less than 90 days at inception.

Other investments

Other investments comprise of short-term bank deposits with a maturity of greater than 90 days at inception.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If payments are received from customers in advance of when these amounts are recognised in revenue the difference is presented as deferred income.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.18 Financial assets and liabilities *(Continued)*

Available-for-sale financial assets

Available-for-sale financial assets are initially recognised at fair value plus any directly attributable costs. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in Other Comprehensive Income and accumulated in the Fair Value Reserve. Where a decrease in fair value is deemed to be an impairment in value it is recognised in the Statement of Profit or Loss. When these assets are derecognised the gain or loss accumulated in equity is reclassified to profit or loss.

1.19 Impairment of financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

1.20 Capital contribution

Assets received from the Group's shareholder by way of a gift, are treated as a capital contribution and included in shareholders' funds on the Group and Company Statements of Financial Position.

1.21 Deferred income

Deferred income comprises customer advances and capital grants.

Customer advances

Customer advances represent payments received from customer in advance of the related goods/services being delivered. These are initially recognised as deferred income and recorded as revenue on ultimate delivery of the goods/services to the customer.

Capital grants

Capital grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the group will comply with the conditions associated with the grant. EU and other grants received in respect of the purchase of property, plant and equipment are treated as deferred income, and are amortised to the Statement of Profit or Loss over the useful economic life of the asset to which they relate.

Revenue grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

1.22 Investment in subsidiaries (Company only)

The investment in subsidiaries was initially established on their transfer to the Company and continues to be carried at that amount less any provision for impairment if required.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.23 New Standards and Interpretations not applied

Standards in issue but not effective
A number of new International Financial Reporting Standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group does not plan to adopt these standards early; instead it will apply them from their effective dates as determined by their dates of EU endorsement.

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
IAS 19 Amendment: *Defined Benefit Plans; Employee Contributions*	1 July 2014	1 February 2015
Annual Improvements to IFRSs 2010-2012 Cycle	1 July 2014	1 February 2015
Amendments to IFRS 11: *Accounting for acquisitions of interests in Joint Operations*	1 January 2016	1 January 2016
Amendments to IAS 16 and IAS 38: *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016	1 January 2016
Amendments to IAS 27: *Equity Method in Separate Financial Statements*	1 January 2016	1 January 2016
Amendments to IAS 1: *Disclosure Initiative*	1 January 2016	1 January 2016
Annual Improvements to IFRSs 2012-2014 Cycle	1 January 2016	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: *Applying the consolidation exception*	1 January 2016	Not endorsed, expected to be endorsed Q2 2016.
Amendments to IAS 7: *Disclosure Initiative*	1 January 2017	Not endorsed, expected to be endorsed Q4 2016.
Amendments to IAS 12: *Recognition of deferred tax assets for unrealised losses*	1 January 2017	Not endorsed, expected to be endorsed Q4 2016.
IFRS 15: *Revenue from contracts with customers (May 2014) including amendments to IFRS 15*	1 January 2018	Not endorsed, expected to be endorsed Q2 2016.
IFRS 9 *Financial Instruments*	1 January 2018	Not endorsed, expected to be endorsed H2 2016.
IFRS 16: *Leases*	1 January 2019	Not endorsed, no indicative endorsement date provided.

The Group is still reviewing these upcoming changes to determine the extent of their impact.

1.24 Critical accounting estimates and judgements

The preparation of financial statements in conformity with EU IFRS requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The areas involving a high degree of judgement, complexity or areas where assumptions and estimates are significant to the Group financial statements relate primarily to:

- The valuation of investment properties requires a high degree of management judgement, see further detail in Note 11.
- Measurement of defined benefit pension obligations requires the use of actuaries and determination of appropriate assumptions such as discount rates, price inflation, benefit and salary increases and mortality rates. See further detail in Note 26.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. REVENUE

	2015 €'000	4 months ended 31 December 2014 €'000
Aeronautical and commercial activities	**37,760**	12,772
Commercial property rental, management and development	**14,224**	5,044
Tourism activities	**13,577**	3,332
Total revenue – continuing activities	**65,561**	21,148

All revenue of the Group arises in the Republic of Ireland and from continuing activities. No one customer accounts for more than 10% of the Group's revenue.

Shannon Group plc has availed of the exemption contained in IFRS 8 "Operating Segments" not to disclose segmental information as the Group does not have equity or debt securities which are publicly traded.

3. EXCEPTIONAL ITEMS

In accordance with the Group's accounting policy, the following items have been presented as exceptional items on continuing operations for the year ended 31 December 2015. No exceptional items arose in the period ended 31 December 2014.

	2015 €'000	4 months ended 31 December 2014 €'000
Payment in settlement of IASS pension scheme (i) (Note 26)	**2,141**	-
Proceeds on disposal of interest in financial asset (ii) (Note 17)	**(1,240)**	-
Net exceptional charge	**901**	-

(i) Payment in settlement of IASS pension scheme

In 2015 the Group was party to successful negotiations regarding the closure of the Irish Airlines (General Employees) Superannuation Scheme ('IASS') (Note 26). A final payment of €2,141,000, in addition to the amount provided at 31 December 2014, was made during the year and is reflected as an exceptional charge in the period.

(ii) Proceeds on disposal of interest in financial asset

The Group disposed of its interest in a financial asset whereby it held rights to a percentage return on income which accrued from the development of office buildings (Note 17). Included in the proceeds received was €1,240,000 in respect of the disposal of this right, which is reflected as an exceptional gain in the period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

4. OTHER INCOME/(EXPENSE)

	2015 €'000	4 months ended 31 December 2014 €'000
Net increase in fair value of investment property (Note 11)	**3,611**	-
Gain on disposal of:		
- Available-for-sale financial assets (Note 17)	**440**	-
- Property, plant and equipment (Note 10)	**20**	-
- Investment properties (Note 11)	**800**	-
Other income	**4,871**	-
Exceptional income		
Proceeds on disposal of interest in financial asset (Note 3)	**1,240**	-
Total other income	**6,111**	-
Loss on disposal of property, plant and equipment (Note 10)	**-**	(3)
Impairment in value of available-for-sale financial assets (Note 17)	**(158)**	(96)
Total other expense	**(158)**	(99)

5. STATUTORY AND OTHER INFORMATION

The Group's operating profit is stated after charging/(crediting):

	2015 €'000	4 months ended 31 December 2014 €'000
Depreciation	**3,966**	1,150
Amortisation of intangible assets	**37**	12
Amortisation of capital grants	**(354)**	(116)
Operating lease rentals	**388**	133
Auditor's remuneration		
- audit of Group financial statements	**13**	13
- audit of Company financial statements	**-**	-
- other audit services	**97**	78
- tax advisory services fees	**20**	15
- other non-audit services	**-**	-
	130	106

The audit fee of the Company is borne by subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6. EMPLOYEE BENEFIT EXPENSE

Group staff numbers and costs

	2015 €'000	4 months ended 31 December 2014 €'000
Wages and salaries	**23,122**	7,455
Social welfare costs	**2,467**	846
Post-employment benefits (Note 26):		
Defined benefit pension credit	**(4)**	(48)
Defined contribution pension expense	**1,470**	575
Other compensation costs	**972**	252
	28,027	9,080

The average number of group employees during the year/period was as follows:

	2015	4 months ended 31 December 2014
Operations and administration	**402**	371
Commercial	**48**	61
Property	**31**	29
	481	461

Included in the above average numbers are 16 (2014: 17) full-time equivalents, who are employed by a subsidiary company, whose cost is fully reimbursed to the Group.

The Company has no employees.

Directors' remuneration

	2015 €	4 months ended 31 December 2014 €
Directors' remuneration for the period:		
Fees for services as director	**109,800**	36,600
Other emoluments (including pension contribution)	**399,782**	124,044
	509,582	160,644

Included in other emoluments is the remuneration of the Chief Executive Officer and the directors who were nominated by the Irish Congress of Trade Unions to represent employees on the Board and who were appointed by the Minister for Transport, Tourism and Sport arising from their normal contracts of employment.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6. EMPLOYEE BENEFIT EXPENSE *(Continued)*

Amounts paid to directors disclosed in accordance with the Code of Practice for the Governance of State Bodies and Section 305 of the Companies Act 2014, are provided below.

The following directors served on the Board for the full year ended 31 December 2015. All directors also served on the Board from the date of incorporation of Shannon Group plc (29 August 2014) to 31 December 2014 and the comparative amounts below represent the emoluments paid in respect of that period.

	2015 €	4 months ended 31 December 2014 €
Fees for the year/period		
Rose Hynes	**21,600**	7,200
Joe Buckley	**12,600**	4,200
Tony Brazil	**12,600**	4,200
Tom Coughlan	-	-
Pat Dalton	**12,600**	4,200
Michael Leydon	**12,600**	4,200
Kevin McCarthy	**12,600**	4,200
Kathryn O'Leary Higgins	**12,600**	4,200
Liam O'Shea	**12,600**	4,200
Neil Pakey	-	-
For services as director during the year/period	**109,800**	36,600
Other emoluments		
Salary (including benefit-in-kind)	**327,494**	101,937
Pension contributions		
- Defined contribution scheme	**11,038**	3,311
- Defined benefit scheme	**61,250**	18,796
	399,782	124,044
Total directors' remuneration for the year/period	**509,582**	160,644

In aggregate, the members of the Board were reimbursed for out of pocket travel and other similar expenditures during the period in respect of services as director, disclosed in accordance with the Code of Practice for the Governance of State Bodies, totalling €20,713 (2014: €5,757).

Directors' expenses above do not include expenses of the Chief Executive Officer, which are separately disclosed below.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

6. EMPLOYEE BENEFIT EXPENSE *(Continued)*

The remuneration of the Chief Executive Officer, disclosed in accordance with the applicable government department guidelines relating to the remuneration arrangements of Chief Executives of Commercial State Bodies and Section 305 of the Companies Act 2014, is provided below:

	2015	4 months ended 31 December 2014
	€	€
Emoluments:		
- Basic salary	**174,530**	53,701
- Benefit-in-kind	**19,896**	5,391
Total emoluments	**194,426**	59,092
Defined benefit pension contributions	**61,250**	18,796
	255,676	77,888

Total business expenses amounted to €7,800 (2014: €5,494), which are not included in the amounts disclosed above. No performance related pay was paid to the Chief Executive Officer in respect of the periods ended 31 December 2015 or 2014.

The comparative amount above relates to the period from incorporation of Shannon Group plc to 31 December 2014. Total remuneration in respect of the Chief Executive Officer for the full year 2014 is set out in the table below:

	2014
	€
Emoluments:	
- Basic salary	174,530
- Benefit-in-kind	15,464
Total emoluments	189,994
Defined benefit pension contributions	91,875
	281,869

7. FINANCE INCOME/(EXPENSE)

	2015	4 months ended 31 December 2014
	€'000	€'000
Interest receivable on short term bank deposits and loan receivable	**239**	92
Finance lease income receivable (Note 13)	**27**	-
Finance income	**266**	92
Bank interest payable	-	(2)
Net interest expense on defined pension scheme (Note 26)	**(24)**	(7)
Finance lease expense (Note 25)	**(2)**	-
Finance costs	**(26)**	(9)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

8. INCOME TAX (CREDIT)/EXPENSE

	2015 **€'000**	4 months ended 31 December 2014 €'000
Current tax:		
Current tax on profits for the year	**54**	162
Adjustments in respect of prior period	**(58)**	-
Total current tax	**(4)**	162
Deferred tax (Note 14):		
Origination and reversal of temporary differences	**(2)**	7
Total deferred tax	**(2)**	7
Income tax (credit)/expense	**(6)**	169

	2015 **€'000**	4 months ended 31 December 2014 €'000
Reconciliation of effective tax rate		
Profit before tax	**7,289**	673
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	**911**	84
Tax effect of:		
Tax exempt income	**(491)**	(232)
Expenses not deductible for tax purposes	**157**	246
Income taxed at a higher rate	**168**	71
Gains/(losses) in profit or loss impacting on unrecognised deferred tax	**(693)**	-
Adjustment in respect of prior periods	**(58)**	-
Tax (credit)/expense	**(6)**	169

Under Section 229A (2) of the Taxes Consolidation Act 1997, the Group's subsidiary, Shannon Commercial Properties, is exempt from tax chargeable under Case V of Schedule D in respect of relevant profits or gains in the period beginning 1 January 2014 and ending 31 December 2015.

Income from other sources is liable for Corporation Tax.

Under Section 229A (4) of the Taxes Consolidation Act 1997, for the purposes of the Capital Gains Tax Acts where a gain accrues to that company from the disposal of an asset after 31 December 2013, such portion of the gain as represents the same proportion of the gain as the length of the qualifying period bears to the length of the period of ownership, shall not be a chargeable gain. The qualifying period refers to the period beginning on date of the acquisition of the asset, or if the asset was held on 6 April 1974, that date, and ending on 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

9. INTANGIBLE ASSETS

	Intangible assets €'000 €
Computer software	
Cost	
Transfer of assets (Note 31)	256
Acquisitions – externally purchased	-
At 31 December 2014	**256**
At 1 January 2015	256
Acquisitions – externally purchased	11
At 31 December 2015	**267**
Accumulated Amortisation	
Transfer of assets (Note 31)	102
Charge for period	12
At 31 December 2014	**114**
At 1 January 2015	114
Charge for period	37
At 31 December 2015	**151**
Net book value	
At 31 December 2015	**116**
At 31 December 2014	142
At 29 August 2014	-

All intangible assets arise from purchased computer software.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. PROPERTY, PLANT AND EQUIPMENT

	Terminal Complexes €'000	Lands and Airfields €'000	Tourism Buildings €'000	Other Property and General Infrastructure €'000	Plant, Fixtures and Fittings €'000	Work in Progress €'000	Total €'000
Cost							
Transfer of assets (Note 31)	10,289	16,334	22,450	20,038	13,681	1,318	84,110
Additions	-	-	-	-	63	2,757	2,820
Disposals	-	-	-	(572)	(40)	-	(612)
Transfers	238	552	21	122	136	(1,069)	-
At 31 December 2014	**10,527**	**16,886**	**22,471**	**19,588**	**13,840**	**3,006**	**86,318**
At 1 January 2015	10,527	16,886	22,471	19,588	13,840	3,006	86,318
Additions	-	-	440	-	71	5,195	5,706
Disposals	-	-	-	(2,423)	-	-	(2,423)
Transfer to investment properties	-	-	-	-	-	(338)	(338)
Transfers	1,301	599	101	583	2,129	(4,713)	-
At 31 December 2015	**11,828**	**17,485**	**23,012**	**17,748**	**16,040**	**3,150**	**89,263**
Accumulated Depreciation							
Transfer of assets (Note 31)	1,136	1,360	17,575	14,526	5,276	-	39,873
Charge for period	151	277	116	138	468	-	1,150
Disposals	-	-	-	(572)	(25)	-	(597)
At 31 December 2014	**1,287**	**1,637**	**17,691**	**14,092**	**5,719**	-	**40,426**
At 1 January 2015	1,287	1,637	17,691	14,092	5,719	-	40,426
Charge for period	540	903	421	449	1,653	-	3,966
Disposals	-	-	-	(2,423)	-	-	(2,423)
At 31 December 2015	**1,827**	**2,540**	**18,112**	**12,118**	**7,372**	-	**41,969**
Net book value							
At 31 December 2015	**10,001**	**14,945**	**4,900**	**5,630**	**8,668**	**3,150**	**47,294**
At 31 December 2014	9,240	15,249	4,780	5,496	8,121	3,006	45,892
At 29 August 2014	-	-	-	-	-	-	-

The carrying value of property plant and equipment was reviewed in 2014 on incorporation of the Group. Management have considered the carrying value of property, plant and equipment at 31 December 2015 and are satisfied that the carrying value remains appropriate and no impairment indicators exist.

The carrying value of plant, fixtures and fittings held under finance leases is €181,000 (2014: nil) (Note 25).

Certain of the Group's assets have been pledged as security against the Group's overdraft facility (Note 27). At 31 December 2015 the net carrying amount of these assets was €1,876,937 (2014: €1,928,740).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. INVESTMENT PROPERTIES

	2015	2014
	€'000	€'000
Group		
At beginning of period	**57,020**	-
Transfer of assets (Note 31)	-	64,859
Additions	**6,087**	309
Disposals	**(8,571)**	(8,148)
Transfer from property, plant and equipment	**338**	-
Increase in fair value during the period	**3,611**	-
At 31 December	**58,485**	57,020

During 2015 investment property rentals of €7,760,100 were included in Revenue (four months ended 2014: €2,735,302). Expenses relating to the leasing and maintenance of investment properties, included in administrative expenses, total €5,144,000 (four months ended 2014: €1,889,000).

During the year, the Group disposed of investment properties for proceeds of €9,371,000 resulting in a gain on disposal of €800,000.

The Group's investment properties are stated at fair value as at 31 December 2015. The valuation of investment properties requires a high degree of management judgement.

At 31 December 2015 management engaged external, independent valuation experts to review a portion of the investment property portfolio. These experts have appropriate recognised professional qualifications and recent experience in the location and for the category of property being valued. The valuations obtained, which are supported by market evidence, were determined by benchmarking against comparable transactions for similar properties in the same locations as those of the Group or through the use of valuation techniques including the use of market yield on comparable properties.

Management considered these external valuations in assessing the fair value of the Group's total investment property portfolio. Final values were applied to each property having regard to the external valuations received and also to the relevant circumstances of the property including its location, type, size, use, existing tenancies and condition.

Valuation technique and significant unobservable inputs

The fair value measurement for investment property has been categorised as Level 3 fair value based on the inputs to the valuation techniques used and continued market uncertainty (Note 27). The following table summarises the key unobservable inputs applied in the valuation of the Group's investment property at 31 December 2015.

Asset class	Input	2015
Industrial buildings	Weighted average value per sq. ft.[1]	€8.54
	Weighted average annual rent per sq. ft.[2]	€4.39
	Equivalent yield - range[2]	12.7%-14.0%
Office buildings	Weighted average value per sq. ft.[1]	€22.77
	Weighted average annual rent per sq. ft.[2]	€9.98
	Equivalent yield – range[2]	10.2%-14.0%
Warehouse buildings	Weighted average value per sq. ft.[1]	€14.05
	Weighted average annual rent per sq. ft.[2]	€5.39
	Equivalent yield - range[2]	12.7%
Industrial land	Value per acre - range[1]	€3,000 - €80,000

[1] This is based on comparable market transactions for land and buildings (as applicable). Among other factors the valuation per square foot/acre considers the location of land, the quality of a building and its location, size and condition. This input to the valuation of buildings assumes the buildings are vacant.

[2] Where applicable the valuation model also considers the present value of net cash flows to be generated from a property, taking into account the contracted rental income and lease terms and applying an appropriate rental yield.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. INVESTMENT PROPERTIES *(Continued)*

Sensitivity of the measurement to variance of key unobservable inputs
An increase in the value of comparable market transactions would result in an increase in the fair value of the portfolio. Conversely a decrease in the comparable market transactions would result in a decrease in the fair value.

Across the entire portfolio of investment properties a 5% increase in value per sq. ft./acre of comparable market transactions would result in an increase of €2,332,000 in fair value, whilst a decrease of 5% would result in a fair value decrease of €2,332,000. This is further analysed by property class as follows:

Asset class	**2015 Increase of 5% in value €'000**	**2015 Decrease of 5% in value €'000**
Industrial buildings	643	(643)
Office buildings	716	(716)
Warehouse buildings	129	(129)
Industrial land	844	(844)
Total	**2,332**	**(2,332)**

12. LOAN RECEIVABLE

	2015 €'000	2014 €'000
Loan receivable (net of impairment) (Note 27)	**430**	600

The Group entered into a development arrangement with a third party whereby an interest bearing loan was advanced towards the development of a property. This arrangement included an option obliging the Group to purchase the developed property at a fixed price if called upon to do so by the other party (Note 31).

13. FINANCE LEASE RECEIVABLE

Finance lease receivables are payable as follows:

	Future minimum lease payments receivable		**Interest receivable**		**Present value of minimum lease payments**	
	2015 €'000	2014 €'000	**2015 €'000**	2014 €'000	**2015 €'000**	2014 €'000
Less than one year	**34**	34	**2**	2	**32**	32
Between one and five years	**137**	137	**30**	30	**107**	107
More than five years	**509**	544	**300**	327	**209**	217
	680	715	**332**	359	**348**	356

The Group is party to an agreement in respect of a leased property whereby a fixed rental income is received over a fixed, long-term period, with the option available for the ownership of the property to transfer to the lessee at the end of the term.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

14. DEFERRED TAX ASSETS

Recognised deferred tax

Group	2015 €'000	2014 €'000
At beginning of year/period	**129**	-
Transfer on incorporation of Group (Note 31)	-	111
Arising on changes in actuarial assumptions	**(39)**	25
Charge to Statement of Profit or Loss (Note 8)	**2**	(7)
At end of year/period	**92**	129

The deferred tax asset arises entirely in respect of temporary differences on retirement benefit liabilities.

Unrecognised deferred tax

At 31 December 2015 the Group has unrecognised deferred tax assets arising as follows.

	2015 €'000	2014 €'000
Unutilised capital losses and temporary differences on fair value of investment properties (i)	**3,279**	2,173
Unutilised tax losses	**1,403**	282
Unutilised capital allowances	**4,856**	5,578
Other temporary differences	**115**	338
At end of year/period	**9,653**	8,371

A deferred tax asset is regarded as recoverable and therefore recognised only when, 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 temporary differences can be deducted. The directors cannot assess with reasonable certainty when suitable taxable profits will arise.

		2015 Deferred tax	
	Asset €'000	Liability €'000	Net Asset €'000
At 1 January	8,457	(86)	**8,371**
Movement in unrecognised deferred tax arising on:			
Unutilised capital losses and temporary differences on fair value of investment properties (i)	1,216	(110)	**1,106**
Unutilised tax losses	1,121	-	**1,121**
Unutilised capital allowances	(722)	-	**(722)**
Other temporary differences	(223)	-	**(223)**
At 31 December	9,849	(196)	**9,653**

(i) The opening and closing deferred tax liability arises entirely on increases in fair value of investment properties. Capital losses arising on disposal of investment properties can be fully offset against capital gains therefore it is appropriate to offset the unrecognised deferred tax asset arising from such losses against the unrecognised deferred tax liability.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

15. INVENTORIES

Group	2015 €'000	2014 €'000
Finished goods for resale	**1,662**	1,500
Maintenance stock and consumables	**216**	250
	1,878	1,750

The replacement cost of inventories did not differ significantly from its carrying value.

A total of €7,142,000 (2014: €2,069,000) was recognised as an expense and included in 'Cost of sales'. This includes a net Statement of Profit or Loss charge of €53,000 (2014: €68,000) arising on the inventory impairment allowance. The inventory impairment allowance levels are continuously reviewed by management and revised where appropriate, taking account of the latest available information on the recoverability of carrying amounts.

16. TRADE AND OTHER RECEIVABLES

	2015 €'000	2014 €'000
Group		
Trade receivables	**5,358**	4,883
Other receivables	**2,717**	1,948
	8,075	6,831

	2015 €'000	2014 €'000
Company		
Other receivables	**28**	38
	28	38

The carrying amount of trade and other receivables approximate their fair value given their short term nature.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

17. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
	€'000	€'000
Group		
At beginning of year/period	**1,138**	-
Transfer on incorporation of Group (Note 31)	-	1,234
Disposals during the period (ii)	**(512)**	-
Impairment of available-for-sale financial assets	**(158)**	(96)
At 31 December (i)	**468**	1,138
Current assets	**135**	708
Non-current assets	**333**	430
Total	**468**	1,138

(i) Financial assets

The Group's financial assets at 31 December 2015 arise from two financial asset arrangements whereby, in return for the investment of land, the Group has a right for a fixed period to a percentage of rental income. The fair value of these financial assets is based on Level 3 inputs – future cash flow projections discounted using a discount rate of 12.7%.

A 1% increase or decrease in the discount rate would lead to a corresponding decrease or increase in the value of the available-for-sale financial assets of €15,000. A 5% increase/decrease in future cash flow projections would result in a corresponding increase/decrease in the value of available-for-sale financial assets of €28,000.

(ii) Disposals during the period

The Group's subsidiary company, Shannon Commercial Properties, was party to a financial arrangement for the development of office buildings. In return for the investment of land, Shannon Commercial Properties acquired a percentage return on the income which accrued from the development.

The Group disposed of this financial asset during 2015. Included in the total proceeds for this disposal was €952,000 relating to the disposal of the Group's proprietary rights in respect of the land and buildings, resulting in a gain of €440,000. The remaining proceeds of €1,240,000 related to the disposal of its right to future returns arising from this financial arrangement and is reflected as an exceptional gain in the period (Note 3).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

18. FINANCIAL ASSETS

	2015 €'000	2014 €'000
Company		
Interest in subsidiary companies		
Shares at cost	**112,275**	112,275
	112,275	112,275

Principal subsidiaries and related companies are listed below.

Name	Nature of Business	% Share Capital Owned	Registered Office
Subsidiary Companies			
Shannon Airport Authority Limited	Operation of Shannon Airport (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Commercial Enterprises Limited *(trading as Shannon Commercial Properties)*	Management and development of commercial property portfolio (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Castle Banquets & Heritage Limited *(trading as Shannon Heritage)*	Operation of medieval banquets and traditional Irish nights and management of heritage visitor attractions (trading)	100% (indirect)	Bunratty Castle, Bunratty, Co. Clare
Kilrush Creek Marina Limited	Dormant company	100% (indirect)	Shannon, Co. Clare
SAA Pension Corporate Trustee Limited	Pension trustee company	100% (indirect)	Shannon Airport, Shannon, Co. Clare
Related Companies			
Shannon Broadband Limited	Regional broadband development (trading)	20% (indirect)	Mill House, Henry Street, Limerick

19. OTHER INVESTMENTS

	2015 €'000	2014 €'000
Group		
Other investments	**10,016**	-
	10,016	-

Other investments represent short term bank deposits with a maturity of greater than 90 days at inception.

20. CASH AND CASH EQUIVALENTS

	2015 €'000	2014 €'000
Group		
Cash on hand	**15,183**	19,891
Short term deposits	**5,143**	7,980
	20,326	27,871
Company		
Cash on hand	**10**	216
	10	216

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

21. SHARE CAPITAL AND RESERVES

	2015	2014
	€'000	€'000
Share capital		
Authorised:		
60,000,000 ordinary shares of €1 each	**60,000**	60,000
Issued:		
38,107 ordinary shares of €1 each	**38**	38

38,107 ordinary shares were issued on 29 August 2014. All of the ordinary shares are beneficially held by the Minister for Public Expenditure and Reform.

Capital contribution reserve

The capital contribution reserve represents the fair value of the assets and liabilities transferred to the Group at nil consideration (Note 31).

22. TRADE AND OTHER PAYABLES

	2015	2014
	€'000	€'000
Group		
Trade payables	**1,650**	1,285
Accrued expenses	**14,377**	14,856
Social insurance	**757**	582
VAT	**1,621**	1,250
Current trade and other payables	**18,405**	17,973

The carrying amount of trade and other payables approximate their fair value given their short term nature.

	2015	2014
	€'000	€'000
Company		
Amounts owed to subsidiary undertaking	-	216
Current trade and other payables	-	216

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

23. DEFERRED INCOME

	2015 €'000	2014 €'000
Government grants (i)	**354**	333
Customer advances	**285**	285
Current deferred income	**639**	618
Government grants (i)	**3,868**	4,243
Customer advances	**119**	404
Non-current deferred income	**3,987**	4,647
Total deferred income	**4,626**	5,265

	2015 €'000	2014 €'000
(i) Government Grants		
Received		
At beginning of financial period	**12,954**	-
Transfer on incorporation of Group	-	12,954
At 31 December	**12,954**	12,954
Amortisation		
At beginning of financial period	**8,378**	-
Transfer on incorporation of Group	-	8,262
Amortisation	**354**	116
At 31 December	**8,732**	8,378
Net book value at beginning of year/period	**4,576**	-
Net book value at 31 December (Note 30)	**4,222**	4,576

The Group's subsidiary company, Shannon Commercial Properties, received a grant from Fáilte Ireland towards the upgrade of the King John's Castle tourism attraction. This grant has been recognised as deferred income and is being amortised over the useful life of the assets to which it relates. This grant becomes repayable should certain conditions cease to be met. The principal condition is that the Castle must remain operational as a tourism attraction for a minimum period from the date of grant and the relevant assets may not be disposed of during that period without the consent of Fáilte Ireland. To date all conditions relating to this grant have been met.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

24. PROVISIONS

	Onerous commitments €'000	Self-insurance provision €'000	Pension commitments €'000	Other provision €'000	Total €'000
Group					
At 29 August 2014	-	-	-	-	-
Transfer (Note 31)	2,266	1,470	983	59	4,778
Amounts settled	-	(88)	-	-	(88)
Revision to provision	-	(202)	161	-	(41)
At 31 December 2014	**2,266**	**1,180**	**1,144**	**59**	**4,649**
At 1 January 2015	2,266	1,180	1,144	59	4,649
Amounts settled	(195)	(315)	(1,004)	(45)	(1,559)
Revision to provision	434	(196)	-	-	238
At 31 December 2015	**2,505**	**669**	**140**	**14**	**3,328**
At 31 December 2014					
Current provisions	187	787	1,004	59	2,037
Non-current provisions	2,079	393	140	-	2,612
Total provisions	**2,266**	**1,180**	**1,144**	**59**	**4,649**
At 31 December 2015					
Current provisions	1,511	298	-	14	1,823
Non-current provisions	994	371	140	-	1,505
Total provisions	**2,505**	**669**	**140**	**14**	**3,328**

Onerous commitments

The Group has onerous lease and service charge commitments arising from its obligations to maintain certain common areas within business parks owned and operated by the Group. The increase in the provision reflects increases in the expected cost of these commitments based on amounts settled during the year. The amounts recorded represent management's best estimate of the expenditure required to settle the relevant obligations.

Self-insurance provision

Shannon Airport operates a self-insurance programme which recognises a provision for reported and potential claims. The revision during the year reflects amounts settled in the period and the amount provided at 31 December 2015 represents management's best estimate of the expenditure required to settle the obligations arising from these claims, based on experience and professional advice obtained.

Pension commitments

At 31 December 2014 a provision of €1,004,000 was recognised in respect of the Group's obligations arising from the closure of the IASS pension scheme. This matter was settled during 2015 and a payment was made in full and final settlement of this matter (Note 26).

The provision recognised at 31 December 2015 reflects management's best estimate of expenditure required to settle obligations of the Group arising from other pension matters.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

25. FINANCE LEASE LIABILITY

Finance lease liabilities are payable as follows:

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2015	2014	**2015**	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Less than one year	**95**	-	**2**	-	**93**	-
Between one and five years	**82**	-	**2**	-	**80**	-
More than five years	-	-	-	-	-	-
	177	-	**4**	-	**173**	-

The Group entered into a finance lease during the year in respect of the purchase of IT server equipment.

26. EMPLOYEE BENEFITS

The Group operates a number of pension schemes, including both defined contribution and defined benefit schemes. Details of the schemes in operation across the Group are outlined below. The Group has accounted for retirement benefits under defined benefit schemes in accordance with IAS 19 "Employee Benefits".

Shannon Airport Authority operated a number of pension schemes on behalf of its employees during 2015 and 2014:

a) Defined contribution scheme - Irish Airlines (General Employees) Superannuation Scheme
b) Defined benefit pension scheme – Aer Rianta Supplemental Superannuation Scheme
c) Other defined contribution schemes

a) Defined contribution scheme - Irish Airlines (General Employees) Superannuation Scheme

Up to 31 December 2014, Shannon Airport Authority ("Shannon Airport") ("the Company") participated in the Irish Airlines (General Employees) Superannuation Scheme ("IASS"), with the majority of the Company's employees members of this scheme. This scheme is now frozen, as explained below.

As this scheme was a multi-employer scheme, the scheme was accounted for by Shannon Airport and Shannon Group as a defined contribution scheme. The Group recorded, as an expense, the cost of the Company's fixed annual contributions of €200,672 for the four month period ended 31 December 2014. The charge was recorded as a charge within payroll costs.

The Trustees of the IASS, under Section 50 of the Pensions Act 1990, applied to the Pensions Authority with a funding proposal which involved the freezing of IASS for future service. This Section 50 application came into force on 31 December 2014.

During 2015 the Group was party to successful negotiations regarding a resolution to the funding of past service benefits for members of the IASS pension scheme and the manner in which pension benefits may be provided in respect of future service. A payment of €3,145,000 (including professional fees) was made in full and final settlement of this matter, of which €1,004,000 was provided at 31 December 2014 (Note 24). €2,141,000 has been recognised as an exceptional charge in the Statement of Profit or Loss (Note 3).

From 1 January 2015 Shannon Airport Authority began to operate an internally funded defined contribution pension scheme for certain employees, the "SAA Defined Contribution Retirement Savings Scheme". See details at part (c) of this note. Employees of the Company, who had previously been members of the IASS, have automatically been granted membership of the newly set up defined contribution pension scheme.

b) Defined benefit pension scheme – Aer Rianta Supplemental Superannuation Scheme

	2015	2014
	€'000	€'000
Group		
Net defined benefit liability	**(738)**	(1,032)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. EMPLOYEE BENEFITS *(Continued)*

Certain of the Company's employees are members of a defined benefit scheme, the Aer Rianta Supplemental Superannuation Scheme ("ARSSS"), which is operated by daa.

On 31 December 2012, Shannon Airport entered into a transfer agreement ("the Business Transfer Agreement") with daa to transfer certain of the business operations, assets and liabilities of the Airport held by daa to Shannon Airport Authority, pursuant to the State Airports Act 2004. Under the Business Transfer Agreement, the net liability in the ARSSS pension scheme relating to the employees of Shannon Airport transferred to the Company as at 31 December 2012.

This scheme is accounted for by Shannon Airport and Shannon Group as a defined benefit scheme. This scheme was frozen as at 31 December 2012. Shannon Airport ceased to be a participating employer in the ARSSS, notwithstanding that Shannon Airport shall continue to be obliged to pay contributions to the ARSSS if and when demanded by the Trustees.

The contributions are determined by a qualified actuary on the basis of valuation every three years.

	2015	2014
	€'000	€'000
Contributions expected to be paid to the plan during the annual period beginning after the reporting date	**20**	42

An actuarial assessment of the scheme was carried out on establishment of the Group and 31 December 2014 and 2015 by Mercer, the independent professionally qualified firm of actuaries, for the purpose of acquisition accounting and preparing the year end IAS 19 disclosures. The actuary assigned to the Company the assets and liabilities of the scheme and associated movements which relate to its employees.

Movement in net defined benefit liability

The following table shows a reconciliation of the opening balance to the closing balance for the net defined benefit liability and its components.

	Defined benefit obligation		**Fair value of plan assets**		**Net defined benefit liability**	
	2015	2014	**2015**	2014	**2015**	2014
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Fair value of at beginning of year/period	**2,701**	-	**(1,669)**	-	**1,032**	-
Fair value transferred to the Group (Note 31)	-	2,472	-	(1,585)	-	887
	2,701	2,472	**(1,669)**	(1,585)	**1,032**	887
Included in Profit or Loss						
Expected return on plan assets	-	-	**(38)**	(21)	**(38)**	(21)
Current service cost	**(4)**	24	-	-	**(4)**	24
Interest cost	**62**	28	-	-	**62**	28
Curtailment gain	-	(72)	-	-	-	(72)
	58	(20)	**(38)**	(21)	**20**	(41)
Included in Other Comprehensive Income						
Remeasurement gain/(loss):						
Return on plan assets	-	-	**(9)**	(46)	**(9)**	(46)
Actuarial gain/(loss) arising from:						
Effect of changes in assumptions	**(242)**	246	-	-	**(242)**	246
Effect of experience adjustments	**(63)**	-	-	-	**(63)**	-
	(305)	246	**(9)**	(46)	**(314)**	200
Other						
Employer contributions	-	-	-	(14)	-	(14)
Members contributions	-	14	-	(14)	-	-
Benefits paid	**(32)**	(11)	**32**	11	-	-
Fair value at 31 December	**2,422**	2,701	**(1,684)**	(1,669)	**738**	1,032

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. EMPLOYEE BENEFITS *(Continued)*

Plan assets

Plan assets comprise the following:

	2015		2014	
	Plan assets €'000	**Percentage of plan assets - %**	Plan assets €'000	Percentage of plan assets - %
Equities	**916**	**54.4**	-	-
Bonds	**670**	**39.8**	593	35.5
Property	**11**	**0.6**	30	1.8
Cash	**3**	**0.2**	1,046	62.7
Other	**84**	**5.0**	-	-
	1,684	**100**	1,669	100

To develop the expected long term rate of return on plan assets the company considered the current level of expected return on risk free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio invested in and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the scheme's asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Defined benefit obligation

Actuarial assumptions

The following table summarises the main assumptions adopted in respect of the defined benefit scheme. The assumptions, including the expected long-term rate of return on assets, have been set up on the advice of the company's actuary.

	2015	2014
Discount rate	**2.70%**	2.30%
Rate of price inflation	**1.75%**	1.75%
Rate of increase in salaries	-	1.75%
Rate of increase for deferred pensions	**1.75%**	1.75%

The discount rate of 2.7% is based on the AA Corporate Rated Bonds which are considered appropriate for the duration of the liabilities of the schemes.

Assumptions regarding future mortality have been based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	2015 Years	2014 Years
Longevity for a male member		
Current active and deferred members retiring at age 65 in 25 years' time	**25.7**	25.6
Current pensioner members currently at age 65	**22.9**	22.8
Longevity for a female member		
Current active and deferred members retiring at age 65 in 25 years' time	**27.8**	27.7
Current pensioner members currently at age 65	**24.9**	25.6

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. EMPLOYEE BENEFITS *(Continued)*

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	2015	2014
	€'000	€'000
	Increase/(decrease)	Increase/(decrease)
Discount rate – 0.5% decrease	307	364
Inflation – 0.5% increase	152	186

c) Defined contribution schemes

Shannon Airport Authority operates two internally funded defined contribution pension schemes for certain employees. Payments made to the scheme are charged annually in the financial statements and for the period ended 31 December 2015, the total expense recognised was €1,110,774 (four months ended 31 December 2014: €31,971). The amount due at year end is €14,813 (2014: €31,971).

Shannon Commercial Properties ("the Company") operated an unfunded defined benefit pension scheme up to the date of transfer to Shannon Group on 5 September 2014. Up to that date, under an arrangement with the Exchequer, employer and employee contributions were paid to the Exchequer and the Company recognised a deferred funding asset representing the asset to be recovered from the Exchequer in future periods. The Company also recognised a liability representing the funding deficit for post-retirement pension increases. In accordance with the Shannon Group Act, all liabilities, duties, obligations and funding (including pension increases and supplementary pension payments) arising by virtue of the operation of the scheme were transferred to the Minister for Jobs, Enterprise and Innovation on date of transfer. Therefore, for the periods to 31 December 2015 and 2014, Shannon Group has accounted for the scheme as a defined contribution pension scheme. Payments made to the scheme are charged annually in the financial statements and for the period ended 31 December 2015, the total expense recognised was €185,000 (4 months to 31 December 2014: €45,398), none of which was payable at year end (2014: Nil).

Shannon Heritage operates an internally funded defined contribution pension scheme for certain employees. Payments made to the scheme are charged annually in the financial statements and for the year ended 31 December 2015, the total expense recognised was €111,436 (4 months to 31 December 2014: €35,718). The amount due at year end is €27,855 (2014: €23,120).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management policy. The Board of Directors has established an Audit and Risk Committee which is responsible for developing and monitoring the Group's risk management systems.

The Group has an established group wide risk management system that ensures risks are consistently identified, assessed, recorded and reported across all Business Units and functions and which seeks to limit the impact of these risks on the financial performance of the Group. It is the Group's policy to manage these risks in a non-speculative manner.

The Group's operations expose it to various financial risks, as described below. This note presents information about the Group's exposure to these risks and its objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout this note.

(a) Credit risk

The Group undertakes financial transactions in the ordinary course of business with a number of counterparties and could suffer financial loss if any of those counterparties were to either fail or to default in the performance of their respective obligations. Credit risk arises from credit to customers arising on outstanding receivables and outstanding transactions as well as cash and cash equivalents and deposits with banks and financial institutions. The Group's deposits are held with two credit institutions. Counterparty exposures are regularly monitored by management and reported to the Board as required.

The carrying amount of financial assets, net of impairment provisions represents the Group's maximum credit exposure. The maximum exposure to credit risk at year end is outlined in the table below.

	Carrying amount	
	2015	2014
Group	**€'000**	€'000
Trade and other receivables (Note 16)	**5,358**	4,883
Finance lease receivable (Note 13)	**348**	356
Loan receivable (Note 12)	**430**	600
Other investments (Note 19)	**10,016**	-
Cash and cash equivalents (Note 20)	**20,326**	27,871
Total	**36,478**	33,710
Company		
Cash and cash equivalents (Note 20)	**10**	216
Total	**10**	216

Trade receivables

The Group has procedures in place for monitoring and managing the credit risk related to its trade receivables based on experience and customers' track record and historic default rates. Individual risk limits are generally set by customer and risk is only accepted above such limits in defined circumstances. The utilisation of credit limits is regularly monitored. Credit risk exposures in relation to ad hoc customers are mitigated, where necessary, using prepayments or the request of deposits.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

The Group's trade receivables are all denominated in Euro. The maximum exposure to credit risk for trade and receivables by geographic region was as follows:

	2015 €'000	2014 €'000
Gross trade receivables		
Republic of Ireland	**6,788**	6,961
United Kingdom	**282**	261
Rest of world	**139**	185
At 31 December	**7,209**	7,407

	2015 €'000	2014 €'000
Allowance for doubtful debts		
At the start of the financial period	**2,524**	-
Transfer	-	2,487
Amounts charged to operating expenses	**63**	141
Trade receivables written off	**(736)**	(104)
At 31 December	**1,851**	**2,524**
Net trade receivables (Note 16)	**5,358**	4,883

At each reporting date the Group evaluates the recoverability of trade receivables and records allowances for doubtful receivables based on experience.

The following table provides an aged analysis of the Group's trade receivables:

	2015 €'000	2014 €'000
Within credit terms	**4,355**	2,860
0-30 days past due	**768**	603
31-60 days past due	**233**	477
61-90 days past due	**63**	863
Greater than 90 days past due	**1,790**	2,604
Total	**7,209**	7,407

Included in the Group's trade receivables are balances of €1,003,000 (2014: €2,023,000) which are past due but not impaired.

Trade receivables which are not past due or not impaired at the reporting date are expected to be fully recoverable.

Finance lease receivable

The credit risk in respect of the finance lease receivable arises with one counterparty. The balance is not past due or impaired. The Group has procedures in place for monitoring and managing this credit risk based on experience and the customer's track record of payment.

Loan receivable

The credit risk in respect of the loan receivable arises with one counterparty. The balance has been impaired, as detailed below, to the amount expected to recovered (see Note 31).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. FINANCIAL RISK MANAGEMENT *(Continued)*

	2015 €'000	2014 €'000
Loan advanced	**2,550**	2,550
Impairment of loan	**(2,120)**	(1,950)
Net loan receivable (Note 12)	**430**	600

Cash and cash equivalents and other investments
Cash and cash equivalents and other investments ('cash deposits') are invested with institutions having considered their credit rating.

Regarding the Group and Company's cash deposits, the credit ratings of the institutions in which cash is deposited was Baa3 or above at year end based on Moodys' ratings (2014: Baa3 or above).

(b) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Cash generated by the business is the primary source of funding available to the Group. The Group is currently debt free. A prudent approach is adopted in managing liquidity including funding of significant investment requirements. The Group has determined its risk appetite for commercial investments and set financial tolerance levels accordingly.

The Group operates strong business and financial control systems with regular operational cash flow and cash balance position reporting, early signalling of material deviation from plan and carries out reviews to ensure liquidity is maintained in the short to longer term.

The Group has adequate funding resources available to meet forecast short term funding requirements of its operations and capital investment programme. An overdraft facility of €10 million is available to meet short term working capital requirements. Arising from this, the bank holds security over certain Group assets (Note 10). The overdraft facility was not used during 2015 or 2014.

The Group has prepared a five year strategic plan, which also includes the funding strategy of the Group over the five year term of the plan. The Group's strategic plan and related funding strategy set out key performance ratios and tolerances within which the group manages its liquidity, profitability and gearing.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

		Contractual cash flows				
	Carrying amount €'000	Total contractual cash flows €'000	3 months or less €'000	3-12 months €'000	1-2 years €'000	More than 2 years €'000
31 December 2015						
Non-derivative financial liabilities						
Trade and other payables	**18,405**	18,405	18,405	-	-	-
Finance leases	**173**	177	25	70	82	-
Total	**18,578**	**18,582**	**18,430**	**70**	**82**	-

		Contractual cash flows				
	Carrying amount €'000	Total contractual cash flows €'000	3 months or less €'000	3-12 months €'000	1-2 years €'000	More than 2 years €'000
31 December 2014						
Non-derivative financial liabilities						
Trade and other payables	**17,793**	17,793	17,793	-	-	-
Total	**17,793**	**17,793**	**17,793**	-	-	-

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. FINANCIAL RISK MANAGEMENT *(Continued)*

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income.

(i) Interest rate risk

The Group is not materially exposed to interest rate risk on its liabilities as it is currently debt free. The Group's cash and investment balances attract interest at both fixed and floating rates. An increase or decrease of 1% in interest rates would result in an increase/(decrease) of €0.3 million to profit/loss.

(ii) Foreign exchange risk

The Group is not materially exposed to foreign exchange risk as all material transactions and financial instruments are in Euro (the Group's functional currency). Any strengthening or weakening of the Euro against other currencies would not have a significant impact on profit/loss or other comprehensive income.

(iii) Other price risk

The Group is not exposed to equity security or commodity price risk as it does not hold any equity investments.

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure.

Financial instruments measurement, categorisations and fair value estimation

The following table presents the classification of the Group and Company's financial assets and liabilities. See Note 11 for disclosure relating to investment properties that are held at fair value.

	Loans and receivables €'000	Available-for-sale financial assets €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
Group					
31 December 2015					
Available-for-sale financial assets	-	468	-	468	468
Finance lease receivable	348	-	-	348	-
Loan receivable	430	-	-	430	-
Trade and other receivables	8,075	-	-	8,075	-
Other investments	10,016	-	-	10,016	-
Cash and cash equivalents	20,326	-	-	20,326	-
Total	**39,195**	**468**	-	**39,663**	
Trade and other payables	-	-	(18,405)	(18,405)	-
Finance lease payable	-	-	(173)	(173)	-
Total	-	-	**(18,578)**	**(18,578)**	
31 December 2014					
Available-for-sale financial assets	-	1,138	-	1,138	1,138
Finance lease receivable	356	-	-	356	-
Loan receivable	600	-	-	600	-
Trade and other receivables	6,831	-	-	6,831	-
Cash and cash equivalents	27,871	-	-	27,871	-
Total	35,658	1,138	-	36,796	
Trade and other payables	-	-	(17,973)	(17,973)	-
Total	-	-	(17,973)	(17,973)	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. FINANCIAL RISK MANAGEMENT *(Continued)*

	Loans and receivables €'000	Available-for-sale financial assets €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
Company					
31 December 2015					
Cash and cash equivalents	10	-	-	10	-
Total	**10**	-	-	**10**	
31 December 2014					
Cash and cash equivalents	216	-	-	216	-
Total	216	-	-	216	

*The Group has availed of the exemption under IFRS 7 'Financial Instruments: Disclosure' for additional disclosures where fair value closely approximates the amortised cost carrying value.

With the exception of finance leases receivable and payable the above financial assets and liabilities are valued at fair value or deemed to be carried at an amount equivalent to fair value.

Measurement of fair values

Fair Value Hierarchy
The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Set out below are the major methods and assumptions used in estimating the fair values of the financial assets and liabilities disclosed in the preceding table.

Available-for-sale financial assets – measured at fair value in the Statement of Financial Position
Details of fair value are provided in Note 17. All available-for-sale financial assets carried at fair value have been measured by Level 3 valuation techniques, as explained above.

Finance leases receivable and payable – not measured at fair value in the Statement of Financial Position
Fair value is based on the present value of future cash flows discounted at market rates.

28. OPERATING LEASES

(a) Leases as lessee
The future minimum lease payments under non-cancellable leases were payable as follows:

	2015 €'000	2014 €'000
Less than one year	**301**	427
Between one and five years	**478**	1,665
More than five years	**1,420**	1,529
	2,199	3,621

(b) Leases as lessor
The Group leases out its investment properties (see Note 11).

The future minimum lease payments under non-cancellable operating leases were receivable as follows:

	2015 €'000	2014 €'000
Less than one year	**6,707**	6,289
Between one and five years	**14,316**	11,481
More than five years	**11,834**	7,777
	32,857	25,547

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

29. RELATED PARTY DISCLOSURES

(a) Related party transactions

Group

The beneficial holder and ultimate controlling party of the Group is the Government. In common with many other entities, the Group deals in the normal course of business with Government and state bodies and other entities that are under ownership, control or significant influence from the Government. Such dealings are with a wide range of entities that include central government, local authorities, commercial and non-commercial semi-state companies and financial institutions.

Transactions between subsidiaries of the Group, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year the business of the Shannon College of Hotel Management transferred to National University of Ireland, Galway ("NUI Galway"). No assets or liabilities of the Group were disposed of and no proceeds were received by the Group as a result of this transfer. Certain assets held by the Group will be leased to NUI Galway on an arm's length basis. The Group and NUI Galway are under the common control of the Government.

The following related party transactions occurred during the year:

(i) Mr. Liam O'Shea, who served as director of the Group during the year, is Managing Director of both Clare Community Radio Holdings plc (trading as Clare FM) and County Tipperary Radio Limited (trading as Tipp FM), companies which provide advertising services to the Group.

Fees in respect of services provided by the above companies to the Group in the normal course of business during the year ended 31 December 2015 were €42,978 (4 months ended 31 December 2014: Nil). The amount unbilled or billed and not yet paid by the Group at year-end was €4,182 (2014: Nil).

(ii) Mr. Tony Brazil, who served as director of the Group during the year, is the former managing director of Limerick Travel Limited, a company which both provides travel services to the Group and receives tourism services from the Group. A connected party of Mr. Tony Brazil remains a director of this Company.

Fees in respect of services provided by the above company to the Group in the normal course of business during the year ended 31 December 2015 were €15,483 (4 months ended 31 December 2014: €9,053). Fees in respect of services provided by the Group to the company during the year ended 31 December 2015 were €21,647 (4 months ended 31 December 2014: Nil). The amount unbilled or billed and not yet paid by the Group at year-end was Nil (2014: €2,147).

(iii) Mr Kevin McCarthy, who served as director of the Group during the year, is a director of Mid West Sporting Supplies Limited, a company which provides services to the Group.

Fees in respect of services provided by the above company to the Group in the normal course of business during the year ended 31 December 2015 were €11,283 (4 months ended 31 December 2014: €3,485). The amount unbilled or billed and not yet paid by the Group at year-end was Nil (2014: €2,214).

Company

There have been no transactions between the company and its subsidiaries in the financial period.

(b) Key management compensation

Key management includes directors (executive and non-executive) and members of the Executive Committee. The compensation paid or payable to key management for employee services is shown below:

	2015 €'000	4 months ended 31 December 2014 €'000
Group		
Salaries and other short term employee benefits (including social welfare)	**1,586**	458
Post-employment benefits	**152**	81
	1,738	539

Company

The company does not have any employees. The remuneration of the directors of the Company is borne by subsidiary companies.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

30. COMMITMENTS AND CONTINGENCIES

(a) Capital and other commitments
The value of capital work not completed at 31 December 2015 under contracts entered into by the Group is estimated at €7,818,609 (2014: €1,043,220). There was no grant aid secured to fund these capital commitments.

(b) Grant contingency
The Group's subsidiary company, Shannon Commercial Properties, received a grant from Fáilte Ireland towards the upgrade of the King John's Castle tourism attraction and this grant becomes repayable should certain conditions cease to be met. To date all conditions relating to this grant have been met.

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS

From the period of incorporation to 31 December 2014, the Group prepared its financial statements in accordance with generally accepted accounting practice in Ireland ("Irish GAAP"). These are the Group's first consolidated financial statements prepared in accordance with IFRS (endorsed by the EU) ("EU IFRS").

The transition date of the Group and the Company from Irish GAAP to EU IFRS is the date of incorporation of the Group, 29 August 2014. On that date the Company had €38,107 of share capital in issue and a receivable for the same amount. As there are no transitional adjustments arising in relation to that opening Statement of Financial Position, no reconciliations arose at that date.

A summary of the effect of EU IFRS on the Group's and Company's 2014 financial statements is set out in the following sections:
(a) Impact of transition to EU IFRS;
(b) Consolidated and Company Statements of Financial Position as at 31 December 2014 - reconciliation from Irish GAAP to EU IFRS;
(c) Group Statement of Profit or Loss and Other Comprehensive Income for the period from 29 August 2014 to 31 December 2014 - reconciliation from Irish GAAP to EU IFRS;
(d) Transfer of assets and liabilities post transition in September 2014 to Shannon Group plc – impact of reporting in accordance with EU IFRS.

No significant reclassifications between cash flow headings arose on transition to EU IFRS, therefore no reconciliation of the Statement of Cash Flows is presented.

(a) Impact of transition to IFRS as adopted by the EU
The adoption of EU IFRS resulted in the following significant changes to the Group's accounting policies and the financial impact of each as at the date of transition to EU IFRS is summarised below.

(i) Financial assets
IAS 39 "Financial instruments: Recognition and measurement" requires that financial asset investments classified as available-for-sale be held at fair value, with movements in fair value recognised through other comprehensive income. Where a decrease in fair value is deemed to be an impairment in value it is recognised in the Statement of Profit or Loss. Under Irish GAAP such investments were held as financial fixed assets at cost less impairment.

The available-for-sale financial assets held by the Group were remeasured at fair value in accordance with EU IFRS with the increase in value of €400,000 at date of acquisition recognised as an increase in the capital contribution. The decrease in fair value in the four months ended 31 December 2014 was recognised in the Statement of Profit or Loss. One financial asset with a value of €10,000 was derecognised and reclassified as investment property at its fair value at date of acquisition of €36,000.

	31 December 2014 €'000
Consolidated Statement of Profit or Loss	
Net change in fair value of available-for-sale financial assets	(96)
	(96)
Consolidated Statement of Financial Position	
Available-for-sale financial assets	400
Investment properties	36
	436
Capital contribution	532
Retained earnings	(96)
	436

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(ii) Finance lease receivable

The Group has entered into a financial arrangement in respect of a leased property whereby a fixed return is received for a fixed long term period.

In accordance with IAS17 "Leases", leases are required to be classified as a finance lease if they transfer substantially all the risks and rewards of ownership, and give rise to asset and liability recognition by the lessee and a receivable by the lessor. Under this arrangement the option is available for the property to transfer to the lessee at the end of the lease term. It is therefore re-classified as a finance lease receivable from investment properties where it was recorded under Irish GAAP.

	2014 €'000
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	
Finance lease receivable	356
Investment properties	(231)
Capital contribution	**125**

(iii) Short term employee benefits

In accordance with the requirements of IAS 19 'Employee Benefits' the Group recognised an accrual at date of acquisition of €120,526, reflecting the expected cost of short-term employee benefits in the form of annual leave entitlements carried forward. There was no impact on the Statement of Profit or Loss in 2014.

The recognition of this accrual resulted in a decrease in the capital contribution, as outlined in (iv).

(iv) Capital contribution

Section (d) outlines the accounting for the acquisition of the shares in Shannon Airport Authority and Shannon Commercial Properties post transition in September 2014. As the shares in both entities, acquired by Shannon Group, were transferred at nil consideration, the share transfer was treated as a capital contribution.

The Board of Directors considered the value of the contribution of shares in Shannon Airport Authority and Shannon Commercial Properties at the transfer date in September 2014. The impact of IFRS transition adjustments on the value of the shares was considered in 2015 and the capital contribution was adjusted to reflect the net increase in fair value of these shares.

The net increase in the capital contribution arising from the adjustments described in this note is summarised below:

	5 September and 31 December 2014 €'000
Group	
Recognition of accrual for short term employee benefits (iii)	(121)
Re-measurement of available-for-sale financial assets (i)	532
Recognition of finance lease receivable (ii)	125
Net increase in capital contribution	**536**

The impact on the Company Statement of Financial Position is summarised below:

Company	
Financial fixed assets	536
Net increase in capital contribution	**536**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(v) Reclassification of investment property to loan receivable

The Group entered into a development arrangement with a third party whereby an interest bearing loan of €2,550,000 was advanced towards the development of a property. This arrangement included an option obliging the Group to purchase the developed property at a fixed price of €3,827,000 less amounts initially advanced by the Group if called upon to do so by the other party. When the Group became aware that it was more likely than not that this option would be exercised this asset was recognised as an investment property at the value of the property at that date, representing the substance of the transaction. A provision was also recognised for €1,277,000, representing the difference between the fixed price payable by the Group and the loan balance, representing the Group's obligation under this arrangement.

Under EU IFRS this asset has been reclassified from investment properties as a non-current loan receivable on the basis that the Group does not hold the title deeds to the property. The carrying value of this receivable at the date of acquisition and 31 December 2014 was €600,000, reflecting the fair value of the underlying property.

(vi) Reclassification of provisions from long term to short term - arising on transferred in, net assets

Under Irish GAAP total provisions were classified as long term liabilities in respect of provisions and charges. IAS 37 "Provisions: Contingent liabilities and contingent assets" requires that provisions be analysed between current and non-current liabilities.

Therefore the element of the provision expected to be settled within one year of €2,037,000 was reclassified to current liabilities on the Statement of Financial Position at 31 December 2014. See Note 24 for analysis of provisions at 31 December 2014.

(vii) Reclassification of deferred tax asset, previously netted against pension liability - arising on transferred in, net assets

IAS 19 "Employee Benefits" requires deferred tax on pension liabilities to be classified separately from the liability. Under Irish GAAP, it was netted against the liability. The deferred tax asset was €111,000 and €129,000 on acquisition and 31 December 2014 respectively.

(viii) Reclassification of intangible computer software assets from tangible fixed assets - arising on transferred in, net assets

IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" require certain software costs to be classified separately under intangible assets, whereas under Irish GAAP computer software can be classified under tangible fixed assets.

Therefore intangible assets of €142,000 were reclassified from property, plant and equipment to intangible assets on the Statement of Financial Position at 31 December 2014.

(ix) Reclassification of government grants and customer advances to deferred income

Customer advances and deferred capital grants, recorded within creditors under Irish GAAP, have been recognised as deferred income and presented as current and non-current liabilities on the Statement of Financial Position on transition to EU IFRS.

Therefore current deferred income of €618,000 and non-current deferred income of €4,647,000 were reclassified from creditors less than one year and greater than one year respectively to deferred income on the Statement of Financial Position at 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(b) Consolidated statement of financial position as at 31 December 2014 - reconciliation from Irish GAAP to EU IFRS

	Note	Irish GAAP 2014 €'000	Impact of transition to IFRS €'000	IFRS 2014 €'000
Assets				
Intangible assets	*(viii)*	-	142	142
Property, plant and equipment	*(viii)*	46,034	(142)	45,892
Investment properties	*(i)(ii)(v)*	57,815	(795)	57,020
Financial assets	*(i)*	738	(738)	-
Available-for-sale financial assets	*(i)*	-	430	430
Loan receivable	*(v)*	-	600	600
Finance lease receivable	*(ii)*	-	324	324
Deferred tax assets	*(vii)*	-	129	129
Total non-current assets		**104,587**	**(50)**	**104,537**
Available-for-sale financial assets	*(i)*	-	708	708
Finance lease receivable	*(ii)*	-	32	32
Inventories		1,750	-	1,750
Trade and other receivables		6,831	-	6,831
Cash and cash equivalents		27,871	-	27,871
Total current assets		**36,452**	**740**	**37,192**
Total assets		**141,039**	**690**	**141,729**
Equity and liabilities				
Share capital		38	-	38
Capital contribution	*(iv)*	111,739	536	112,275
Retained earnings	*(i)*	425	(96)	329
Total equity		**112,202**	**440**	**112,642**
Liabilities				
Deferred income	*(ix)*	-	4,647	4,647
Trade and other payables	*(ix)*	404	(404)	-
Government grants	*(ix)*	4,243	(4,243)	-
Provisions	*(vi)*	4,649	(2,037)	2,612
Retirement benefit liability	*(vii)*	903	129	1,032
Total non-current liabilities		**10,199**	**(1,908)**	**8,291**
Trade and other payables	*(iii)(ix)*	18,137	(164)	17,973
Deferred income	*(ix)*	-	618	618
Government grants	*(ix)*	333	(333)	-
Provisions	*(vi)*	-	2,037	2,037
Current income tax payable		168	-	168
Total current liabilities		**18,638**	**2,158**	**20,796**
Total liabilities		**28,837**	**250**	**29,087**
Total equity and liabilities		**141,039**	**690**	**141,729**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(b) Company statement of financial position as at 31 December 2014 - reconciliation from Irish GAAP to EU IFRS

	Note	Irish GAAP 2014 €'000	Impact of transition to IFRS €'000	IFRS 2014 €'000
Assets				
Financial assets	*(iv)*	111,739	536	112,275
Non-current assets		**111,739**	**536**	**112,275**
Trade and other receivables		38	-	38
Cash and cash equivalents		216	-	216
Current assets		**254**	-	**254**
Total assets		**111,993**	**536**	**112,529**
Equity				
Share capital		38	-	38
Capital contribution reserve	*(iv)*	111,739	536	112,275
Retained earnings		-	-	-
Total equity		**111,777**	**536**	**112,313**
Liabilities				
Trade and other payables		216	-	216
Total current liabilities		**216**	-	**216**
Total liabilities		**216**	-	**216**
Total equity and liabilities		**111,993**	**536**	**112,529**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(c) Group Statement of Profit or Loss and Other Comprehensive Income for the period from 29 August 2014 to 31 December 2014 - reconciliation from Irish GAAP to EU IFRS

	Note	Irish GAAP 2014 €'000	Impact of transition to IFRS €'000	IFRS 2014 €'000
Revenue		21,148	-	21,148
Cost of sales		(4,764)	-	(4,764)
Gross profit		**16,384**	-	**16,384**
Administration expenses		(15,695)	-	(15,695)
		689	-	**689**
Other expense	*(i)*	(3)	(96)	(99)
Operating profit		**686**	**(96)**	**590**
Finance income		92	-	92
Finance expense		(9)	-	(9)
Profit before tax		**769**	**(96)**	**673**
Income tax expense		(169)	-	(169)
Profit		**600**	**(96)**	**504**
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement gains/(losses) on defined benefit pension liability		(200)	-	(200)
Related deferred tax credit		25	-	25
Other comprehensive income; net of tax		**(175)**	-	**(175)**
Total comprehensive income; attributable to equity holders		**425**	**(96)**	**329**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

31. RECONCILIATION OF TRANSITION FROM IRISH GAAP TO EU IFRS *(Continued)*

(d) Transfer of assets and liabilities post incorporation of Shannon Group plc

Shannon Group plc acquired the entire issued share capital of Shannon Airport Authority and Shannon Commercial Properties, by way of a capital contribution, with effect from 5 September 2014.

The accounting for the acquisition of the shares in Shannon Airport Authority and Shannon Commercial Properties was considered by the Board of Directors from a Company and a Group perspective in 2014. Under Irish GAAP the transaction was accounted for in accordance with FRS 6 "Acquisitions and Mergers". This has been accounted for as a common control transaction in accordance with IFRS 3 "Business Combinations", with net assets being accounted for at net book value; therefore no goodwill arose on the acquisition for consolidation purposes.

As the shares in both entities, acquired by Shannon Group, were transferred at nil consideration, the share transfer was treated as a capital contribution.

A summary of the net assets of these companies and their book values at the date of acquisition is set out below. The impact of the transition to EU IFRS on the value of shares transferred has been considered in section (a), with the change in value recognised as an increase in the capital contribution.

	5 September 2014 Irish GAAP €'000	**EU IFRS transition adjustments €'000**	**Notes 31 (a)**	**5 September 2014 EU IFRS €'000**
Tangible and intangible assets	44,391	-		44,391
Investment properties	65,654	(795)	*(i) (ii) (v)*	64,859
Financial assets	738	(738)	*(i)*	-
Available-for-sale financial assets	-	1,234	*(i)*	1,234
Loan receivable	-	600	*(v)*	600
Finance lease receivable	-	356	*(ii)*	356
Stocks	1,995	-		1,995
Debtors	8,254	-		8,254
Cash and cash equivalents	19,435	-		19,435
Creditors	(23,174)	(121)	*(iii)*	(23,295)
Provisions for liabilities and charges	(4,778)	-		(4,778)
Net pension liabilities	(776)	(111)	*(vii)*	(887)
Deferred tax on pension liabilities	-	111	*(vii)*	111
Net assets	**111,739**	**536**		**112,275**
Consideration				
Cash				
				-
Total consideration				-
Capital contribution				**112,275**

32. SUBSEQUENT EVENTS

There have been no significant events subsequent to the year-end date affecting the Group.

33. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board on 5 April 2016.

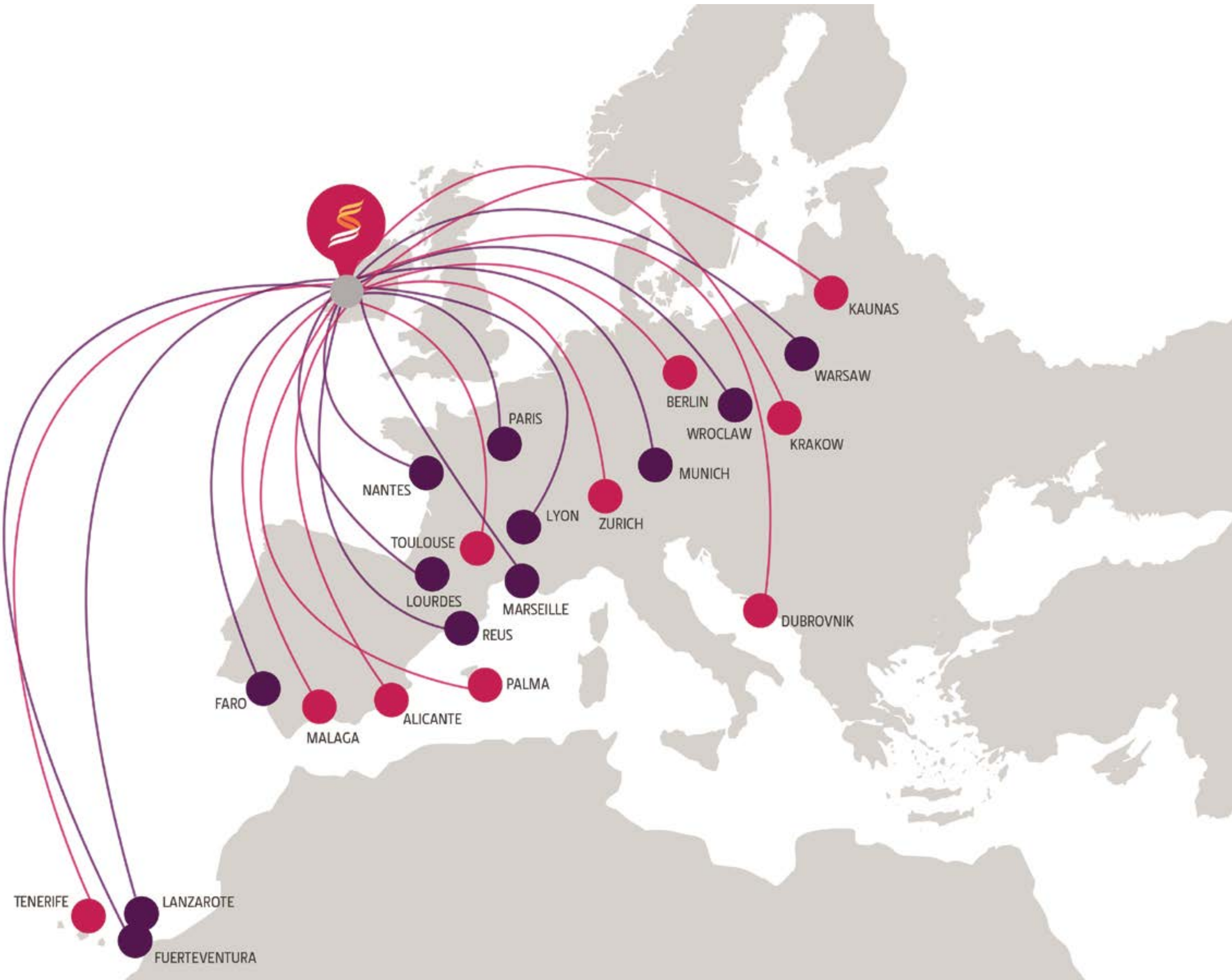
FURTHER INFORMATION

CONTENTS

Shannon to UK Flights
SUMMER 2016

Fly shannon
it's Easier

Shannon to Europe Flights
SUMMER 2016



Shannon to U.S.A Flights
SUMMER 2016

Fly shannon it's Easier

Shannon Group Awards

Shannon Group has won 18 national and international awards

ABOVE: *Shannon Group receive the Irish Tourist Industry Confederation (ITIC) Award for "Best International Access". Pictured at the Award ceremony in April are; (from left) Declan Power and Isabel Harrison, Shannon Airport, Tony Brazil, director, Shannon Group plc, Minister Paschal Donohoe TD, Neil Pakey, CEO, Shannon Group plc, Nandi O'Sullivan, David McGarry, Darren Smyth and Andrew Murphy, Shannon Group plc.*

Shannon Airport won the **Irish Aviation Authority (IAA) Airport Achievement Award** (Dublin, June 2014)

Shannon Airport won the **Best Marketing of Airports** in the world under 4 million passengers at the World Routes Awards 2014 (Chicago, September 2014)

Shannon Airport won the overall **Airport Achievement Award for 2014** from the European Regions Airline Association (Barcelona, September 2014)

Shannon Heritage - Malahide Castle and Gardens won the **Customer Service Excellence Award – Tourism & Hospitality**, in the Fingal Business Excellence & Corporate Responsibility Awards (November 2014)

Shannon Airport and Shannon Group won the InBusiness/ Chambers Ireland Award 2014 for the **Best Business Newcomer** (Dublin, December 2014)

Shannon Heritage - Malahide Castle & Gardens won at the **CIE Tours International Awards** (Dublin, January 2015)

Shannon Heritage - King John's Castle won at the **CIE Tours International Awards** (Dublin, January 2015)

Shannon Airport won the Irish Tourism Industry Confederation Award for the **Best International Access Initiative** (Dublin, April 2015)

Shannon Airport won the **Irish Aviation Authority Airport Aviation Sustainability & Environment Award** (Dublin, May 2015)

Chambers Ireland CSR Awards 2015 – Shannon Airport was a finalist in the **Excellence in Community/Partnership with Charity Award** (Dublin, September 2015)

World Route Award 2015 – Shannon Airport was highly commended for the **Best Marketing of Airports in the World** (under 4 million passengers) third year in a row being nominated (Durban, September 2015)

Shannon Airport won the European Regions Airline Association (ERA) **Airport of the Year Award** for the second year in a row (Berlin, October 2015)

Global Free Zone of the Year Awards 2015 in conjunction with fDi (Foreign Direct Investment) Magazine –Shannon Group won the award for the **Best Free Zone in Western Europe**. Shannon Group also won the **Specialism Award for Aviation**. The Group was commended in three further categories: start-up support; facilities upgrade and reinvestment (November 2015)

Limerick Chamber of Commerce Regional Business Awards - Shannon Group won the **Best Service Award** and was a finalist in the **CSR** and the **Best Large Business** categories (November 2015)

Shannon Heritage - Malahide Castle and Gardens won the **Customer Service Excellence Award** – **Tourism & Hospitality,** in the Fingal Business Excellence & Corporate Responsibility Awards (November 2015)

Shannon Group has won the InBusiness/Chambers Ireland Award 2015 for the **Best Brand** and Shannon Heritage has won the **Best Tourist Attraction Award** (Dublin, December 2015)

Shannon Heritage has won the InBusiness/Chambers Ireland Award 2015 for the **Best Tourist Attraction** (Dublin, December 2015)

Shannon Heritage - Malahide Castle & Gardens won at the **CIE Tours International Awards** (Dublin, January 2016)

Shannon Heritage - King John's Castle won at the **CIE Tours International Awards** (Dublin, January 2016)

Shannon Group plc
General Business Information

REGISTERED OFFICE	Shannon Airport Shannon Co. Clare
AUDITOR	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2
BANKERS	Bank of Ireland Shannon Industrial Estate Shannon Co. Clare
REGISTERED NUMBER	548847

shannon GROUP

www.shannongroup.ie