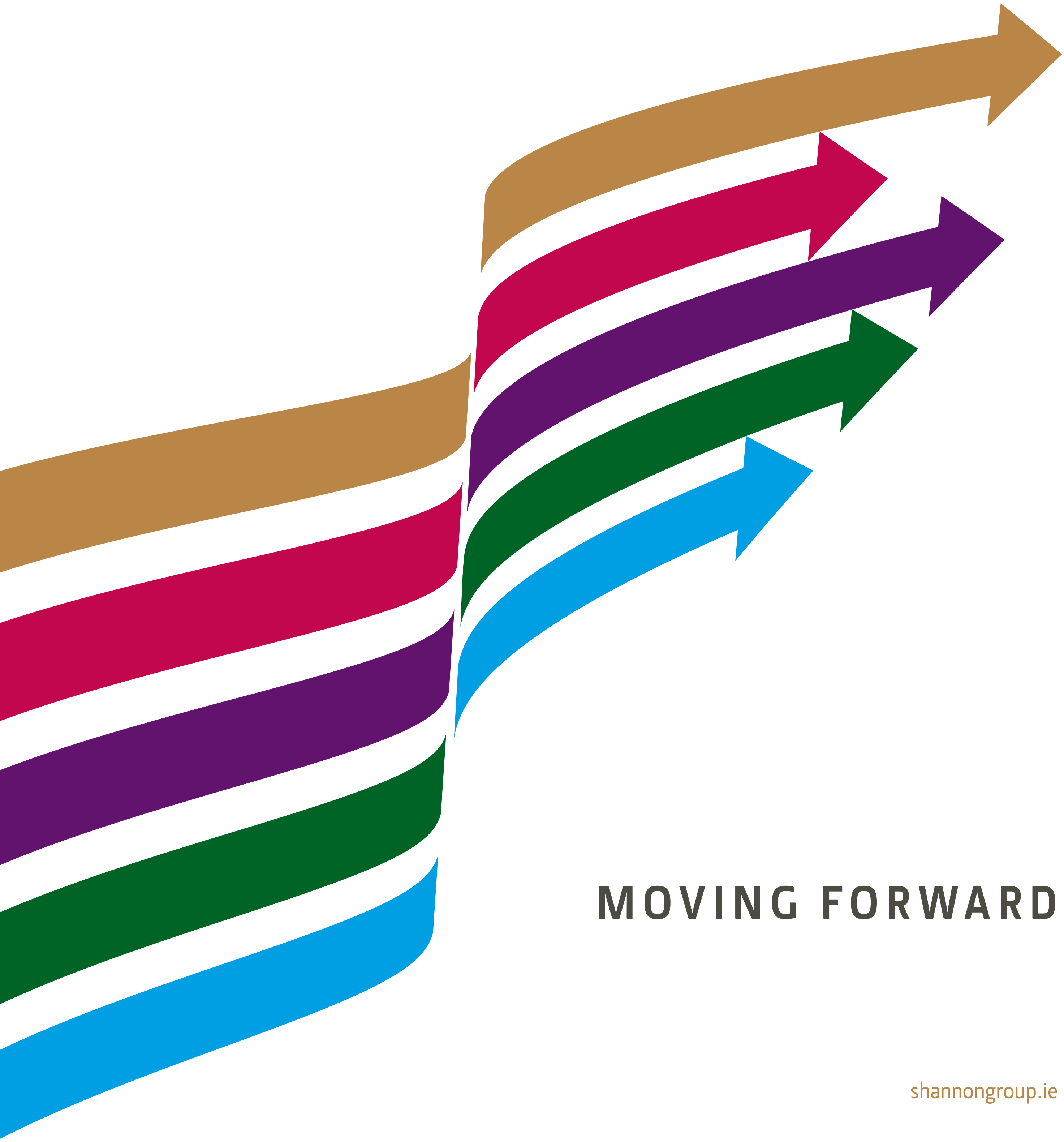
shannon GROUP

2018 ANNUAL REPORT AND ACCOUNTS



MOVING FORWARD

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shannon GROUP

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ABOUT SHANNON GROUP PLC

Shannon Group plc is a commercial semi-state company employing more than 600 people. The Group was formally established on the 5th September 2014 following the enactment of the State Airports (Shannon Group) Act, 2014.

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 COMPRISES:

SHANNON AIRPORT: provides connectivity for our community to the world, offering direct services to destinations across Europe and North America.

SHANNON HERITAGE: the largest commercial operator and developer of tourist attractions in Ireland, Shannon Heritage plays a vital role driving growth in tourism into our region.

SHANNON COMMERCIAL PROPERTIES: a developer of commercial property, which manages one of the largest property portfolios in Ireland, and provides property solutions that enable FDI and indigenous businesses to develop in our region.

Through the **INTERNATIONAL AVIATION SERVICES CENTRE (IASC),** the Group also supports the development of a cluster of over eighty aviation companies based in the Shannon Free Zone.

Find out more about us at **www.shannongroup.ie**

SHANNON GROUP'S ECONOMIC IMPACT

€3.6 BILLION
Annual contribution to the Irish Economy

46,516
Jobs supported in the Mid-West

€1.15 BILLION
Annual tax revenue to the Exchequer

Source - The Shannon Group Economic Impact Report by W2 Consulting

CHAIRMAN'S STATEMENT AND CHIEF EXECUTIVE OFFICER'S REVIEW

CHAIRMAN'S STATEMENT

Moving Forward

CONTINUING TO DELIVER

Shannon Group plc is a dynamic commercial semi-state company with a very significant role in stimulating growth both regionally and nationally. 2018 was yet another very successful year for the Group with each of its businesses, Shannon Airport, Shannon Heritage and Shannon Commercial Properties, performing strongly.

We continued to deliver on our commercial mandate, improve our profitability and sustainability, grow passenger and visitor numbers, and develop enticing property solutions for Foreign Direct Investment and indigenous companies. We achieved all of this while completing the first phase of our major Group-wide investment strategy and putting plans in place to move forward with the next phase.

A STRONG FINANCIAL PERFORMANCE

I am pleased with the strong financial performance in 2018. This, the fourth consecutive year of growth since the Group's establishment in 2014, is very encouraging and creates a solid foundation for our future plans.

The Group's 2018 turnover of €77.8 million is an 8% increase on 2017. The Group also enjoyed growth in its EBITDA which at €12.7 million, is 37% ahead of 2017. With this improving financial performance we are on a firm financial footing to embark on the next phase of our ambitious capital investment plan.

GROWTH IN ALL BUSINESS AREAS

In 2018 Shannon Commercial Properties completed the first phase of our investment programme at Shannon Free Zone. This programme began in 2015 and since then over €40 million has been invested. This has resulted in the delivery of over 650,000 sq ft of new or upgraded office, manufacturing and warehouse facilities.

We are pleased with Shannon Airport's traffic growth of 6.5%, to 1.86 million passengers compared to 2017. Shannon Airport has been the fastest growing airport outside Dublin and has enjoyed its sixth consecutive year of growth.

It is encouraging to see that Shannon's reputation as a centre for aviation is recognised globally. Our International Aviation Services Centre (IASC) is focused on expanding the cluster of aerospace companies in Shannon with the cluster growing from 45 to over 80 companies in the past five years.

Shannon Heritage delivered a 4.3% increase in visitor numbers with almost 925,000 people enjoying its sites during 2018. Our visitor attractions generate 253,000 bed nights, support direct and indirect jobs and generate a significant economic value to the Irish economy each year.

MOVING FORWARD WITH OUR INVESTMENT PLANS

Shannon Group provides critical aviation, tourism and real estate infrastructure. We know that our improved business performance and investment strategy stimulates economic benefits both regionally and nationally.

The Group's economic impact report issued last year illustrated this. The report gives valuable insights into the catalytic impact of Shannon Group and its critical role in enabling trade and investment. The Group's impact is substantial, supporting 46,000 jobs, generating an economic impact of €3.6 billion per year and contributing €1.15 billion in Exchequer returns. Our continued improved performance this year further underlines the value of Shannon Group to the regional and national economy.

Shannon Group is on a journey and has already made significant progress. Last year the Group invested over €21 million in a range of capital investment projects to help enhance and drive its business operations. This investment is part of the first phase Group investment strategy which saw almost €85 million invested since 2014. This, along with other regional stakeholder investment strategies, has undoubtedly strengthened the region's attractiveness as a location to live, work and play.

It is wonderful to see the positive impact our investment programme is having in providing property solutions and enhancing our customer experience.

Our investment programme is clearly creating the environment for a high-tech eco-system in the Mid-West that is already reaping dividends for the region. It is heartening to see that our attractive business property solutions have led to new Foreign Direct Investment at Shannon Free Zone, with high-calibre companies such as Jaguar Land Rover and Edward Lifesciences locating here.

As we move forward into the next phase of our Group investment strategy, we have ambitious plans and are putting the building blocks in place now to ensure continued growth in the years ahead. We are firmly focused on the future and already exploring new opportunities to stimulate economic growth.

We have committed to delivering a diverse range of new capital projects by 2022 to provide the critical infrastructure that will enable our region to grow.

However, with so much global turbulence, this is not a time to be complacent. We are ever conscious of Brexit and the potential slowdown in the global economy and the impact that these might have on our business. We welcome the Government's Brexit-ready campaign which is supporting businesses to navigate through these uncertain times.

GOVERNMENT SUPPORT

We welcome the commitment of Government in its Project Ireland 2040 plan to put measures in place to ensure that regions outside of Dublin can reach their full potential. We are confident that with the right supports and policies, we will play an important role in the successful implementation of the Project Ireland 2040.

Investment in the Atlantic corridor from Galway through Shannon, Limerick and onto Cork is hugely important to stimulate strategic and focused regional development. Such investment will be critical to creating a counter-balance to the growth in the Dublin region. Strong regions and regional cities make for a strong national economy.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to thank Matthew Thomas, CEO, Shannon Group, for his vital contribution to the growth of Shannon Group. The Group is now on a very positive footing, primed for growth. We are sorry to see Matthew depart Shannon Group in June and we wish him and his family all the best for the future.

We are fortunate to have a talented and passionate Executive Team and employees at Shannon Group. Without their commitment we could not have made such great progress towards achieving our goals during the year. Their hard work is very much valued and appreciated.

During the year we received encouragement and support from our shareholder, the Department of Transport, Tourism and Sport. I would like to sincerely thank Minister Shane Ross and his department team for their continued support.

On the 28th August last year Tom Coughlan and Joe Buckley retired from Shannon Group Board, having served their full term. I would like to thank them for their contribution and support during their time on the Board and wish them every success in the future.

I would like to welcome Linda Tynne, who joined the Board on 1st December 2018 and to congratulate Kevin McCarthy on his reappointment to the Board on the same date. I look forward to working with them and all Shannon Group Board members as we enter the next phase in the development of Shannon Group.

I would like to thank the Shannon Group Board for the commitment they have demonstrated time and time again during the year. Their contribution has been invaluable.

As a very significant business in the regional and national economy, we are committed to working in partnership with all our stakeholders to ensure a very vibrant future for Shannon Group and our region. We are privileged to have a wonderful network of loyal customers which we greatly appreciate. We are determined to build on our successes to date and to maximise the opportunities in each of our businesses.

Rose Hynes
Chairman

"WE HAVE AMBITIOUS PLANS AND ARE PUTTING THE BUILDING BLOCKS IN PLACE NOW TO ENSURE CONTINUED GROWTH IN THE YEARS AHEAD."

CHIEF EXECUTIVE OFFICER'S REVIEW

Partnership is Crucial to Future Success

POSITIVE YEAR OF GROWTH

2018 has been a positive year for Shannon Group – we have seen more passengers using our airport, more visitors enjoying our heritage tourist attractions, and our property portfolio attracting more businesses to the region.

IMPROVED FINANCIAL PERFORMANCE AND ECONOMIC IMPACT

In 2018, Group turnover was €77.8 million, 8% ahead of 2017, with EBITDA of €12.7 million, an increase of 37%. This reflects improved year-on-year performance and continued growth since the formation of the Group in 2014.

It is particularly pleasing that all the Group's divisions are showing growth in turnover and productivity. This improved financial performance is critical to our ability to implement our ambitious investment plans. Profits generated by the Group are reinvested in our companies to ensure their long-term growth and sustainability, and to continue to deliver a positive economic impact for the people of our region.

BUSINESS PERFORMANCE

INVESTING FOR THE FUTURE

Our property company, Shannon Commercial Properties, owns and manages one of Ireland's largest property portfolios.

In 2018 we continued our major regeneration programme in the Shannon Free Zone, investing over €15.6 million building and renovating an additional 150,000 sq ft of business accommodation.

Among projects completed or near completion at the end of 2018 were a new 56,000 sq ft Grade A office block and a 33,000 sq ft Grade A advance technology engineering unit. Both of these units have been leased to Jaguar Land Rover for a software engineering centre which will play a vital role in the company's plans for electric and connected autonomous vehicles (CAV).

A 110,000 sq ft advanced technology manufacturing unit for Baker Hughes (a GE Company) was also completed. In addition, a major refurbishment of a 35,000 sq ft office facility for Engine Lease Finance Inc., near completion at the end of 2018, is now finished. The Shannon Free Zone became home to the country's first drive-thru Starbucks as the US coffee house chain opened its doors in July.

Our investment is breathing new life into Shannon Free Zone and is already reaping dividends for the region. Shannon Free Zone is enjoying occupancy rates of over 94% in its new and renovated builds. We commend IDA Ireland and Enterprise Ireland for their respective work in promoting Ireland and our region as a business location for Foreign Direct Investment and indigenous companies.

ENHANCED INTERNATIONAL CONNECTIVITY

In 2018 Shannon Airport enjoyed its best year this decade welcoming over 1.86 million passengers, a 6.5% increase in passenger numbers year on year. The UK and transatlantic markets were our best performers last year, both up 7%. During the year there were 25,556 take-offs and landings from the airport's newly resurfaced runway, the longest runway in Ireland.

With approximately 40% of Foreign Direct Investment in Ireland within Shannon's catchment area, this connectivity supports our business community and makes our region much more attractive for future Foreign Direct Investment.

In 2018 we welcomed new services to Toronto with Air Canada and new Ryanair services to Barcelona-Reus, Bristol and Liverpool and increased frequency on their Manchester service.

Looking forward to 2019, we will welcome new Ryanair services to Ibiza and East Midlands and the expansion of the airline's Alicante service to a year-round operation. In a challenging and competitive environment, we continue to work with our airline partners to ensure existing routes are successful and that our shared ambition for growth is delivered in a sustainable manner over the coming years.

Following extensive market research in 2018, we are committed to providing the best airport experience in Ireland. Our brand promise - " Shannon Airport Making it Easy" - is now at the heart of everything we do; it is a key competitive advantage and offers us a huge opportunity.

We have put even greater focus on making it easy for our customers at every step of their journey through Shannon Airport. We have invested in new time-saving technology to reduce US pre-clearance security screening time and launched a new Customer Charter to deliver an experience that is uniquely Shannon Airport every step of the way.

PROMOTING THE AVIATION CLUSTER

The reputation of Shannon's aviation cluster received a boost last year when the International Aviation Services Centre (IASC) was appointed as the first Irish member of the elite European Aerospace Cluster Partnership (EACP). This recognition elevates the international status of the Shannon cluster and also provides an opportunity for firms within the cluster to co-operate on a European level to identify new projects, funding sources and development opportunities.

We have an extremely active environment for new and established companies to thrive within this growing cluster. A range of companies established a base at Shannon in 2018, including: STS Group, Stratos Aircraft Leasing, Aerospace Asset Trading, Aerospace Inspection International, Inflight Visitor Flix and Seabury MRO Solutions.

We are providing a nurturing environment for entrepreneurship to thrive. Our Gateway Hub is an incubation facility for fledgling aviation and other start-ups, and is housed in the original GPA building in the Shannon Free Zone. The 'Propeller Shannon' accelerator programme is now in its second year and is run at the Gateway Hub in partnership with the DCU Ryan Academy, Boeing and Datalex.

Thanks to the success of this programme we are supporting the next generation of entrepreneurs to develop their business ideas. This raises Ireland's reputation as a thriving location for this sector, ensuring that we continue to be a global centre for the aviation and aerospace industry.

GROWING TOURISM NUMBERS

Shannon Heritage continues to be a major driver for the Irish tourism sector. Last year we welcomed almost 925,000 visitors, a 4.3% increase on 2017, across our portfolio of eight visitor attractions and four evening entertainments. This included over 73,000 visitors who enjoyed one of our annual special events, a 32% increase on 2017.

A highlight of last year came when we secured the contract to operate our latest visitor attraction, Newbridge House and Farm in Co. Dublin.

We believe in continuously improving the customer experience at our visitor attractions and last year we invested over €1 million in capital projects to enhance and upgrade our sites. In 2019 Shannon Group will continue to focus on growing visitor numbers, pursuing new business opportunities and expanding its portfolio of visitor experiences.

SHANNON GROUP'S OBJECTIVE

The Group's objective is to be one of the principal drivers of economic development in the West of Ireland. It will do this by providing direct air connectivity (for passengers and cargo) which will enable business growth and direct visitor access to the Wild Atlantic Way; by developing a portfolio of tourism attractions anchored by a world-class destination attraction which will drive a step-change increase in tourism numbers and bednights; and by cementing Shannon's position as a globally competitive business location, creating a high-tech ecosystem for international businesses in general, and specifically for aviation/aerospace businesses, for whom the IASC cluster will grow its capabilities.

The combination of the businesses within a single group creates the opportunity to unlock synergies between the business units and provides an asset base with the strength to undertake projects of scale and impact. The Group will continue to develop these synergies as it looks at maximising future growth prospects.

PRIMED FOR GROWTH

Since its formation, Shannon Group has invested significantly in a range of capital projects. In 2018 alone we invested over €21 million in a range of initiatives across the Group.

The Group is now moving on to the next phase of its journey with exciting plans across all its businesses. Shannon Commercial Properties is laying the foundations for the next phase of the regeneration of Shannon Free Zone. This will deliver further high-quality advanced manufacturing, warehousing and office space solutions, for example work will commence in 2019 on the development of 155,000 sq ft of much needed warehousing.

The Group will build a new wide-body paint hangar at Shannon Airport, its largest construction project to date. This will be the first new wide-body hangar to be constructed at an Irish airport in over 20 years and will further enhance the global reputation of Shannon as a centre of excellence for aviation.

"THE GROUP IS NOW MOVING ON TO THE NEXT PHASE OF ITS JOURNEY WITH EXCITING PLANS ACROSS ALL ITS BUSINESSES."

CHIEF EXECUTIVE OFFICER'S REVIEW *(Continued)*

Shannon Heritage is working with Fáilte Ireland to secure funding for an ambitious plan to deliver a significant enhancement to the visitor experience at our flagship attraction at Bunratty Castle and Folk Park.

All of these projects form part of an investment plan to 2022, contained in the National Development Plan. They are a statement of Shannon Group's intent and determination to maximise its impact on the national and regional economy.

The broad range of the Group's activities means it is uniquely positioned to support national policy, as well as important regional economic strategies such as Limerick 2030 and Galway 2020. Its improved financial performance and investment strategy will enable it to support the delivery of Project Ireland 2040, the Government's strategic vision for Ireland, and its objective to deliver 75% of future growth outside Dublin.

SUSTAINABILITY

Sustainability is central to all of Shannon Group's actions. Improving long-term profitability is vital to ensure it continues to be in a position to grow and give back to the community. The focus on sustainability supports the Shannon Group's corporate strategy and reflects its determination to build a successful long-term business.

We are particularly proud of the fact that over the years we have made a valuable contribution to our local community and this region, making it a better place to live and work for current and future generations.

Our Corporate Social Responsibility and community engagement programmes reflect this. Since 2014 our employees have run, cycled, taken to the catwalk and baked to raise almost €280,000 for a range of charitable causes in our community. We are rooted in our community, and when local farmers were in crisis due to a fodder shortage last year, we arranged for an early grass cutting at Shannon Airport to produce 1,000 bales of hay to alleviate some of their stress.

Environmental sustainability is a core objective of Shannon Group. In 2018 we continued to reduce our carbon foot print. Our new office block and Advance Technology Manufacturing Unit at Shannon Free Zone were developed to the highest environmental standards and have achieved LEED Gold certification. In transitioning to a low carbon green campus, Shannon Airport has teamed up with the ESB's Smart Energy Services to explore how to make greater use of renewable energy. It is imperative that we make whatever strides are possible to support the environment and reducing our energy consumption is an important element of our plans.

PARTNERSHIP

As I take my leave as CEO of Shannon Group in June, I would like to thank the Shannon Group Board, my management team and our employees for their commitment, dedication and the contribution they make every day. Our people are our biggest asset and a direct reflection of Shannon Group's success, as they enable the Group to deliver award-winning services to its customers.

During my time at Shannon Group I have been really encouraged by the shared vision and pro-business approach of organisations across the region and their commitment to achieving the region's full potential.

I commend the great work our stakeholders, including IDA Ireland, Enterprise Ireland, Fáilte Ireland, Tourism Ireland, City and County Councils, Chambers, third-level colleges and the business community, are undertaking in this regard.

I would like to thank all our stakeholders and wish Shannon Group well as it embarks on the next chapter in the delivery of its exciting plans. I believe that Shannon Group and the partnerships it has forged have the ability to transform the economic landscape of the West of Ireland and beyond.

Matthew Thomas
Chief Executive Officer

SHANNON GROUP 2018 FINANCIAL OVERVIEW

	2018 €'000	2017 €'000
Revenue	**77,837**	72,239
Operating Profit as reported (after exceptional items)	**16,231**	9,081
Investment properties revaluation gains	**(15,062)**	(4,604)
Other income/expense (including gains/losses on disposal of assets)	**(416)**	(1,159)
Exceptional items ^	**5,822**	636
Adjusted operating profit	**6,575**	3,954
Depreciation and amortisation	**6,167**	5,375
EBITDA (before exceptional items and investment property revaluations)	**12,742**	9,329

^ See page 66 for details of exceptional items

SHANNON GROUP'S ACHIEVEMENTS - 2018

1.86 Million
airport passengers
an increase of 6.5%

150,000 sq ft
of property solutions
delivered at Shannon
Free Zone

shannon GROUP

Almost 925,000
visitors to our
tourist attractions
an increase of 4.3%

Over €21 Million
Shannon Group
Capital expenditure

MOVING FORWARD
INVESTMENT AND GROWTH

2018 was an important year for Shannon Group as it completed the first phase of its ambitious investment plans. Shannon Group's capital investment programme has seen almost €85 million invested across all three companies since the establishment of the Group in September 2014, with further significant investment planned.

The Group's property company, Shannon Commercial Properties, completed a €40 million investment programme to bring over 650,000 sq ft of new or upgraded office, manufacturing and warehouse facilities to the market at Shannon Free Zone in the last four years, with 150,000 sq ft of these delivered in 2018.

€40 million has been invested at Shannon Airport since 2014 in a range of projects to upgrade and improve airport facilities. As part of the airport's 2018 capital investment programme, new time-saving technology to reduce US pre-clearance security screening time was introduced and a new dining experience, JJ Ruddles restaurant, was opened in the airport arrivals area. Among other initiatives in recent years are: the resurfacing of the airport's runway, the total refurbishment of the transit area with the addition of a new food court, an upgrade of executive lounges and gates areas.

These enhancements were enjoyed by passengers in 2018 including those who travelled on the airport's new services to Toronto, Barcelona-Reus, Bristol, Liverpool and Manchester, where frequency was increased.

In 2018 we celebrated milestone events with two of the airport's aviation partners. These were the 30th anniversary of Ryanair flights at Shannon Airport, and the 20th anniversary of United Airlines' Shannon-New York/Newark service.

At Shannon Heritage, the Company has invested almost €5 million in recent years enhancing its portfolio of visitor experiences. In 2018 the Company unveiled its new look retail store at the Cliffs of Moher specialising in local retail and artisan products inspired by the Cliffs of Moher and the local surrounding areas. During 2018 Shannon Heritage continued to maintain the five National Monuments within its portfolio.


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1 In April 2018 a report on the impact of Shannon Group compiled by strategic research consultants W2 Consulting was unveiled. It highlights Shannon Group's role as a major driver of economic growth in Ireland. Among its findings is that Shannon Group supports 46,000 jobs, generates an economic impact of €3.6 billion per year and contributes €1.15 billion in Exchequer returns. The report confirms the Group's pivotal role as a catalyst for achieving the Government's ambition for a more balanced distribution of growth in Ireland as set out in the National Planning Framework. Pictured at the launch of the report (from left) are: Mark O'Connell from W2 Consulting and Matthew Thomas, CEO, Shannon Group.

2 In June 2018, Shannon Airport welcomed the inaugural Air Canada non-stop service from its Toronto hub to Shannon. The service opens up trade and tourism opportunities to over 190 onward destinations on five continents. Pictured (from left) are: Andrew Murphy, Managing Director, Shannon Airport, Kevin O'Connor, VP System Operations Control, Air Canada, Bláithín O'Donnell, Air Canada Sales Manager Ireland, Minister of State, Pat Breen TD, Matthew Lee, Air Canada and Jackie Ellis, Canadian Embassy Ireland.

3 Shannon Commercial Properties continued its investment drive to realise its goal of developing a 21st-century business park at Shannon Free Zone to attract 21st-century businesses and bring prosperity and growth to the region. Among the projects delivered in 2018 was a 33,000 sq ft Grade A advance technology engineering unit which has been leased to Jaguar Land Rover.

4 Pictured in August 2018 at the official opening of the newly refurbished Shannon Heritage Gift shop at the Cliffs of Moher is Senator Martin Conway (centre) who cut the tape. Looking on (from left) are: Leonard Cleary, Clare County Council, Niall O'Callaghan, Managing Director, Shannon Heritage, Chris O'Brien, Shannon Heritage Retail Manager and Caroline Kelleher, Director Public Affairs, Shannon Group.

5 Aerospace Asset Trading (ATT), a US based company, has opened a new European hub at Shannon Free Zone in 2018 and hopes to double its workforce over the next two years. Pictured with the Aerospace Asset Trading team, one of the latest companies to become part of the International Aviation Centre (IASC) promoted aviation cluster at Shannon are (left): John Drysdale, Business Development Manager, Shannon IASC and (5th from left) Ray O'Driscoll, Managing Director, Shannon Commercial Properties.

shannon GROUP

shannon COMMERCIAL PROPERTIES

shannon AIRPORT

shannon IASC

shannon HERITAGE

SHANNON GROUP BUSINESSES

shannon COMMERCIAL PROPERTIES

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

The Company owns and manages one of Ireland's largest property portfolios, with eight business and technology parks, over 2 million sq ft of building space, over 200 buildings and in excess of 1,500 acres of development land in 15 key locations across counties Clare, Limerick, Tipperary and Kerry.

Its portfolio ranges from prime office buildings and multi-let technology parks to engineering, manufacturing, warehousing and logistics facilities. In addition, the Company has a range of fully serviced sites available for sale and development.

Among its key assets is Shannon Free Zone, one of Ireland's largest multi-sectoral business parks. It is home to 170 companies employing over 8,000 people and contains the largest concentration of North American companies in Ireland outside of Dublin.

For further information please visit
www.shannonproperties.ie

shannon AIRPORT

Shannon Group's international airport company, Shannon Airport Authority provides its customers with world-wide air connectivity. From Shannon you can fly to over 30 destinations in 10 countries. It is also the global gateway to the breathtaking Wild Atlantic Way on Ireland's west coast. The airport welcomed over 1.86 million passengers in 2018.

At 3,199 metres in length, Shannon Airport has the longest runway in Ireland and is capable of handling all aircraft types. The airport operates a 24-hour service with no curfews, slots or noise restrictions with a fire and rescue service up to Category 9.

The Company is committed to delivering a safe, secure and customer-focused airport operation. This is achieved through delivering its services to the highest national and international standards and best practice.

Shannon was the first airport in Europe to offer US CBP pre-clearance (customs and immigration) facilities for scheduled services. It was also the first airport in the world to offer US CBP pre-clearance facilities for business jets and remains the only airport in Europe and the Middle East offering such services to business jets. In 2018, in another first, Shannon became the first airport in Europe to have facial recognition technology introduced for US pre-clearance.

Shannon is home to Europe's first airport sensory room and the world's first duty free shop was established here in 1947, now a global industry.

For further information please visit
www.shannonairport.ie

shannon IASC

The International Aviation Services Centre (IASC) is a strategic business unit within Shannon Group which works with Shannon Commercial Properties to develop and promote the aviation cluster at Shannon. IASC's ambition and mandate is to develop this activity further, creating a globally recognised aviation industry cluster at Shannon with specialisations in areas such as leasing, maintenance, aircraft recycling, business aviation and component manufacture and repair.

It does this by helping existing aerospace firms located here develop their business, as well as working alongside IDA Ireland and Enterprise Ireland as they work to bring new companies to Shannon. Since 2013 the IASC aviation cluster has gone from strength to strength, growing from 45 to over 80 companies and its reputation received a boost in 2018 when IASC became the first Irish member of the elite European Aerospace Cluster Partnership.

Following the launch by Shannon Commercial Properties of the Gateway Hub at Shannon Free Zone, IASC, in partnership with DCU Ryan Academy for Entrepreneurs, Boeing, Datalex and Enterprise Ireland launched Propeller Shannon, an aviation and aerospace start-up accelerator programme. Now in its second year, the programme is supporting innovative Irish and international start-up companies in the aviation sector, providing them a unique supportive ecosystem to allow them to develop and grow.

For further information please visit
www.iasc.aero

shannon HERITAGE

Shannon Group's tourism company, Shannon Heritage, is Ireland's largest commercial operator of tourist attractions. The Company manages a variety of world-leading immersive day visitor experiences and evening entertainment events in Clare, Limerick, Galway and Dublin. In 2018, the Company welcomed almost 925,000 visitors to its seven visitor experiences and evening entertainment venues.

The ability of Shannon Heritage to attract visitors to the region is an important driver for the tourism sector, which creates employment in our rural economies.

Among its flagship attractions are Bunratty Castle and Folk Park in Clare, and King John's Castle in Limerick which it owns and manages. It has interests in many other world-famous sites such as the retail store at the Cliffs of Moher in Co. Clare. Its footprint has grown over the years and it now manages a number of visitor experiences in Dublin: Malahide Castle and Gardens, the GPO Witness History visitor centre, and in 2018 it added Newbridge House and Farm in Donabate, Co. Dublin to its portfolio.

Shannon Heritage was one of the first companies in Ireland to develop and run heritage attractions and evening entertainments. Beginning with its first medieval banquet at Bunratty Castle in 1963, the Company's portfolio of attractions has grown over the years with ambitious plans to continue acquiring new sites in partnership with external stakeholders.

Shannon Heritage is dedicated to creating unforgettable visitor experiences with unparalleled customer service from dedicated staff, and presenting Ireland's heritage in an exciting and unique way.

For further information please visit
www.shannonheritage.com

SHANNON GROUP
A FLAVOUR OF 2018

It was another busy year for Shannon Group companies; here is a snapshot of the year.

1 Members of the RTE Dragon's Den team were welcome visitors to Shannon Airport in November for ITLG Young Innovators gathering. This was attended by over 1,000 students from across Ireland who were tasked with envisaging solutions to shape the country up to 2050. Pictured (from left) are: Mary Considine, Deputy CEO, Shannon Group, Channelle McCoy, Gavin Duffy, Rose Hynes, Chairman, Shannon Group, Barry O'Sullivan, Alison Cowzer and Eleanor McEvoy with students Holly Burke, Presentation College Clonmel, Justyna Maj, Thomond College Limerick, Sean Dzokesaka, Thomond College Limerick, Isobel Killeen, Coláiste Muire Ennis and Aidan McFerran, St Anne's Community College Killaloe.

2 In July, Shannon Airport was proud to host a special welcome for Jim Warny on his return to Shannon after taking part in a heroic rescue mission that gripped the world. He was part of an elite diving team who rescued 12 Thai students and their soccer coach trapped in a cave. The airport welcomed the hero once more in November when scenes for a new film retelling the dramatic and dangerous cave rescue were shot at the airport. Pictured (from left) are: Nandi O'Sullivan, Head of Communications, Shannon Group, Zeb Moore, Richard Harris Film Festival Director, Tom Waller, Writer and Director, Jim Warny and Catriona Drose, Associate Producer, during a break from filming at Shannon Airport.

3 In March, Shannon Heritage welcomed Daniel O'Donnell and his wife Majella to Bunratty Castle and Folk Park in Co Clare. The celebrity couple were filming there for an episode of their TV series "Daniel and Majella's B&B Road Trip".

4 During his visit to Limerick in June, the French Ambassador to Ireland, H.E. Stéphane Crouzat, was welcomed to King John's Castle by Rose Hynes, Chairman, Shannon Group and Niall O'Callaghan, Managing Director of Shannon Heritage.

5 In May, Sir Bob Geldof received a warm welcome from Rose Hynes, Chairman, Shannon Group as he arrived at Shannon Airport on route to participate in the Frank McCourt Creative Writing Summer School at the University of Limerick, an event which was proudly sponsored by Shannon Airport.

6 In October, Shannon Heritage welcomed children to a new educational science club at King John's Castle in Limerick. The event was designed to promote an interest in science among children between 6–13 years. Pictured at the launch of Spook-tacular Science event (from left) are: Orlaith Kelly, Dr Lucretia Hardiman and David Smith.

7 In November, the All-Ireland winning Limerick Hurlers and the Liam McCarthy Cup were welcomed to Shannon Airport by three-year-old hurling fan Alexander Marsh while on their way to the Fenway Hurling Classic in Boston.

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8 In January, back by popular demand, Irish wolfhounds made a welcome return to Bunratty Castle and Folk Park when Shannon Heritage acquired two new female wolfhounds. They became overnight sensations, even featuring on the RTE Ray Darcy TV show. The wolfhounds are pictured here with five-year-old Ronan Behan.

9 The world's largest private collection of diecast model aircraft went on permanent display in September 2018 at a specially designed exhibition area at Shannon Airport. Pictured at that launch of the new aviation gallery is five-year-old Alec Kelly who is admiring his grandfather Michael Kelly's model aircraft collection as Michael chats with Rose Hynes, Chairman, Shannon Group and Niall Maloney, Shannon Airport Director of Operations.

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THE BOARD OF DIRECTORS OF SHANNON GROUP PLC

ROSE HYNES, CHAIRMAN

Rose Hynes was appointed as Chairman of the Shannon Group Board on its incorporation on the 29th August 2014. She chairs Shannon Group's Remuneration Sub-committee and is a member of the Audit and Risk Sub-committee. She was appointed to the Board of Shannon Airport Authority as Chairman Designate in November 2012 and was appointed Chairman in January 2013. Rose is also Chairman of Origin Enterprises plc and is a non-executive director of a number of other companies in various sectors including Total Produce plc, IPL Plastics plc and eir.

Rose is a lawyer and was a member of the senior management team in GPA for many years. GPA was one of the world's largest lessors and financiers of aircraft. She is also a former Chairman of Bord Gáis /Ervia and former non-executive director of Bank of Ireland, Fyffes plc and Aer Lingus. She is a law graduate of University College Dublin and is a native of County Clare.

MATTHEW THOMAS, CHIEF EXECUTIVE OFFICER

Matthew Thomas is the CEO of Shannon Group and was appointed to the Board of Shannon Group on the 20th June 2016. Before moving to Shannon, Matthew was based in Manhattan, leading the $4bn privatisation of La Guardia Airport in his role as Chief Commercial Officer of Vantage Airport Group. He was involved in the majority of Vantage's thirty airport projects across four continents, as well as being a director of a number of airports in the Vantage portfolio including Nassau, Bahamas, Montego Bay, Jamaica and Santiago in Chile. Matthew has also held senior management positions at Vancouver Airport (voted the best airport in North America six years running), Liverpool John Lennon Airport (where he was CEO), Larnaca and Paphos in Cyprus, Sydney, Copenhagen and Newcastle airports.

TOM KELLY

Tom Kelly was appointed to the Board of Shannon Group on the 25th October 2017. He chairs the Shannon Group Audit and Risk Sub-committee and is a member of the Remuneration Sub-committee. He is the Chief Executive Officer of AerCap Ireland Limited. He previously served as Chief Financial Officer of AerCap's Irish operations and has a substantial aircraft leasing and financial services background. Previously, Tom spent ten years with GECAS where his last roles were as Chief Financial Officer and director of GECAS Limited, GECAS's Irish operation. He also served as global controller for GECAS in his role as Senior Vice President & Controller. Prior to joining GECAS in 1997, he spent over eight years with KPMG in their London office, acting as a Senior Manager in their financial services practice. Tom is a Chartered Accountant and holds a Bachelor of Commerce degree from University College Dublin.

KEVIN MCCARTHY

Kevin McCarthy was appointed to the Board of Shannon Group on its incorporation on the 29th August 2014 to the 29th August 2018 as an Employee Representative. He was reappointed to the Board as an Employee Representative on the 1st December 2018. He is a member of the Shannon Group Health, Safety, Security and Environment Sub-committee. Kevin has spent 40 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 on its incorporation on the 29th August 2014. She chairs the Shannon Group Health, Safety, Security and Environment Sub-committee. Kitty 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 on its incorporation on the 29th August 2014. He sits on both the Audit and Risk and Remuneration Sub-committees. Liam is Managing Director of both Clare FM and Tipp FM and is also a Director and Vice Chairman of Independent Radio Sales in Dublin. Liam also sits on the Board of Tipperary Invests. He is a founder member and former Chairman of Spin South West, and a founder member and former Board Director of Newstalk. Liam was inducted into the PPI Radio Hall of Fame in 2013.

LINDA TYNNE

Linda Tynne was appointed to the Board of Shannon Group on the 1st December 2018 as an Employee Representative. Linda has worked at Shannon Airport for the past 31 years starting in Shannon Duty Free in 1987, and worked in St Petersburg at the duty free shop there. After her time in Russia, Linda returned to Shannon and worked in different departments including in Shannon Aviation Fuels and in the Cash Office as Supervisor. She currently works in the Shannon Airport finance department.

SHANNON GROUP EXECUTIVE TEAM

FROM LEFT TO RIGHT

CAROLINE KELLEHER
Director of Public Affairs
Shannon Group plc

RAY O'DRISCOLL
Managing Director
Commercial Properties
Shannon Group plc

MATTHEW THOMAS
Chief Executive Officer
Shannon Group plc

MARY CONSIDINE
Deputy CEO, Finance &
Corporate Services
Shannon Group plc

ANDREW MURPHY
Managing Director
Shannon Airport

NIALL O'CALLAGHAN
Managing Director
Shannon Heritage

shannon GROUP

CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

Shannon Group's Corporate Social Responsibility (CSR) Programme is an integral part of our business strategy.

Our approach is guided by our belief that when our business prospers, the regions and communities in which we operate prosper. Working closely with local communities, we continue to support the education and development of young people and to reach out to those communities where need is greatest.

We know too that delivering growth in the right way is one of our most important challenges. As our companies continue to develop in the years ahead, we understand the importance of being able to grow without increasing the environmental impacts associated with our operations.

At Shannon Group we facilitate our employees to contribute positively to our society by actively encouraging them to participate in environmental, community and fundraising initiatives.

A FLAVOUR OF OUR ACTIVITIES IN 2018

1.PROTECTING OUR ENVIRONMENT

Our sustainability strategy supports our corporate strategy and reflects our determination to build a successful long-term business as we move to improve our energy efficiency and reduce our carbon footprint. During the year we continued to invest in projects designed to reduce our energy consumption.

At Shannon Free Zone, Shannon Commercial Properties' drive to create 'Nearly Zero Energy Buildings' (NZEB), which have a very high energy performance, was accelerated and assimilated into the design of our new property portfolio.

In a bid to create 'nearly zero carbon journeys to work' at the Shannon Free Zone, we are providing car parking spaces with recharging facilities for electric cars.

Environmental sustainability has been a core objective of Shannon Group and last year we took a step towards transforming Shannon Airport to a low carbon green campus and partnered with ESB's Smart Energy Services to help us reduce our energy consumption by one-third by 2020.

The partnership will also see the replacement of an entire suite of older indoor and outdoor lighting with ultra-modern LEDs and will explore how to make greater use of renewable energy such as solar PV panels.

Shannon Airport continued to drive improvements in its energy efficiency and has achieved 22.5% energy savings since the baseline year of 2009.

1\. At the announcement of a partnership with ESB's Smart Energy Services to help Shannon Airport reduce its energy consumption (from left) are: John Walsh, General Manager Smart Energy Services ESB, Andrew Murphy, Managing Director, Shannon Airport and Eoghan McMahon, Customer Solutions Manager, ESB.

2\. Making hay while the sun shines at Shannon Airport. Over 1,000 bales were harvested to assist with the fodder crisis.

3\. Shannon Group hosted the Google digital hub for over 100 marketeers. Pictured at the event (from left) are: Rose Hynes, Shannon Group Chairman, Karl Lumsden, Google Agency Lead for Ireland, Marie Davis, Head of Google Marketing Solutions for Ireland and Patrick Edmond, IASC Managing Director.

Shannon Group continues to pursue a sustainable waste management strategy. During 2018 Shannon Airport recycled approximately 36.39 tonnes of cardboard and packaging waste and over 3000kg of waste electrical and electronic equipment (WEEE).

At Shannon Heritage we are implementing a series of environmental initiatives including a move towards 100% LED lighting, water harvesting, compostable cups, and general composting of food waste.

2.COMMUNITY ENGAGEMENT

Shannon Group continued to support Limerick Suicide Watch in 2018 with Shannon Commercial Properties facilitating the continued use of an operating base in Limerick city. This centre accommodates more than 50 volunteers, and is a space to collaborate, relax and use as their own, to help facilitate the invaluable work they do for the city of Limerick.

During the year, we were delighted to offer support to farmers as they battled a fodder shortage crisis. Over 1,000 bales of hay were harvested at the airport to support farmers and alleviate their severe difficulties.

A large volume of passengers who were travelling with passengers with autism or special needs, availed of our service to visit our airport Sensory Room and have the journey through the airport explained to them prior to travel. We also provided tours of the airport campus for visitors from a variety of community groups, schools and scouting organisations.

Our Santa Flights at Shannon Airport proved hugely popular again this year. It was our sixth year of operating this special event with the help of our staff. During the event over 2,000 children got the opportunity to meet Santa in the skies.

Shannon Heritage staff took part in clean-up operations in Bunratty Village, Co. Clare and Nicholas Street in Limerick City and also hosted a launch event for Mental Health Awareness Week. The event took place at King John's Castle to promote positive mental health in the community.

3.SUPPORTING OUR BUSINESS COMMUNITY

Shannon Group is committed to supporting the business community and was involved in a number of initiatives during the year. Business events were hosted at the airport for Shannon Chamber of Commerce and Fáilte Ireland.

During the year over 100 marketeers from around the region were given a jump-start on how to successfully export into global markets thanks to Shannon Group bringing Google's cutting-edge 'Digital Garage' roadshow to the Shannon region.

Hosted in Atlantic Aviation Institute's state-of-the-art training facility in Shannon Free Zone, the half-day event saw CEOs, senior sales and marketing executives – many of them drawn from companies in Shannon's International Aviation Services Centre (IASC) cluster – get face-to-face expertise from Google's digital technicians about how to grow their business overseas and exploit the enormous opportunity that the digital world presents.

To demonstrate our commitment to the Galway business community, Shannon Group sponsored the 2018 Galway Chamber Business Awards which acknowledged and showcased a range of outstanding business entrepreneurs from around the county.

CORPORATE SOCIAL RESPONSIBILITY *(Continued)*

4.FUNDRAISING AND SUPPORTING LOCAL CHARITIES

Shannon Group has a long-standing commitment to supporting charities. Every year Shannon Group employees select charities and undertake initiatives to raise funds for them. In 2018, employees championed two worthy charities, Share a Dream Foundation and Clare Crusaders.

Over the course of the year our employees raised over €47,000 for our chosen charities. Since the Group's formation in 2014, employees have raised almost €280,000 for charities across the region.

As part of its fundraising efforts the fifth and final Midnight Runway Run gave participants a unique opportunity to run on the Shannon Airport runway. Proceeds from the event went to the Shannon Group chosen charities for 2018.

During the year Shannon Airport staff had the privilege of assisting with a heart-warming welcome for a very special group of 145 children from Belarus, who landed at Shannon Airport as part of Adi Roche's Chernobyl Children International's (CCI) Rest and Recuperation Programme. This programme takes children out of the Chernobyl affected regions for much-needed respite care in Ireland with an extensive network of host families.

5.FOSTERING EDUCATION AND INNOVATION

Shannon Group is committed to fostering education and innovation and the Group partnered with Ennis Community College as part of a mentoring initiative designed to encourage students to remain in the education system up until Leaving Certificate. Shannon Group staff assisted with a programme of practical workshops with the students including interview techniques and team building, and site visits to the Shannon Airport and Shannon Heritage visitor sites.

Over 1,000 secondary school students from around Ireland were given the opportunity to reach for the stars as they envisaged solutions that will shape the country up to 2050 at the third ITLG Young Innovators Challenge at Shannon Airport. In addition, the Limerick for Engineering 2018 Showcase event was hosted at the airport and was designed to encourage school leavers, particularly young women, to consider a future engineering career in the Mid-West.

6.SUPPORTING PUBLIC ART AND CULTURE

Among Shannon Group's cultural initiatives in 2018 was the annual School Bands Spectacular which saw over 120 students from Clare and Limerick deliver a performance at Shannon Airport.

The Group also supported the Frank McCourt creative writing summer school and hosted the Limerick Spring Festival at King John's Castle.

7.SPORTS SPONSORSHIP

At Shannon Group we recognise the importance of sport and its positive impact on wellbeing for both spectators and participants. This is why Shannon Airport is the proud sponsor of Munster Rugby. As the team's 'Official Airport Partner' our airport logo is positioned on the players' shorts. The sponsorship formalises a long-standing relationship between the province and Shannon, with the airport having hosted some unforgettable and emotional Munster homecomings over the years, not least following the 2006 and 2008 European Champions Cup victories.

During the year Shannon Group supported a range of GAA and football clubs from Clare and Limerick in their fundraising efforts.

4.

Shannon Group staff are pictured presenting a cheque from their fundraising endeavours to their two staff chosen charities, Share a Dream Foundation and Clare Crusaders.

5.

A bird's-eye view of some of the 1,000 students attending the third ITLG Young Innovators Challenge at Shannon Airport.

6.

Shannon Airport hosted the annual School Bands Spectacular. Pictured is Andrew Murphy, Managing Director, Shannon Airport getting Glockenspiel lessons from his daughter Erica, Milford National School Limerick.

7.

As part of our support of Munster Rugby the airport has transformed the stairwell from Gates 1-5 into a permanent tunnel of red, to recreate a flavour of pre-match atmosphere. Pictured being plucked from the crowd was eight-year-old Munster fan Kate Ellis, Feakle County Clare, with Billy Holland, Robin Copeland, John Ryan, Kevin O'Byrne and Duncan Williams.

CONTENTS
Directors' Report and Financial Statements

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 2018.

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 DAC ("Shannon Airport") and Shannon Commercial Enterprises DAC (trading as "Shannon Commercial Properties") are subsidiaries of the Group. Shannon Heritage DAC ("Shannon Heritage") is a subsidiary of Shannon Commercial Properties. SAA Pension Corporate Trustee DAC and Shannon Airport Authority Financial Services DAC are subsidiaries of Shannon Airport Authority DAC.

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.

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

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

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, property and Heritage assets.

In addition to information directly included in this report, detailed commentaries on performance for the year ended 31 December 2018 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 Chief Executive Officer's Review.

RESULTS FOR THE YEAR

The directors are satisfied with the performance of the Group for the year. The results of the Group for the year ended 31 December 2018 are set out in the Consolidated Statement of Profit or Loss on page 47 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 before tax
- Profit after tax
- Net cash position
- Capital expenditure
- Proceeds from capital sales

The Group recorded a consolidated profit of €15.1 million (post-tax) (2017: €9.2 million) and consolidated turnover for the year was €77.8 million (2017: €72.2 million). Airport passenger numbers for the year were 1.86 million (2017: 1.75 million) and Heritage sites welcomed over 924,000 visitors in the year (2017: 887,000).

Group EBITDA[1] for the year is €12.7 million, before exceptional items (2017: €9.3 million). This result is considered satisfactory and reflects continuing focus on both revenue generation and cost control across all Group companies.

During 2018 the Group incurred an exceptional charge of €5.8 million in respect of a group-wide voluntary severance scheme, in addition to a total charge of €1.9 million recorded in 2016 and 2017, as described in Note 3 to the financial statements.

The Group has cash reserves to meet its operating and recurring short term capital expenditure needs, with total cash deposits of €16.0 million at the year end date (2017: €18.8 million). During the year the Group obtained external funding of €7.8 million to partially fund the Shannon Commercial Properties capital programme, in addition to €14.3 million obtained in 2017 to fund the cost of the Airport runway rehabilitation (Note 24).

Investment in capital expenditure projects is seen as key to ensuring the future sustainability of Shannon Airport, Shannon Commercial Properties and Shannon Heritage. As reflected in the Consolidated Cash Flow Statement the Group had cash outflows of €21.9 million for capital projects across the Group in the year (2017: €34.2 million). In addition the Group realised proceeds of €2.7 million on capital disposals in the year (2017: €5.4 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal areas of risk and uncertainty which could materially and adversely affect the Group's future operating profits or financial position, along with the strategies to mitigate these, are outlined in the Risk and Governance report on page 36.

DIRECTORS AND SECRETARY AND THEIR INTERESTS

The names of the persons who were directors during the year are set out on page 39. The directors and secretary who held office at 31 December 2018 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.

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

	2018	2017
Operating profit before other income/(expenses)	6,575	3,954
Depreciation and amortisation of intangible assets	6,515	5,725
Amortisation of capital grants	(348)	(350)
EBITDA	**12,742**	**9,329**

RESEARCH AND DEVELOPMENT

The Group does not undertake research and development activities.

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 maintaining adequate accounting records by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The accounting records 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 meets its obligations under other legislation including, but not limited to, the Disability Act 2005, the Regulation of Lobbying Act 2015 and the Safety, Health and Welfare at Work Act 2005.

The Group has 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 to 2018 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.

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 2012. Standard terms of credit are 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.

POLITICAL CONTRIBUTIONS

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

RELEVANT AUDIT INFORMATION

The directors believe that they have taken all steps necessary to make themselves aware of any relevant audit information and have established that the Group's statutory auditors are aware of that information. In so far as they are aware, there is no relevant audit information of which the Group's statutory auditors are unaware.

DIRECTORS' COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with certain obligations specified in that section arising from the Companies Act 2014, and Tax laws ('relevant obligations'). The directors confirm that:

- a Shannon Group compliance policy statement has been drawn up setting out the policies with regard to such compliance;
- appropriate arrangements and structures that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, have been put in place; and
- a review has been conducted of the arrangements and structures that have been put in place to secure the Company's compliance with its relevant obligations.

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
Chairman

Matthew Thomas
Director

29 March 2019

RISK AND GOVERNANCE REPORT

RISK MANAGEMENT

The Board acknowledges its responsibility for risk management, including determining the nature and extent of the significant risks the Group is willing to accept in pursuit of its strategic and operational objectives. To address this, the Board has established a risk management system that provides for continuous identification, assessment, implementation of mitigating actions and controls, and the monitoring and reporting of significant risks within Shannon Group. The Board is committed to proactive management of risk and has processes in place designed to anticipate and address, to the extent possible, changes to the Group's business and risk environment. The risk management process ensures that the Group identifies critical risks to which it is exposed and ensures that appropriate risk mitigation measures are taken. The effectiveness of risk management is subject to review by the Audit and Risk Sub-committee.

Management are responsible for the identification and evaluation of significant risks applicable to their areas of business together with the design and operation of suitable internal controls. Risk registers are maintained and formally updated quarterly and ensure that risks are consistently identified, assessed, recorded and reported across all business functions. 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.

The Group's risk management system is subject to continuous review and improvement in order to remain effective in changing business environments. In keeping with a commitment for continuous improvement, the Group continually seeks to enhance processes across the organisation.

PRINCIPAL RISKS AND UNCERTAINTIES

As part of the risk identification process, the principal areas of risk and uncertainty which could materially and adversely affect the Group's future operating profits or financial position have been identified. A summary of the principal risks and uncertainties along with 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 any significant changes in the business and external environment, which affect the significant risks and uncertainties identified, to the Audit and Risk Committee, the Health, Safety, Security and Environmental Committee and the Board.

I. STRATEGIC/COMMERCIAL RISKS

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.
- Shannon Group is reliant on the government's commitment to the implementation of the key measures outlined in the National Aviation Policy and reliant on the government's commitment to balanced regional development as set out in the National Planning Framework and is working with its shareholder and various stakeholders in this regard.

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 and exposed to additional costs in responding to regulatory changes.

Impact

Increased competition, reduced consumer demand and the impact of global economic events could negatively impact the overall level of revenue generated by the Group. Coupled with this, the inability to address the fixed and semi fixed nature of the Group's operating cost base and build a flexible cost structure, which is able to respond to regulatory changes, will lead to negative cash flow implications.

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.

ECONOMIC

A significant change in the current cycle of economic growth arising as a result of geopolitical or economic changes leading to a sustained economic slowdown.

Impact

This could negatively impact the Group's business and financial performance.

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.
- While a significant proportion of the Group's cost base is fixed, the Group is focused on continuous improvement in processes to drive efficiency, improve flexibility and proactively manage its cost base.

BREXIT

There are risks and opportunities for the Group associated with the exit of the United Kingdom ("UK") from the European Union.

Impact

Key matters affecting the Shannon Group in relation to Brexit is the potential impact on passenger volumes, particularly on Ireland/UK routes, the potential impact on UK visitor numbers, the implications for border controls, the operation of the Common Travel Area and regulatory divergence.

Mitigation

- Implications for various Brexit scenarios are actively being assessed as part of the Group's risk management process.
- Shannon Group is a member of a number of national fora which assess the impact of Brexit and insofar as possible, influence public and private sector industry, national responses and policy during the negotiation process.
- Potential opportunities are also assessed, and where opportunities arise plans put in place to maximise these opportunities.

INVESTMENTS AND CAPACITY

The management and operation of an airport, property portfolio and historic tourism sites are by their nature capital intensive.

Impact

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

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.
- A planned maintenance and rehabilitation programme is in place for key assets, including airfield pavement structure, commercial properties and other operationally critical assets.

CAPITAL PROJECTS

The Group has plans to make further significant capital investment in line with its 5 year Business Plan.

Impact

There are risks associated with the delivery of significant capital projects including timing, cost (including construction price inflation), health and safety and failure to deliver desired objectives.

Mitigation

- Defined procedures are in place for capital investment programme management, project management and contract and supplier management.

RELIANCE ON CORE CUSTOMERS

The prospect of future air traffic movements at Shannon Airport are dependent, to a significant extent, on the future strategies and financial strengths of core airline customers.

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 could have a material impact on the Group's financial performance.

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 industry and on the competitiveness of its offering and appropriateness of facilities for the needs of its current and prospective customers.
- Diversification of the Group's product offering, targeting new customers and development of new revenue streams are key strategic objectives for the Group to limit the reliance on core customers.

RISK AND GOVERNANCE REPORT *(Continued)*

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 26.

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.

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 further significant capital investment in line with its 5 year Business Plan. The ability to continue delivering this investment plan is contingent on funding from a number of sources, namely additional 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 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.
- The Group ensures compliance with its existing debt covenants.

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 and give rise to potential legal liabilities for 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.
- Insurance is also in place and the level of cover is regularly reviewed.

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 or financial penalties being imposed on the Group

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. The Group could also be negatively impacted by cyber-attacks, data breaches or similar incidents involving a significant disclosure, loss or theft of personal data.

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.

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 that 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 processes and procedures to ensure compliance with the Code of Practice for the Governance of State Bodies (2016) (the "Code") for the year ended 31 December 2018. 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

The seven directors serving on the Board as of the date of approval of the financial statements are listed in the table below. Unless otherwise indicated below they served as directors for the entire year ended 31 December 2018.

Director

Rose Hynes (Chairman)
Matthew Thomas (Chief Executive Officer)
Tom Kelly
Kevin McCarthy
Kathryn O'Leary Higgins
Liam O'Shea
Linda Tynne

Company Secretary

Mary Considine

The period of office of Joe Buckley, Tom Coughlan and Kevin McCarthy as directors of the Board expired with effect from 28 August 2018.

Linda Tynne was appointed and Kevin McCarthy was re-appointed to the Board with effect from 1 December 2018.

RISK AND GOVERNANCE REPORT *(Continued)*

THE BOARD OF DIRECTORS *(Continued)*

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 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, commercial, finance, law, 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

INDEPENDENCE OF DIRECTORS

The directors and secretary who held office at 31 December 2018 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. Rose Hynes is a director of Governing Authority of the University of Limerick. Kevin McCarthy and Linda Tynne 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. Patricia Culligan served as Assistant 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
Matthew Thomas (Chief Executive Officer)	9	9
Joe Buckley	4	5
Tom Coughlan	5	5
Tom Kelly	9	9
Kevin McCarthy	4	6
Kathryn O'Leary Higgins	8	9
Liam O'Shea	9	9
Linda Tynne	1	1

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, and the Health, Safety, Security and Environmental Committee, including their current membership, are set out below.

AUDIT AND RISK COMMITTEE

The company is required under section 167 of the Companies Act, 2014, to establish an Audit 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.

Tom Kelly serves as the chairman of the Audit and Risk Committee. Rose Hynes was appointed to this sub-committee during the year, following the expiration of Tom Coughlan's period of office as a director of the Board. 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	Maximum number of meetings
Tom Kelly	4	4
Tom Coughlan	2	2
Rose Hynes	2	2
Liam O'Shea	4	4

The regular attendees at the Audit and Risk Committee meetings included the Chief Executive Officer, the Deputy CEO – Finance and Corporate Services, the out-sourced Internal Auditor - Deloitte, 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 control;
- reviewing and making a recommendation on the Group's Statement on internal 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.

RISK AND GOVERNANCE REPORT *(Continued)*

AUDIT AND RISK COMMITTEE *(Continued)*

The Committee reviewed the annual financial statements before recommending their approval to the Board. The Committee considered, and discussed with the Chief Executive Officer, the Deputy CEO – Finance and Corporate Services, 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 year, 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 reviewed the remuneration and terms of engagement of KPMG, the independent statutory auditor. The Committee reviewed 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.

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. Tom Kelly was appointed to this sub-committee during the year, following the expiration of Tom Coughlan's period of office as a director of the Board. The Committee met twice during the year and attendance at the Committee meetings is set out in the table below:

Member	Sub-committee meetings attended	Maximum number of meetings
Rose Hynes	2	2
Liam O'Shea	2	2
Tom Coughlan	1	1
Tom Kelly	1	1

The main responsibilities of the Remuneration Committee during the year were to determine the remuneration of the Chief Executive Officer, the pay structures of senior management and to review the on-going 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 28 (b) to the financial statements.

HEALTH, SAFETY, SECURITY AND ENVIRONMENTAL COMMITTEE

The Health, Safety, Security and Environmental Committee comprises three members, including one non-executive member. 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. Matthew Thomas was appointed to this sub-committee during the year. Joe Buckley was re-appointed as a member of the committee by the Shannon Group Board following the expiration of his period of office as a director of the Board. Kevin McCarthy's term as a member of the committee ceased on the expiration of his period of office as a director of the Board.

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	Maximum number of meetings
Kathryn O'Leary Higgins	4	4
Joe Buckley	4	4
Matthew Thomas	2	2
Kevin McCarthy	3	3

The main responsibilities of the Committee during the year 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.

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 a 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 presented to the Board for consideration at each Board meeting. 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;
- 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 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.

RISK AND GOVERNANCE REPORT *(Continued)*

REPORTING REQUIREMENTS

The following disclosures are provided for the year ended 31 December 2018, as required by the Code of Practice for the Governance of State Bodies (2016) and agreed with the Department of Transport, Tourism and Sport.

Travel and subsistence costs charged to the profit and loss account for the year amounted to €0.25 million (national) (2017: €0.26 million) and €0.21 million (international) (2017: €0.22 million). Hospitality and staff wellbeing costs charged to the profit and loss account amounted to €0.07 million (2017: €0.06 million) (employee) and €0.05 million (2017: €0.05 million) (customer). Professional services costs charged to the profit and loss account amounted to €0.53 million (2017: €0.84 million).

Termination payments arising under approved restructuring programmes are set out in Note 3 to the financial statements. There were no legal and settlement payments for concluded and settled legal cases in 2018 or 2017. Amounts relating to staff costs charged to the profit and loss account are set out in Note 6 to the financial statements.

Details of employee benefits for the Group's activities are displayed below[2] .

	Number of employees in band	
€	2018	2017
50,000 - 74,999	139	140
75,000 - 99,999	49	56
100,000 - 124,999	10	5
Over 125,000	10	9

COMPLIANCE STATEMENT

The directors confirm that the Company has been in compliance with the Code of Practice for the Governance of State Bodies (2016) for the year ended 31 December 2018.

[2] Employee benefits comprise all regular earnings, salary, overtime, shift-related, performance-based earnings and other benefits such as medical insurance, but exclude employer pension contributions

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the directors' report and the financial statements in accordance with 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 Parent 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 Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group's profit or loss for that year. In preparing the Group and Parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or Parent Company or to cease operations, or have no realistic alternative but to do so.

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 Parent Company and which enable them to ensure that the financial statements of the Group and Parent Company 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 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 disclosures included in the Directors' report and Risk and governance report reflect the Group's compliance with the Code of Practice for the Governance of State Bodies (2016).

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

On behalf of the Board

Rose Hynes

Rose Hynes
Chairman

Matthew Thomas
Director

29 March 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHANNON GROUP PLC

1 REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Shannon Group plc ('the Company') for the year ended 31 December 2018, which comprise the Consolidated Statement of Profit or Loss, the 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 related notes, including the summary of significant accounting policies set out in note 1. 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.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 31 December 2018 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Parent 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 financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have nothing to report on going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the directors' report and the risk and governance report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information, we report that:

- we have not identified material misstatements in the directors' report;
- in our opinion, the information given in the directors' report is consistent with the financial statements;
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

Opinions on other matters prescribed by the Companies Act 2014

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

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

Matters on which we are required to report by exception

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. We have nothing to report in this regard.

Under the 2016 Code of Practice for the Governance of State Bodies (''the Code'') we are required to report to you if the statement regarding the system of internal control required under the Code, as included in the directors' report does not reflect the Group's compliance with paragraph 1.9 (iv) 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 and we report if it does not.

2 RESPECTIVE RESPONSIBILITIES AND RESTRICTIONS ON USE

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 45, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

The purpose of our audit work and to whom we owe our responsibilities

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

Caroline Flynn
for and on behalf of KPMG
Chartered Accountants,
Statutory Audit Firm

1 Stokes Place
St. Stephen's Green
Dublin 2
29 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2018

	Note	**Total pre exceptional items 2018 €'000**	**Exceptional items (Note 3) 2018 €'000**	**Total 2018 €'000**	Total pre exceptional items 2017 €'000	Exceptional items (Note 3) 2017 €'000	Total 2017 €'000
Revenue	*2*	**77,837**	-	**77,837**	72,239	-	72,239
Cost of sales		**(13,300)**	-	**(13,300)**	(12,255)	-	(12,255)
Gross profit		**64,537**	-	**64,537**	59,984	-	59,984
Administrative expenses		**(57,962)**	**(5,822)**	**(63,784)**	(56,030)	- (636)	(56,666)
		6,575	**(5,822)**	**753**	3,954	(636)	3,318
Other income	*4*	**15,478**	-	**15,478**	5,769	-	5,769
Other expense	*4*	-	-	-	(6)	-	(6)
Operating profit	*5*	**22,053**	**(5,822)**	**16,231**	9,717	(636)	9,081
Finance income	*7*	**30**	-	**30**	34	-	34
Finance expense	*7*	**(554)**	-	**(554)**	(220)	-	(220)
Profit before tax		**21,529**	**(5,822)**	**15,707**	9,531	(636)	8,895
Income tax expense	*8*	**(614)**	-	**(614)**	333	-	333
Profit for the year		**20,915**	**(5,822)**	**15,093**	9,864	(636)	9,228

All operations are continuing.

The notes on pages 55 to 95 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	Total 2018 €'000	Total 2017 €'000
Profit for the year		**15,093**	9,228
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement gains on defined benefit pension liability	*25*	**185**	218
Related deferred tax charge/credit	*13*	**(23)**	(28)
Other comprehensive income, net of tax		**162**	190
Total comprehensive income attributable to equity holder		**15,255**	9,418

The notes on pages 55 to 95 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	2018 €'000	2017 €'000
Assets			
Intangible assets	*9*	**1,149**	1,208
Property, plant and equipment	*10*	**63,952**	63,022
Investment properties	*11*	**109,709**	82,020
Finance lease receivable	*12*	**291**	301
Deferred tax assets	*13*	**70**	101
Non-current assets		**175,171**	146,652
Finance lease receivable	*12*	**32**	32
Inventories	*14*	**2,395**	2,526
Current tax assets		**1,018**	-
Trade and other receivables	*15*	**16,665**	7,296
Other investments	*18*	**230**	9,036
Cash and cash equivalents	*19*	**15,725**	9,789
Current assets		**36,065**	28,679
Total assets		**211,236**	175,331
Equity			
Share capital	*20*	**38**	38
Capital contribution reserve	*20*	**112,275**	112,275
Retained earnings		**39,012**	23,757
Total equity		**151,325**	136,070
Liabilities			
Loans and borrowings	*24*	**18,389**	13,725
Deferred income	*22*	**2,815**	3,163
Provisions	*23*	**2,536**	1,099
Employee benefits	*25*	**563**	809
Non-current liabilities		**24,303**	18,796
Trade and other payables	*21*	**28,281**	18,331
Loans and borrowings	*24*	**3,167**	700
Deferred income	*22*	**354**	354
Provisions	*23*	**3,806**	1,027
Current tax liabilities		**-**	53
Current liabilities		**35,608**	20,465
Total liabilities		**59,911**	39,261
Total equity and liabilities		**211,236**	175,331

The notes on pages 55 to 95 form an integral part of these consolidated financial statements.

On behalf of the Board

Rose Hynes
Chairman

Matthew Thomas
Director

29 March 2019

COMPANY STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	2018 €'000	2017 €'000
Assets			
Financial assets	*17*	**112,275**	112,275
Property, plant and equipment	*10*	**38**	-
Non-current assets		**112,313**	112,275
Trade and other receivables	*15*	**507**	28
Cash and cash equivalents	*19*	**578**	10
Current assets		**1,085**	38
Total assets		**113,398**	112,313
Equity			
Share capital	*20*	**38**	38
Capital contribution reserve	*20*	**112,275**	112,275
Retained earnings		**-**	-
Total equity		**112,313**	112,313
Liabilities			
Trade and other payables	*21*	**1,085**	-
Total current liabilities		**1,085**	-
Total equity and liabilities		**113,398**	112,313

The notes on pages 55 to 95 form an integral part of these financial statements.

On behalf of the Board

Rose Hynes
Chairman

Matthew Thomas
Director

29 March 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2017	38	112,275	14,339	126,652
Profit	-	-	9,228	9,228
Other comprehensive income	-	-	190	190
Total comprehensive income	-	-	9,418	9,418
At 31 December 2017	38	112,275	23,757	136,070
At 1 January 2018	**38**	**112,275**	**23,757**	**136,070**
Profit	-	-	**15,093**	**15,093**
Other comprehensive income	-	-	**162**	**162**
Total comprehensive income	-	-	**15,255**	**15,255**
At 31 December 2018	**38**	**112,275**	**39,012**	**151,325**

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

The notes on pages 55 to 95 form an integral part of these consolidated financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Share capital €'000	Capital contribution reserve €'000	Retained earnings €'000	Total €'000
At 1 January 2017	38	112,275	-	112,313
Profit	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2017	38	112,275	-	112,313
At 1 January 2018	**38**	**112,275**	-	**112,313**
Profit	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
At 31 December 2018	**38**	**112,275**	-	**112,313**

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

The notes on pages 55 to 95 form an integral part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2018

	Note	2018 €'000	2017 €'000
Cash flow from operating activities			
Profit for the year		**15,093**	9,228
Adjustments for:			
Amortisation of capital grants		**(348)**	(350)
Amortisation of intangible assets		**418**	508
Depreciation of property, plant and equipment		**6,097**	5,217
Change in fair value of investment properties		**(15,062)**	(4,604)
Gain on disposal of investment properties		**(412)**	(1,165)
(Gain)/loss on disposal of property, plant and equipment		**(4)**	6
Finance income		**(30)**	(34)
Finance expense		**554**	220
Tax charge/(credit)		**614**	(333)
		6,920	8,693
Changes in:			
- Trade and other receivables		**(9,369)**	(2,437)
- Inventories		**131**	(85)
- Trade and other payables		**9,490**	3,401
- Deferred income		-	(120)
- Provisions		**4,216**	(1,409)
- Employee benefits		**(77)**	(77)
- Finance lease payable		-	(80)
- Finance lease receivable		**10**	7
Cash generated from operating activities		**11,321**	7,893
Interest received and similar income		**30**	54
Interest paid		**(643)**	(95)
Taxation paid		**(1,677)**	(253)
Net cash from operating activities		**9,031**	7,599
Cash flows from investing activities			
Purchases of property, plant and equipment and intangible assets		**(6,645)**	(19,575)
Purchases of investment properties		**(15,214)**	(14,641)
Proceeds from sale of property, plant and equipment		**29**	72
Proceeds from sale of investment properties		**2,693**	5,328
Proceeds from disposal of other investments	*18*	**8,806**	11,996
Net cash used in investing activities		**(10,331)**	(16,820)
Cash flows from financing activities			
Proceeds from loans and borrowings		**7,811**	14,300
Repayment of loans and borrowings		**(575)**	-
Net cash from financing activities		**7,236**	14,300
Net increase in cash and cash equivalents		**5,936**	5,079
Cash and cash equivalents at the beginning of the year		**9,789**	4,710
Cash and cash equivalents at the end of the year	*19*	**15,725**	9,789

COMPANY CASH FLOW STATEMENT
for the year ended 31 December 2018

	Note	2018 €'000	2017 €'000
Cash flow from operating activities			
Profit		-	-
Adjustments for:			
Depreciation of property, plant and equipment		3	-
		3	-
Changes in:			
- Trade and other receivables		(479)	-
- Trade and other payables		1,085	-
Cash generated from operating activities		609	-
Net cash from operating activities		609	-
Cash flows from investing activities			
Purchases of property, plant and equipment		(41)	-
Net cash used in investing activities		(41)	-
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		568	-
Cash and cash equivalents at the beginning of the year		10	10
Cash and cash equivalents at the end of the year	19	578	10

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 and Shannon Commercial Enterprises Limited (formerly Shannon Free Airport Development Company Limited) 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.

The Group and Company financial statements were approved for issuance on 29 March 2019.

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 Acts 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.

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; and
• the defined benefit plan liability is recognised as fair value of plan assets less the present value of the defined benefit plan obligations.

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

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 17. Therefore, these financial statements are the consolidated results of Shannon Group plc, Shannon Airport Authority DAC ("Shannon Airport") and Shannon Commercial Enterprises DAC (which trades as "Shannon Commercial Properties"), together with the results of Shannon Commercial Enterprises DAC's subsidiary company, Shannon Heritage DAC ("Shannon Heritage"), and Shannon Airport Authority DAC's subsidiary companies, SAA Pension Corporate Trustee DAC and SAA Airport Authority Financial Services DAC, for the year ended 31 December 2018.

The results of subsidiary undertakings acquired or disposed of in the year 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 Change in accounting policy - Revenue
The Group has applied IFRS 15 Revenue from Contracts with Customers from its effective date of 1 January 2018. IFRS 15 replaces all existing revenue requirements in IFRS and applies to all revenue arising from contracts with customers unless the contracts are within the scope of other standards, such as IAS 17 'Leases'.

The Group has applied IFRS 15 using the cumulative effect method, therefore the comparative information has not been restated and continues to be recorded under IAS 18 and IAS 17. The accounting policies which were applied in the comparative period are set out below.

There was no impact on the Group's results at 1 January 2018 or during the year ended 31 December 2018 as a result of implementation of the new standard. As such, there are no additional notes required in relation to impact of adoption at 1 January 2018 or to present the results for the year ended 31 December 2018 in accordance with IAS 18.

The standard outlines the principles entities must apply to measure and recognise revenue with the core principle being that entities should recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for fulfilling its performance obligations to a customer.

The principles in IFRS 15 must be applied using the following five step model:
1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when or as the entity satisfies its performance obligations.

The Group operates a number of revenue streams and accordingly applies methods for revenue recognition, based on the principles set out in IFRS 15.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.4 Change in accounting policy - Revenue *(Continued)*
The revenue and profits recognised in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer. Revenue is recognised either when the performance obligation in the contract has been performed, 'point in time' recognition, or 'over time' as control of the performance obligation is transferred to the customer.

Accounting policy effective from 1 January 2018
The following revenue recognition criteria apply to the Group's main income streams for the year ended 31 December 2018.

Aeronautical and related revenue
Aeronautical revenue is recognised net of rebates, on delivery of service to the customer 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 use, recognised on departure of aircraft;
- other charges which are recognised when services are rendered.

Retail revenue
- Retail revenue from the Group's Airport and Tourism businesses is recognised, when control of goods transfers to the customer.

Tourism revenue
- Admission and banqueting revenue is recognised at a point in time on the provision of service to the customer.
- Membership income is recognised over the period to which it relates.
- Management fee from operation of tourism attractions is recognised over the period to which it relates.

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 has determined that it does not have overall control over the provision of the services to the customer it has concluded that it acts in the capacity of an agent rather than as the principal in respect of these arrangements and 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.

Commercial property revenue
- Rental income from investment properties is recognised on a straight-line basis over the lease term. The contracts entered into are long-term lease arrangements.

Airport concession fee and rental revenue
- Concession fee income from commercial concessionaires is recognised based on the transaction price which the entity expects to be entitled to based on the transfer of services to the customer and related revenue, and is recognised over the period that these services are provided.
- Rental income from property on the Airport campus is accounted for on a straight-line basis over the lease term.

Other commercial activities revenue
Revenue from other commercial activities includes:
- Throughput fee for fuel delivery, recognised on delivery of fuel to the aircraft; and
- Car park income, which is recognised at the time of exiting the car park, at which point the service is deemed to be provided to the customer.

Other income
Other income is recognised in accordance with the general provisions above, that is when the service is delivered to the customer (i.e. performance obligation satisfied).

Revenue is disaggregated at the income stream level. All revenue from the Group's income streams is generated in Ireland.

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of certain performance measures.

In determining the amount of revenue and profits to record, and related balance sheet items (such as trade receivables, accrued revenue and deferred income) to recognise in the period, management are required to form a number of judgements and assumptions.

The Group's customer contracts include a diverse range of payment schedules dependent on the nature and type of services being provided. The Group agrees payment schedules at the beginning of contracts under which it receives payments throughout the term of the contracts. These payment schedules may include performance-based payments or progress payments as well as regular monthly or quarterly payments for ongoing service delivery. Payments for transactional goods and services may be at delivery date, in arrears or part payment in advance.

Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income liability for this difference. Where a product or service has been delivered but payments have not yet been recorded the Group recognises an accrued revenue asset for this difference.

Other than where outlined in the above policies all performance obligations are satisfied within the financial year and there are no judgements or assumptions required to estimate transaction price or allocate revenue to performance obligations.

Accounting policy effective prior to 1 January 2018
The following accounting policy was applied to revenue in the comparative period.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.4 Change in accounting policy - Revenue *(Continued)*
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.

For the comparative period the following revenue recognition criteria applied 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.

1.5 Change in accounting policy – Financial Instruments
The Group has applied IFRS 9 Financial Instruments from its effective date of 1 January 2018. The main impact of this standard was a recalculation of the Group bad debt provision, which has been calculated using an expected credit loss model. This did not have a material impact on the Group results.

Accounting policy effective from 1 January 2018

Financial assets and liabilities
The Group's financial assets include trade and other receivables, finance lease receivables, cash and cash equivalents and other investments.

The Group's financial liabilities include trade and other payables and secured bank loans.

Recognition and initial measurement
Financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument. Trade receivables are initially recognised when they are originated.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement
On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.5 Change in accounting policy – Financial Instruments *(Continued)*

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss.

Financial assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Any gain or loss on settlement is recognised in profit or loss.

Impairment losses recorded against financial assets measured at amortised cost are calculated based using an expected credit loss model.

At each reporting date the Group evaluates the recoverability of trade receivables and records allowances for doubtful receivables based on experience. The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of non-recoverability to write off. Loss rates are based on historic data of credit loss experience. It also takes into consideration the Group's view of economic conditions over the expected lives of the receivables.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Impact of adoption of IFRS 9

On adoption of IFRS 9 the Group's financial assets – trade and other receivables, finance lease receivables, cash and cash equivalents and other investments which were previously classified as 'Loans and receivables' are now classified as 'Amortised cost'. There was no change in the carrying amount of these assets as a result of applying IFRS 9 at 1 January 2018.

Financial liabilities

Classification and subsequent measurement

Financial liabilities are classified as measured at amortised cost or fair value through profit or loss. A financial liability is classified as at fair value through profit or loss if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at fair value through profit or loss are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in profit or loss.

Impact of adoption of IFRS 9

On adoption of IFRS 9 the Group's financial liabilities – trade and other payables and secured bank loans which were previously classified as 'Other liabilities' remain classified as 'Other liabilities', with no change in the carrying amount at 1 January 2018.

Accounting policy effective prior to 1 January 2018

Loans and receivables at amortised cost

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.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.5 Change in accounting policy – Financial Instruments *(Continued)*

Loans and payables at amortised cost

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Loans and borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

Impairment of financial assets (including trade and other receivables)

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.

1.6 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.

1.7 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.

1.8 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 control is transferred to the Group.

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 was 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.

1.9 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, significant profit or loss on disposals of assets or operations, 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.

1.10 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.

A 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. Where a gains or loss is deemed significant this is disclosed as an Exceptional item in accordance with 1.9.

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.10 Property, plant and equipment *(Continued)*
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. The estimated useful lives are as follows:

Terminal complexes, airfields and other airport property	10 – 50 years
Industrial and tourist buildings and infrastructure	5– 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.

1.11 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

1.12 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) 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.

1.13 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.

1.14 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.15 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.

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.

1.16 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.

For 2017, under Section 229A (3) of the Taxes Consolidation Act 1997, where the Group's subsidiary company, Shannon Commercial Enterprises DAC, was chargeable to tax under Case V of Schedule D in respect of relevant profits or gains, the relevant profits or gains were reduced by an amount equal to one-third of those relevant profits or gains. For 2018 Case V income is fully liable for corporation tax.

Income from other sources is liable for corporation tax. Shannon Commercial Enterprises DAC is liable for Capital Gains Tax in accordance with Section 36, State Airports (Shannon Group) Act 2014.

1.17 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, where the effect is material, 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.

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 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)*

1.17 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 of the Group's employees 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.

1.18 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
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 in accordance with the revenue recognition criteria in 1.4.

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.

1.19 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.

1.20 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.

1.21 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)*

1.22 New Standards and Interpretations

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 2018, and have not been applied in preparing these financial statements. The most significant of these are outlined below. 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)
IFRS 14: Regulatory Deferral Accounts (30 January 2014)	1 January 2016 (early adoption permitted)	Not endorsed, expected to wait for the final standard.
IFRS 16: Leases (13 January 2016)	1 January 2019	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019	1 January 2019
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	1 January 2019	Not yet endorsed.
Amendments to IAS 28: Long-term interests in Associates and Joint Ventures	1 January 2019	Not yet endorsed.
Annual improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	1 January 2019	Not yet endorsed.
Amendments to IAS 19: Plan amendment, Curtailment or Settlement (issued on 8 February 2018)	1 January 2019	Not yet endorsed.
Amendments to references to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)	1 January 2020	Not yet endorsed.
IFRS 17 Insurance Contracts (issued on 18 May 2017)	1 January 2021	Not yet endorsed.
Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture (September 2014)	Deferred indefinitely (pending outcome of research project on the equity method of accounting)	Endorsement postponed. Awaiting IASB developments.

IFRS 16: Leases: This standard will replace IAS 17: *Leases.* While the changes under IFRS 16 are significant, these will predominantly affect lessees - the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17 will remain largely unchanged. The Group will apply this standard from its effective date of 1 January 2019 and is currently assessing the impact of this standard on the Group financial statements. The main impact is that all operating leases will be recognised on the balance sheet as the distinction between operating and finance leases is removed for lessees, the Group therefore expects to recognise a right of use asset and related financial liability in respect of its existing operating lease commitments in the range of €2.5 million to €3 million (Note 27).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

1. ACCOUNTING POLICIES *(Continued)*

1.22 New Standards and Interpretations *(Continued)*

New standards adopted in the current year
The following new standards and amendments were adopted by the Group for the first time in the current financial reporting period.

Standard	IASB effective date (periods beginning)	EU companies effective date (periods beginning)
Annual Improvements to IFRS 2014 -2016 Cycle (Amendments to IFRS 1 First-time Adoption of IFRSs and IAS 28 Investments in Associates and Joint Ventures)	1 January 2018	1 January 2018
IFRS 9 Financial Instruments (24 July 2014)	1 January 2018	1 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018	1 January 2018
IFRS 15: Revenue from contracts with customers	1 January 2018	1 January 2018
Amendments to IFRS 2: Classification and measurement of share-based payment transactions (20 June 2016)	1 January 2018	1 January 2018
IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018	1 January 2018
Amendments to IAS 40: Transfers of Investment Property (issued December 2016)	1 January 2018	1 January 2018

For all changes to standards above the Group has changed its accounting policies accordingly, which did not have a material impact on the financial results or financial position of the Group.

1.23 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

2. REVENUE

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. In the following table, revenue is disaggregated by major product/service lines and by timing of revenue recognition.

	2018 €'000	2017* €'000
Major product/service lines		
Aeronautical and related revenue	**18,289**	18,285
Retail revenue	**17,741**	16,120
Tourism revenue	**12,036**	10,172
Commercial property revenue	**10,888**	10,038
Airport concession and rental revenue	**9,991**	9,517
Other commercial revenue	**8,892**	8,107
Total revenue	**77,837**	72,239
Timing of revenue recognition		
Performance obligation performed:		
- At a point in time	**58,302**	52,993
- Over time	**19,535**	19,246
Total revenue	**77,837**	72,239

* *As the Group applied IFRS 15 using the cumulative effect method, the comparative information has not been restated. Additional disclosures as required under IFRS 15 have however been presented for comparative purposes.*

Contract assets and contract liabilities
The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

	2018 €'000	2017 €'000
Trade receivables (Note 15)	**4,543**	5,303
Contract assets	**100**	214
Contract liabilities	**(641)**	(959)

Trade receivables comprise invoiced amounts as outlined in Note 15.

Contract assets at the balance sheet date comprise rights to consideration for performance obligations satisfied but not billed. Contract liabilities relate to partially satisfied performance obligations or advance consideration at the year end date. Deferred income as outlined in note 22 relates to Government grants which is recorded as Other income.

No information has been provided in relation to unsatisfied performance obligations at the year end date that have an expected duration of less than one year, as permitted by IFRS 15.

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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

3. EXCEPTIONAL ITEMS

In accordance with the Group's accounting policy, the following items have been presented as exceptional items on continuing operations.

	2018 €'000	2017 €'000
Provision for voluntary severance scheme	**5,822**	636
Exceptional charge	**5,822**	636

Provision for voluntary severance scheme

In November 2016 Shannon Group plc launched a group-wide voluntary severance scheme which was communicated to all eligible employees. The Group incurred exceptional costs of €1.3 million in 2016 and €0.6 million in 2017 in respect of this scheme.

A further phase of this scheme was agreed in 2018, with formal applications received from staff who wished to avail of this scheme, and an exceptional charge of €5.8 million has been recorded in 2018, of which €5.7 million was provided at year end (Note 23). This represents management's best estimate at 31 December 2018 of the expenditure required to meet the Group's obligations in respect of its employees.

4. OTHER INCOME/(EXPENSE)

	2018 €'000	2017 €'000
Net increase in fair value of investment property (Note 11)	**15,062**	4,604
Gain on disposal of investment properties (Note 11)	**412**	1,165
Gain on disposal of property, plant and equipment (Note 10)	**4**	-
Total other income	**15,478**	5,769
Loss on disposal of property, plant and equipment (Note 10)	-	(6)
Total other expense	-	(6)

5. STATUTORY AND OTHER INFORMATION

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

	2018 €'000	2017 €'000
Depreciation	**6,097**	5,217
Amortisation of intangible assets	**418**	508
Amortisation of capital grants	**(348)**	(350)
Operating lease rentals	**363**	370

	2018 €'000	2017 €'000
Auditor's remuneration		
- audit of Group financial statements	**14**	13
- audit of Company financial statements	-	-
- other audit services	**83**	84
- tax advisory services fees	**20**	20
- other non-audit services	-	25
	117	142

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

	2018 €'000	2017 €'000
- Wages and salaries	**22,602**	23,204
- Overtime	**776**	566
- Allowances	**899**	873
Total wages and salaries	**24,277**	24,643
Social welfare costs	**2,536**	2,582
Termination benefits (Note 3)	**5,822**	636
Post-employment benefits (Note 25):		
Defined contribution pension expense	**1,587**	1,517
Other compensation costs	**856**	981
	35,078	30,359

The average number of group employees (full time equivalents) during the year was as follows:	2018	2017
Operations and administration	**430**	435
Commercial	**42**	45
Property	**27**	29
	499	509

Included in the above average numbers are 15 *(2017: 31)* full-time equivalents, who are employed by a subsidiary company, whose cost is fully reimbursed to the Group.

Directors' remuneration

	2018 €	2017 €
Directors' remuneration for the year:		
Fees for services as director	**86,434**	103,543
Other emoluments (including pension contribution)	**363,597**	400,316
	450,031	503,859

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 (2016) and Section 305 of the Companies Act 2014, are provided below.

The following directors served on the board during the year ended 31 December 2018.

	2018 €	2017 €
Fees for the year		
Rose Hynes	21,600	21,600
Joe Buckley	8,298	12,600
Tony Brazil	-	8,298
Tom Coughlan	8,298	12,600
Tom Kelly	12,600	2,347
Michael Leydon	-	8,298
Kevin McCarthy	9,368	12,600
Kathryn O'Leary Higgins	12,600	12,600
Liam O'Shea	12,600	12,600
Matthew Thomas	-	-
Linda Tynne	1,070	-
For services as director during the year	86,434	103,543
Other emoluments		
Salary (including benefit-in-kind)	310,090	343,649
Pension contributions		
- Defined contribution scheme	53,507	56,667
- Defined benefit scheme	-	-
	363,597	400,316
Total directors' remuneration for the year	450,031	503,859

Where a director resigned during the year or prior year the fees above represent the fees paid to the date of resignation.

Joe Buckley, Tom Coughlan and Kevin McCarthy resigned as directors on 28 August 2018 on expiration of their terms of office. Kevin McCarthy was re-appointed as director on 1 December 2018. Linda Tynne was appointed as director on 1 December 2018.

Tom Kelly was appointed as director on 25 October 2017. Tony Brazil and Michael Leydon retired from the Board on 28 August 2017 on expiration of their terms of office.

All other directors served for the full years ended 31 December 2017 and 2018.

In aggregate, the members of the Board were reimbursed for out of pocket travel and other similar expenditures during the year in respect of services as director, disclosed in accordance with the Code of Practice for the Governance of State Bodies (2016), totalling €7,800 (2017: €11,915).

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.

	2018 €	2017 €
Emoluments:		
- Basic salary	175,000	174,530
- Other taxable benefits	24,596	25,147
Total emoluments	199,596	199,677
Pension contributions	43,750	43,750
	243,346	243,427

Total business expenses amounted to €13,448 (2017: €10,165), which are not included in the amounts disclosed above. No performance related pay was paid to the Chief Executive Officer in respect of the years ended 31 December 2018 or 2017.

7.FINANCE INCOME/(EXPENSE)

	2018 €'000	2017 €'000
Interest receivable on short term bank deposits and loan receivable	-	7
Finance lease income receivable (Note 12)	30	27
Finance income	30	34
Interest expense on loans and overdrafts	(538)	(199)
Net interest expense on defined pension scheme (Note 25)	(16)	(20)
Finance lease expense	-	(1)
Finance expense	(554)	(220)

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

8. INCOME TAX EXPENSE/(CREDIT)

	2018 €'000	2017 €'000
Current tax:		
Current tax on profits for the year	775	453
Adjustments in respect of prior period	(169)	(793)
Total current tax	606	(340)
Deferred tax (Note 13):		
Origination and reversal of temporary differences	8	7
Total deferred tax	8	7
Income tax expense/(credit)	614	(333)

Reconciliation of effective tax rate

	2018 €'000	2017 €'000
Profit before tax	15,707	8,895
Profit before tax multiplied by the standard rate of corporation tax in the Republic of Ireland of 12.5%	1,963	1,112
Tax effect of:		
Tax exempt income	-	(449)
Expenses not deductible for tax purposes	146	370
Income taxed at a higher rate	846	676
(Gains)/losses in profit or loss which are not taxable or impact on unrecognised deferred tax	(2,172)	(1,249)
Adjustment in respect of prior periods	(169)	(793)
Tax expense	614	(333)

For 2017, under Section 229A (3) of the Taxes Consolidation Act 1997, where the Group's subsidiary company, Shannon Commercial Enterprises DAC, was chargeable to tax under Case V of Schedule D in respect of relevant profits or gains, the relevant profits or gains were reduced by an amount equal to one-third of those relevant profits or gains. Income from other sources was liable for Corporation Tax.

For 2018 income from all 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

	Computer software €'000	Work in Progress €'000	Total €'000
Computer software			
Cost			
At 1 January 2017	267	642	909
Acquisitions	-	652	652
Transfer from property, plant and equipment	-	343	343
Transfers	1,637	(1,637)	-
At 31 December 2017	1,904	-	1,904
At 1 January 2018	1,904	-	1,904
Acquisitions	-	359	359
Transfer from property, plant and equipment	-	-	-
Transfers	282	(282)	-
At 31 December 2018	2,186	77	2,263
Accumulated Amortisation			
At 1 January 2017	188	-	188
Charge for year	508	-	508
At 31 December 2017	696	-	696
At 1 January 2018	696	-	696
Charge for year	418	-	418
At 31 December 2018	1,114	-	1,114
Net book value			
At 31 December 2018	1,072	77	1,149
At 31 December 2017	1,208	-	1,208
At 31 December 2016	79	642	721

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							
At 1 January 2017	15,966	17,705	24,818	18,267	17,961	1,781	96,498
Additions	-	-	80	-	134	17,832	18,046
Disposals	-	-	(11)	-	(69)	(13)	(93)
Transfer to investment properties	-	-	-	(11,223)	-	(105)	(11,328)
Transfer to intangible assets	-	-	-	-	-	(343)	(343)
Transfers	1,777	14,146	-	385	1,081	(17,389)	-
At 31 December 2017	**17,743**	**31,851**	**24,887**	**7,429**	**19,107**	**1,763**	**102,780**
At 1 January 2018	17,743	31,851	24,887	7,429	19,107	1,763	102,780
Additions	-	-	-	-	100	6,466	6,566
Disposals	-	-	-	-	(501)	-	(501)
Transfer (to)/from investment properties	-	-	-	486	-	-	486
Transfers	415	546	306	105	3,353	(4,725)	-
At 31 December 2018	**18,158**	**32,397**	**25,193**	**8,020**	**22,059**	**3,504**	**109,331**
Accumulated Depreciation							
At 1 January 2017	2,585	3,463	18,353	12,578	8,173	-	45,152
Charge for year	1,077	1,259	673	482	1,726	-	5,217
Disposals	-	-	-	-	(15)	-	(15)
Transfer to investment properties	-	-	-	(10,596)	-	-	(10,596)
At 31 December 2017	**3,662**	**4,722**	**19,026**	**2,464**	**9,884**	**-**	**39,758**
At 1 January 2018	3,662	4,722	19,026	2,464	9,884	-	39,758
Charge for year	1,196	1,899	674	472	1,856	-	6,097
Disposals	-	-	-	-	(476)	-	(476)
At 31 December 2018	**4,858**	**6,621**	**19,700**	**2,936**	**11,264**	**-**	**45,379**
Net book value							
At 31 December 2018	**13,300**	**25,776**	**5,493**	**5,084**	**10,795**	**3,504**	**63,952**
At 31 December 2017	14,081	27,129	5,861	4,965	9,223	1,763	63,022
At 31 December 2016	13,381	14,242	6,465	5,689	9,788	1,781	51,346

Management have considered the carrying value of property, plant and equipment at 31 December 2018 and are satisfied that the carrying value remains appropriate and no impairment indicators exist.

Certain of the Group's assets have been pledged as security against the Group's overdraft facility (Note 26). At 31 December 2018 the net carrying amount of these assets was €1,137,825 *(2017: €1,168,805)*.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

10. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

Company	**Plant, Fixtures and Fittings €**	**Total €**
Cost		
At 1 January 2017	-	-
Additions	-	-
At 31 December 2017	**-**	**-**
At 1 January 2018	-	-
Additions	41	41
At 31 December 2018	**41**	**41**
Accumulated Depreciation		
At 1 January 2017	-	-
Charge for year	-	-
At 31 December 2017	**-**	**-**
At 1 January 2018	-	-
Charge for year (i)	3	3
At 31 December 2018	**3**	**3**
Net book value		
At 31 December 2018	**38**	**38**
At 31 December 2017	-	-
At 31 December 2016	-	-

(i) Depreciation is fully recharged to other group companies.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

11. INVESTMENT PROPERTIES

	2018 €'000	2017 €'000
Group		
At beginning of year	**82,020**	66,155
Additions	**15,394**	14,624
Disposals	**(2,281)**	(4,163)
Transfer (to)/from property, plant and equipment (Note 10)	**(486)**	732
Transfer from available-for-sale financial assets (Note 16)	-	68
Increase in fair value during the year	**15,062**	4,604
At 31 December	**109,709**	82,020

During 2018 investment property rentals of €9,141,000 were included in Revenue *(2017: €8,356,000)*. Expenses relating to the leasing and maintenance of investment properties, included in administrative expenses, total €3,828,000 *(2017: €4,514,000)*.

During the year, the Group disposed of investment properties for proceeds of €2,693,000 *(2017: €5,328,000)* resulting in a gain on disposal of €412,000 *(2017: €1,165,000)*.

The Group's investment properties are stated at fair value as at 31 December 2018. The valuation of investment properties requires a high degree of management judgement.

At 31 December 2018 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 26). The following table summarises the key unobservable inputs applied in the valuation of the Group's investment property at 31 December 2018.

Asset class	Input	2018	2017
Industrial and retail buildings	Range for values per sq. ft.applied[1]	**€4.20 - €39**	€4 - €20
	Weighted average annual rent per sq. ft.[2]	**€4.07**	€4.64
	Equivalent yield - range[2]	**9% - 13.5%**	11% - 13.5%
Office buildings	Range for values per sq. ft.applied[1]	**€10 - €63**	€8 - €59
	Weighted average annual rent per sq. ft.[2]	**€9.84**	€10.59
	Equivalent yield – range[2]	**8.75% - 13.0%**	9.5% - 13.0%
Warehouse buildings	Range for values per sq. ft.applied[1]	**€16 - €73**	€13 - €25
	Weighted average annual rent per sq. ft.[2]	**€5.36**	€5.26
	Equivalent yield - range[2]	**10% - 10.5%**	12.0%
Industrial land	Value per acre - range[1]	**€2,000 - €55,000**	€2,000 - €73,000

[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 €3,505,000 in fair value, whilst a decrease of 5% would result in a fair value decrease of €3,505,000. This is further analysed by property class as follows:

Asset class	2018 Increase of 5% in value €'000	2018 Decrease of 5% in value €'000	2017 Increase of 5% in value €'000	2017 Decrease of 5% in value €'000
Industrial buildings	**843**	**(843)**	595	(595)
Office buildings	**968**	**(968)**	794	(794)
Warehouse buildings	**329**	**(329)**	174	(174)
Industrial land	**1,365**	**(1,365)**	950	(950)
Total	**3,505**	**(3,505)**	2,513	(2,513)

12. FINANCE LEASE RECEIVABLE

Finance lease receivables are payable as follows:

	Future minimum lease payments receivable 2018 €'000	Future minimum lease payments receivable 2017 €'000	Interest receivable 2018 €'000	Interest receivable 2017 €'000	Present value of minimum lease payments 2018 €'000	Present value of minimum lease payments 2017 €'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	**411**	446	**227**	252	**184**	194
	582	617	**259**	284	**323**	333

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)*

13. DEFERRED TAX ASSETS

Recognised deferred tax

Group	2018 €'000	2017 €'000
At beginning of year	**101**	136
Arising on changes in actuarial assumptions	**(23)**	(28)
Charge to Statement of profit or loss (Note 8)	**(8)**	(7)
At end of year	**70**	101

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

Unrecognised deferred tax

At 31 December 2018 the Group has unrecognised deferred tax assets arising as follows.

	2018 €'000	2017 €'000
Unutilised capital losses and temporary differences on fair value of investment properties (i)	**6,038**	7,764
Unutilised tax losses	**717**	578
Unutilised capital allowances	**3,663**	3,854
Other temporary differences	**141**	91
At end of year	**10,559**	12,287

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.

	Asset €'000	Deferred tax Liability €'000	Net Asset €'000
At 1 January 2017	12,531	(178)	12,353
Movement in unrecognised deferred tax arising on:			
Unutilised capital losses and temporary differences on fair value of investment properties (i)	1,651	(169)	1,482
Unutilised tax losses	(957)	-	(957)
Unutilised capital allowances	(392)	-	(392)
Other temporary differences	(199)	-	(199)
At 31 December 2017	12,634	(347)	12,287

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

13. DEFERRED TAX ASSETS *(Continued)*

	Asset €'000	Deferred tax Liability €'000	Net Asset €'000
At 1 January 2018	**12,634**	**(347)**	**12,287**
Movement in unrecognised deferred tax arising on:			
Unutilised capital losses and temporary differences on fair value of investment properties (i)	**(1,349)**	**(377)**	**(1,726)**
Unutilised tax losses	**139**	-	**139**
Unutilised capital allowances	**(191)**	-	**(191)**
Other temporary differences	**50**	-	**50**
At 31 December 2018	**11,283**	**(724)**	**10,559**

(i) The opening and closing deferred tax liability arises entirely on increases in fair value of investment properties. Existing capital losses and those 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.

14. INVENTORIES

Group	2018 €'000	2017 €'000
Finished goods for resale	**2,208**	2,392
Maintenance stock and consumables	**187**	134
	2,395	2,526

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

A total of €11,070,000 (*2017: €10,254,000*) was recognised as an expense and included in 'Cost of sales'. This includes a net Statement of Profit or Loss credit of €29,000 (*2017: charge of €17,000*) 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.

15. TRADE AND OTHER RECEIVABLES

	2018 €'000	2017 €'000
Group		
Trade receivables	**4,543**	5,303
Other receivables	**12,122**	1,993
	16,665	7,296

	2018 €'000	2017 €'000
Company		
Other receivables	**202**	28
Amounts due from subsidiary companies	**245**	-
VAT	**60**	-
	507	28

Amounts due from subsidiary companies arise due to recharges of operating costs.

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

16. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017
	€'000
Group	
At beginning of year	68
Transfer to Investment Properties (Note 11) (i)	(68)
At 31 December	-

(i) Transfer to Investment Properties

The Group's financial asset at 31 December 2016 arose from a financial asset arrangement whereby, in return for the investment of land, the Group had a right for a fixed period to a percentage of rental income. The Group purchased the remaining interest in this asset during 2017. The asset is now 100% owned by the Group and is reflected at fair value in Investment Properties (Note 11).

17. FINANCIAL ASSETS

	2018	2017
	€'000	€'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 DAC	Operation of Shannon Airport (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Commercial Enterprises DAC *(trading as Shannon Commercial Properties)*	Management and development of commercial property portfolio (trading)	100%	Shannon Airport, Shannon, Co. Clare
Shannon Heritage DAC	Operation of medieval banquets and traditional Irish nights and management of heritage visitor attractions (trading)	100% (indirect)	Bunratty Castle, Bunratty, Co. Clare
SAA Pension Corporate Trustee DAC	Pension trustee company	100% (indirect)	Shannon Airport, Shannon, Co. Clare
Shannon Airport Authority Financial Services DAC	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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

18. OTHER INVESTMENTS

	2018	2017
	€'000	€'000
Group		
Other investments	**230**	9,036
	230	9,036

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

19. CASH AND CASH EQUIVALENTS

	2018	2017
	€'000	€'000
Group		
Cash on hand	**15,725**	9,789
	15,725	9,789

As security for its borrowings (Note 24) the Group's subsidiary company, Shannon Airport Authority, has granted its lender an assignment and charge over a bank account. The balance on the account at year end was €901,000 *(2017: €751,000)*.

Company		
Cash on hand	**578**	10
	578	10

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

20. SHARE CAPITAL AND RESERVES

	2018 €'000	2017 €'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 on 5 September 2014 at nil consideration.

21. TRADE AND OTHER PAYABLES

	2018 €'000	2017 €'000
Group		
Trade payables	**806**	605
Accrued expenses	**25,940**	16,345
Social insurance	**985**	1,137
VAT	**550**	244
Current trade and other payables	**28,281**	18,331
Company		
Trade payables	**130**	-
Accrued expenses	**749**	-
Amounts owed to subsidiary companies	**101**	-
Social insurance	**105**	-
Current trade and other payables	**1,085**	-

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

22. DEFERRED INCOME

	2018 €'000	2017 €'000
Government grants (i)	**354**	354
Current deferred income	**354**	354
Government grants (i)	**2,815**	3,163
Non-current deferred income	**2,815**	3,163
Total deferred income	**3,169**	3,517

(i) Government grants

	2018 €'000	2017 €'000
Received		
At 1 January	**12,954**	12,954
Additions	-	-
At 31 December	**12,954**	12,954
Amortisation		
At 1 January	**9,437**	9,087
Amortisation	**348**	350
At 31 December	**9,785**	9,437
Net book value at 1 January	**3,517**	3,867
Net book value at 31 December (Note 29)	**3,169**	3,517

The Group's subsidiary company, Shannon Commercial Properties, received a grant from Fáilte Ireland for 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)*

23. PROVISIONS

	Onerous commitments €'000	Self-insurance provision €'000	Pension commitments €'000	Provision for severance scheme €'000	Other provision €'000	Total €'000
Group						
At 1 January 2017	1,336	711	140	1,334	14	3,535
Provisions used during the year	(320)	(63)	(140)	(1,690)	-	(2,213)
Provisions made during the year	-	128	-	636	40	804
At 31 December 2017	**1,016**	**776**	-	**280**	**54**	**2,126**
At 1 January 2018	**1,016**	**776**	-	**280**	**54**	**2,126**
Provisions used during the year	**(1,016)**	**(220)**	-	**(415)**	-	**(1,651)**
Provisions made during the year	-	**12**	-	**5,822**	**33**	**5,867**
At 31 December 2018	-	**568**	-	**5,687**	**87**	**6,342**
At 31 December 2017						
Current provisions	320	373	-	280	54	1,027
Non-current provisions	696	403	-	-	-	1,099
Total provisions	1,016	776	-	280	54	2,126
At 31 December 2018						
Current provisions	-	**195**	-	**3,524**	**87**	**3,806**
Non-current provisions	-	**373**	-	**2,163**	-	**2,536**
Total provisions	-	**568**	-	**5,687**	**87**	**6,342**

Onerous commitments
At 31 December 2017 the Group had 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 amounts recorded represented management's best estimate of the expenditure required to settle the relevant obligations. These obligations were settled during 2018.

Self-insurance provision
Shannon Airport operates a self-insurance programme which recognises a provision for reported and potential claims. The amount provided at 31 December 2018 reflects amounts settled during the period and a revision to the provision to support management's best estimate of the expenditure required to settle the obligations arising from these claims, based on experience and professional advice obtained.

Provision for severance scheme
In November 2016 Shannon Group plc launched a group-wide voluntary severance scheme offer which was communicated to all eligible employees.

Formal applications were received from staff who wished to avail of this scheme and a provision of €1,334,000 was recorded, which represented management's best estimate at 31 December 2016 of the expenditure required to meet the Group's obligations in respect of its employees. Total payments of €1,690,000 were made in respect of this scheme during 2017, of which €1,054,000 was recorded at 31 December 2016.

A further phase of this scheme was agreed in 2018, with formal applications received from staff who wished to avail of this scheme and an exceptional charge of €5,822,000 was recorded in 2018, of which €415,000 was paid during the year.

The provision of €5,687,000 recorded at 31 December 2018 represents management's best estimate of the expenditure required to meet the Group's obligations in respect of its employees under this scheme. Obligations totalling €3,524,000 are expected to be settled in 2019.

Other provision
At 31 December 2018 the Group has recorded a provision for certain legal matters. The amounts recorded represent management's best estimate of the expenditure required to settle the relevant obligations.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

24. LOANS AND BORROWINGS

	2018 €'000	2017 €'000
Group		
Secured bank loans (i)	**3,167**	700
Current loans and borrowings	**3,167**	700
Secured bank loans (i)	**18,389**	13,725
Non-current loans and borrowings	**18,389**	13,725
Total loans and borrowings	**21,556**	14,425

(i)Secured bank loans

	2018 €'000	2017 €'000
Secured bank loans	**21,556**	14,425

	Currency	Term Years	2018 Face value €'000	2018 Carrying value €'000	2017 Face value €'000	2017 Carrying value €'000
Secured bank loan (a)	EUR	**>15**	**13,725**	**13,725**	14,300	14,425
Secured bank loan (b)	EUR	**8**	**5,500**	**5,512**	-	-
Secured bank loan (b)	EUR	**< 1**	**2,311**	**2,319**	-	-
Total interest-bearing liabilities (Note 26)			**21,536**	**21,556**	14,300	14,425

The Group's bank loans comprise borrowings by its subsidiary companies, Shannon Commercial Properties and Shannon Airport Authority.

(a) In 2017 Shannon Airport Authority, obtained a long-term bank loan to fund the cost of the runway rehabilitation. As security for its borrowings the company has granted its lender an assignment and charge over a bank account, with a balance year end of €901,000 (Note 19). The loan is an amortising facility with periodic repayments of both principal and interest and is subject to a market interest rate. The interest rate is fixed for the first 15 years with stepped pre-agreed increases at pre-determined dates post year 15 if the loan remains outstanding. The company is subject to financial covenants that will remain in place until the loan is repaid in full. The company is in compliance with these financial covenants at the year-end date.

(b) During 2018 Shannon Commercial Properties obtained a development loan and long-term loan to partially fund its capital investment programme. As security for its borrowings the company has granted its lender an assignment and charge over three investment properties and an assignment of the rental income from the secured properties. The development loan is an interest only facility and is subject to a market interest rate. The interest rate is variable. The long-term loan is an amortising facility with periodic repayments of both principal and interest and is subject to a market interest rate. The interest rate is variable. The company is subject to financial covenants that will remain in place until the loans are repaid in full. The company is in compliance with these financial covenants at the year-end date.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

25. 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 2018 and 2017:

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

	2018	2017
	€'000	€'000
Group		
Net defined benefit liability	**(563)**	(809)

Certain of the Group's employees are members of the Aer Rianta Supplemental Superannuation Scheme ("ARSSS") which is a defined benefit scheme operated by daa plc ("daa") and accounted for by the Group's subsidiary company, Shannon Airport Authority DAC ("the Company"), as a defined benefit scheme.

On 31 December 2012, the Company and daa entered in a transfer agreement (the "Business Transfer Agreement") whereby the assets and liabilities of the business of Shannon Airport which had been undertaken by daa were transferred to the Company in accordance with the provisions of the State Airports Act 2004.

Under the terms of the Business Transfer Agreement the Company has a net liability to the ARSSS in respect only of those permanent employees of Shannon Airport who were members of the ARSSS on 31 December 2012 and who transferred to and became employed by the Company on that date.

The ARSSS was frozen as at 31 December 2012. The Company ceased to be a participating employer in the ARSSS however it agreed to continue to pay contributions to the ARSSS in respect of the permanent employees of Shannon Airport who were members of the ARSSS on 31 December 2012 if and when demanded by the trustees of the scheme.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

25. EMPLOYEE BENEFITS *(Continued)*

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

	2018	2017
	€'000	€'000
Contributions expected to be paid to the plan during the annual period beginning after the reporting date (i)	**77**	77

(i) Actual contributions paid in 2018 were €77,000 which reflected an additional contribution paid on instruction from the scheme Trustees, in accordance with a funding proposal. A contribution of €77,000 is expected to be paid in 2019 also.

An actuarial assessment of the scheme was carried out at 31 December 2017 and 2018 by Mercer, the independent professionally qualified firm of actuaries, for the purpose of 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**	
	2018	2017	**2018**	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000	**€'000**	€'000
Fair value at beginning of year	**1,877**	2,001	**(1,068)**	(917)	**809**	1,084
Included in Profit or Loss						
Expected return on plan assets	**-**	-	**(25)**	(20)	**(25)**	(20)
Interest cost	**41**	40	**-**	-	**41**	40
	41	40	**(25)**	(20)	**16**	20
Included in Other Comprehensive Income						
Remeasurement loss/(gain):						
Return on plan assets	**-**	-	**18**	(54)	**18**	(54)
Actuarial (gain)/loss arising from:						
Effect of changes in assumptions	**(184)**	(100)	**-**	-	**(184)**	(100)
Effect of experience adjustments	**(19)**	(64)	**-**	-	**(19)**	(64)
	(203)	(164)	**18**	(54)	**(185)**	(218)
Other						
Employer contributions	**-**	-	**(77)**	(77)	**(77)**	(77)
Members contributions	**-**	-	**-**	-	**-**	-
Benefits paid	**-**	-	**-**	-	**-**	-
Fair value at 31 December	**1,715**	1,877	**(1,152)**	(1,068)	**563**	809

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

25. EMPLOYEE BENEFITS *(Continued)*

Plan assets

Plan assets comprise the following:

	2018		2017	
	Plan assets €'000	**Percentage of plan assets - %**	Plan assets €'000	Percentage of plan assets - %
Equities	**417**	**36.2**	513	48.0
Bonds	**690**	**59.9**	505	47.3
Property	-	-	-	-
Cash	**1**	**0.1**	1	0.1
Other	**44**	**3.8**	49	4.6
	1,152	**100.0**	1,068	100.0

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.

	2018	2017
Discount rate	**2.3%**	2.2%
Rate of price inflation	**1.7%**	1.7%
Rate of increase in salaries	-	-

The discount rate of 2.3% 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:

	2018 Years	2017 Years
Longevity for a male member		
Current active members retiring at age 65 in 25 years' time	**24.2**	25.9
Longevity for a female member		
Current active members retiring at age 65 in 25 years' time	**26.1**	28.0

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

25. 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.

	2018 €'000 Increase/(decrease)	2017 €'000 Increase/(decrease)
Discount rate – 0.5% decrease	**236**	262
Inflation – 0.5% increase	**113**	136

b) 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 year ended 31 December 2018, the total expense recognised was €1,041,961 (*2017: €1,222,336*), none of which was payable at year end (*2017:* €164,442).

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 years ended 31 December 2018 and 2017, 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 year ended 31 December 2018, the total expense recognised was €178,000 (*2017: €198,000*), none of which was payable at year end (*2017: 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 2018, the total expense recognised was €110,922 (*2017: €114,953*). The amount due at year end is *€22,311* (*2017: €26,211*).

Shannon Group plc operates a number of 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 2018, the total expense recognised was €217,799, none of which was payable at year end.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. 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	
	2018	2017
Group	**€'000**	€'000
Trade receivables (Note 15)	**4,543**	5,303
Other receivables (Note 15)	**12,122**	1,993
Finance lease receivable (Note 12)	**323**	333
Other investments (Note 18)	**230**	9,036
Cash and cash equivalents (Note 19)	**15,725**	9,789
Total	**32,943**	26,454
Company		
Trade receivables (Note 15)	-	-
Other receivables (Note 15)	**202**	28
Amounts due from subsidiary companies (Note 15)	**245**	-
Cash and cash equivalents (Note 19)	**578**	10
Total	**1,025**	38

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)*

26. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

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

	2018	2017
	€'000	€'000
Gross trade receivables		
Republic of Ireland	**4,875**	5,990
United Kingdom	**593**	571
Rest of world	**552**	318
At 31 December	**6,020**	6,879

At 31 December 2018, the exposure to credit risk for trade receivables by type of counterparty was as follows:

	2018	2017
	€'000	€'000
Aeronautical customers	**2,214**	2,652
Tourism customers	**564**	602
Commercial property customers	**1,234**	1,431
Airport concession and rental customers	**1,351**	2,002
Other commercial customers	**657**	192
At 31 December	**6,020**	6,879

Trade receivables do not carry interest and are stated net of allowances for doubtful receivables, an analysis of which is provided as follows:

	2018	2017
	€'000	€'000
Allowance for doubtful debts		
At the start of the year	**1,576**	1,591
Amounts charged to operating expenses	**40**	565
Trade receivables written off	**(139)**	(580)
At 31 December	**1,477**	1,576
Net trade receivables (Note 15)	**4,543**	5,303

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

	2018	2017
	€'000	€'000
Within credit terms	**2,551**	2,425
0-30 days past due	**710**	224
31-60 days past due	**989**	1,719
61-90 days past due	**571**	1,211
Greater than 90 days past due	**1,199**	1,300
Total	**6,020**	6,879

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. FINANCIAL RISK MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Expected credit loss assessment for individual customers as at 31 December 2018

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

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of non-recoverability to write-off.

	Weighted-average loss rate	Gross carrying amount €'000	Loss allowance €'000	Credit-impaired €'000
Within credit terms	7.1%	2,551	(182)	2,369
0-30 days past due	20.1%	710	(143)	567
31-60 days past due	23.9%	989	(236)	753
61-90 days past due	19.8%	571	(113)	458
Greater than 90 days past due	67.0%	1,199	(803)	396
Total		6,020	(1,477)	4,543

Loss rates are based on historic data of credit loss experience. It also takes into consideration the Group's view of economic conditions over the expected lives of the receivables.

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.

Cash and cash equivalents and other investments

Cash and cash equivalents and other investments ("cash deposits") are invested with institutions, for which management has 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 (2017: Baa3 or above). The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The expected credit loss is less than €1,000.

(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. During 2018 the Group's subsidiary company, Shannon Commercial Properties, obtained a long-term bank loan to partially fund its capital investment programme (Note 24). During 2017 the Group's subsidiary company, Shannon Airport Authority, obtained a long-term bank loan to fund the cost of the runway rehabilitation. 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 €5 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 used during 2018 and 2017, however was not in use at year end.

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. Implementation of the Group's capital programme will require additional external borrowings. 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. FINANCIAL RISK MANAGEMENT *(Continued)*

(b) Liquidity risk *(Continued)*

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 2018						
Non-derivative financial liabilities						
Trade and other payables	28,281	28,281	28,281	-	-	-
Secured bank loan	21,556	29,350	2,479	1,330	1,473	24,068
Total	49,837	57,631	30,760	1,330	1,473	24,068

		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 2017						
Non-derivative financial liabilities						
Trade and other payables	18,331	18,331	18,331	-	-	-
Secured bank loan	14,425	14,425	313	901	901	12,310
Total	32,756	32,756	18,644	901	901	12,310

(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 exposed to interest rate risk on the secured bank loan held by its subsidiary company, Shannon Airport Authority, as the interest rate is fixed for the entire term. The Group's other secured bank loan and 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 €0.1 million to profit/loss (*2017: €0.2 million*).

(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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. FINANCIAL RISK MANAGEMENT *(Continued)*

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.

Group	Amortised cost €'000	Fair vlue through profit or loss €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
31 December 2018					
Finance lease receivable	**323**	-	-	**323**	-
Trade and other receivables	**16,665**	-	-	**16,665**	-
Other investments	**230**	-	-	**230**	-
Cash and cash equivalents	**15,725**	-	-	**15,725**	-
Total	**32,943**	-	-	**32,943**	
Trade and other payables	-	-	**(28,281)**	**(28,281)**	-
Secured bank loans	-	-	**(21,556)**	**(21,556)**	-
Total	-	-	**(49,837)**	**(49,837)**	

	Loans and receivables €'000	Available-for-sale financial assets €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
31 December 2017					
Finance lease receivable	333	-	-	333	-
Trade and other receivables	7,296	-	-	7,296	-
Other investments	9,036	-	-	9,036	-
Cash and cash equivalents	9,789	-	-	9,789	-
Total	26,454	-	-	26,454	
Trade and other payables	-	-	(18,331)	(18,331)	-
Secured bank loan	-	-	(14,425)	(14,425)	-
Total	-	-	(32,756)	(32,756)	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

26. FINANCIAL RISK MANAGEMENT *(Continued)*

Company	Amortised Cost €'000	Fair Value through Profit or Loss €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
31 December 2018					
Trade and other receivables	507	-	-	507	-
Cash and cash equivalents	578	-	-	578	-
Total	1,085	-	-	1,085	
Trade and other payables	-	-	(1,085)	(1,085)	-
Total	-	-	(1,085)	(1,085)	

	Loans and receivables €'000	Available for sale financial assets €'000	Other financial liabilities €'000	Carrying value €'000	Fair value* €'000
31 December 2017					
Cash and cash equivalents	10	-	-	10	-
Total	10	-	-	10	

*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 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.

Finance leases receivable – 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.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

27. OPERATING LEASES

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

	2018 €'000	2017 €'000
Less than one year	**371**	371
Between one and five years	**851**	1,096
More than five years	**1,961**	2,061
	3,183	3,528

(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:

	2018 €'000	2017 €'000
Less than one year	**8,644**	7,324
Between one and five years	**20,746**	17,757
More than five years	**20,505**	11,444
	49,895	36,525

28. 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. Certain assets held by the Group's subsidiary company, Shannon Airport Authority DAC, are leased to National University of Galway ("NUI Galway") on an arm's length basis. Shannon Group plc and NUI Galway are both under the common control of the State.

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

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 Clare Community Radio Holdings plc (trading as Clare FM), County Tipperary Radio Limited (trading as Tipp FM) and Spin South West Ltd, 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 2018 were €69,926 (*2017: €37,108*). The amount unbilled or billed and not yet paid by the Group at year-end was €4,982 (*2017: €2,706*).

(ii) 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 2018 were €3,836 (*2017: €23,153*). No amounts were unbilled or billed and not yet paid by the Group at year-end (*2017: Nil*).

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

28. RELATED PARTY DISCLOSURES *(Continued)*

Company
Transactions between the Company and its subsidiaries during the financial period relate entirely to the recharge of operating costs.

(b) Key management compensation
Key management includes members of the Group Executive Team. The compensation paid or payable to key management for employee services is shown below:

	2018 €'000	2017 €'000
Group		
Salaries and other short term employee benefits (including social welfare)	**1,350**	1,142
Post-employment benefits	**124**	114
	1,474	1,256

Company
A number of members of the Group Executive team are employed by the Company. The compensation of these employees and remuneration of the directors of the Company is fully recharged to subsidiary companies.

29. COMMITMENTS AND CONTINGENCIES

(a) Capital and other commitments
The value of capital work not completed at 31 December 2018 under contracts entered into by the Group is estimated at €21,314,126 (*2017: €7,745,839*). There was grant aid of €200,000 secured to fund these capital commitments (*2017: Nil*).

(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.

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

31. APPROVAL OF FINANCIAL STATEMENTS
The financial statements were approved by the Board on 29 March 2019.

FURTHER INFORMATION

CONTENTS

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 AWARDS

Shannon Group companies have won over 50 regional, national and international awards since the Group was established in 2014. Here are some of the awards the Group won in 2018:

In November, Shannon Group won two awards at the 8th annual Limerick Chamber Business Awards – 'Best Large Business Award' and overall title of 'Mid-West Business of the Year'. Pictured are (from left) Dr Mary Shire, President, Limerick Chamber of Commerce, Mary Considine, Deputy CEO, Shannon Group, Ray O'Driscoll, Managing Director, Shannon Commercial Properties, Shannon Group, Rose Hynes, Chairman, Shannon Group accepting the award from the event sponsor Professor Vincent Cunnane, President, Limerick Institute of Technology (LIT) and Matthew Thomas, CEO, Shannon Group.

In October, Shannon Airport received major recognition from the European airline community after being chosen as winner of the Airport of the Year Award from the European Regions Airline Association (ERA). This is the airport's third win, having secured the prestigious title in 2014 and 2015. Shannon Group staff are pictured receiving the award.

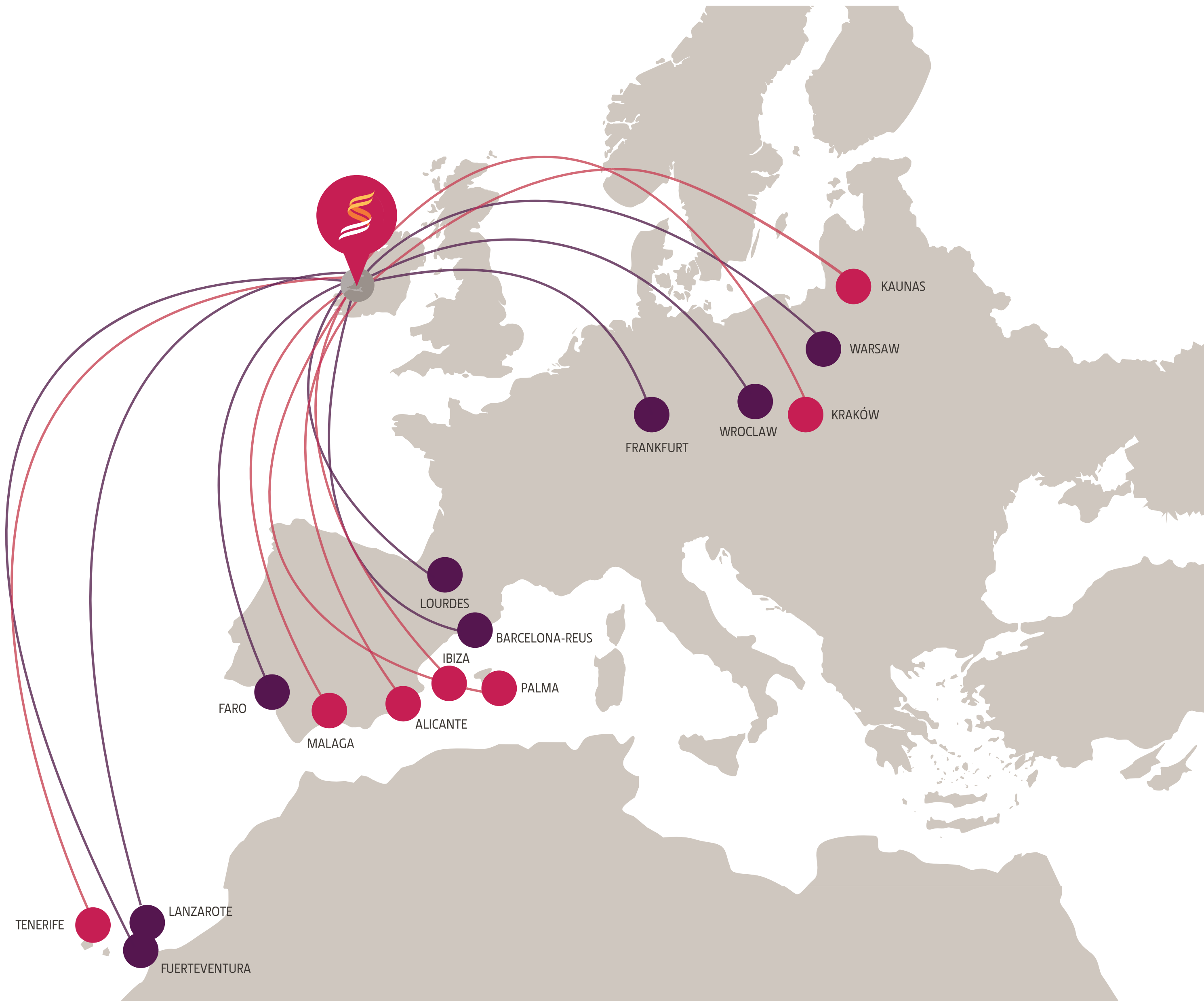
In November, Shannon Commercial Properties won the Regional Excellence award at the 2018 KPMG Irish Independent Property Industry Excellence Awards. Pictured accepting the award is (left) Ray O'Driscoll, Managing Director, Shannon Commercial Properties, with Pat Davitt, CEO, IPAV.

Shannon Airport's Shannon Duty Free was awarded the National Visitor Store of the Year and a place in the Top 5 Stores in Ireland at the Annual Retail Excellence of Ireland Awards in November 2018. Shannon Airport and Shannon Duty Free staff are pictured on stage accepting their award.

SHANNON TO UK FLIGHTS
Summer 2019

shannon AIRPORT
making it easy

SHANNON TO EUROPE FLIGHTS
Summer 2019



SHANNON TO U.S.A./CANADA FLIGHTS
Summer 2019

www.shannongroup.ie