Dublin Airport Authority plc
Extract from
Regulated Entity Accounts

Year Ended 31 December 2007

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Contents *Page*

Statement of accounting policies

for year ended 31 December 2007

Extract from Regulated Entity Accounts

This document comprises an extract from the Regulated Entity Accounts of accounting policies, profit and loss account and associated notes relevant to Dublin Airport. The extract from the financial statements has been prepared in accordance with the following accounting policies.

Basis of Preparation of Regulated Entity Accounts

The format and content of the Regulated Entity Accounts was determined following discussion with the Commission for Aviation Regulation.

For the purpose of preparing the Regulated Entity Accounts pursuant to Section 28(1) of the Aviation Regulation Act 2001, the Regulated Entity comprises Dublin Airport Authority plc (the Company) and three of its subsidiaries, DAA Finance plc, DAA Operations Limited and Halamar Developments Limited. Subsidiary undertakings of Dublin Airport Authority plc not forming part of the Regulated Entity are not consolidated for the purpose of the Regulated Entity Accounts.

The Regulatory Entity Accounts have been prepared by consolidating the audited single company accounts of Dublin Airport Authority plc, the audited statutory accounts of Halamar Developments Limited and DAA Operations Limited and audited financial information for DAA Finance plc for the year ended 31 December 2007 (as the statutory accounts of that company are made up to 28 February).

The Regulated Entity Accounts include financial assets (in particular Aer Rianta International cpt and Derryquin Hotels Limited (formerly Great Southern Hotels Limited)), and attributable interest (net of taxation) and dividends.

The Regulated Entity Accounts are prepared in accordance with generally accepted accounting principles under the historical cost convention, as modified by the revaluation of certain assets if applicable, and comply with financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Chartered Accountants in Ireland.

The accounting policies used in the preparation of the Regulated Entity Accounts accord with those used in the preparation of the audited statutory accounts of Dublin Airport Authority plc, Halamar Developments Limited, DAA Operations Limited and DAA Finance plc.

Statement of accounting policies *(continued)*
for the year ended 31 December 2007

Separated Profit and Loss Accounts
Within the profit and loss account, all costs (and where appropriate, revenues) of the Regulated Entity have been allocated to the airports as set out below:

- Shared and head office activities

  All costs (and where appropriate, revenues) of shared and head office activities are allocated to the airports. Where direct attribution is not possible the revenue and cost is apportioned between each airport on a basis that reflects the causality of the cost with allocations as appropriate. Cost causality implies that costs are attributed to businesses in accordance with the activities which cause the costs to be incurred.

  Employees of shared and head office activities have been allocated to the airports on a basis consistent with the allocation of the attributable payroll costs included in the Regulated Entity Accounts.

- Interest

  Interest on borrowings and deposits attributable to subsidiary undertakings not forming part of the Regulated Entity, which has not been charged/credited to the respective subsidiaries, has been excluded from the airport allocation. Such interest is disclosed separately on the face of the profit and loss account and taxation adjusted accordingly. Regulated Entity interest payable has been allocated to the airports on the basis of intra-group borrowings attributable to these airports and interest receivable has been allocated on the basis of deemed cash balances.

- Taxation

  The tax charge attributable to the airports, comprising corporation tax and deferred tax, has been allocated by pro-rating the current year tax charge/credit (excluding tax on exceptional items) by reference to the profit/loss before exceptional items and tax of the individual airports. Tax on exceptional items is specifically allocated to the airport where the exceptional items arise.

  Amounts receivable for group tax relief from subsidiaries not forming part of the Regulated Entity, where applicable, in excess of the relevant tax value are included within other operational income and excluded from the amounts allocated to each airport.

Financial Assets
Investments in entities (subsidiaries, joint ventures and associates) not forming part of the Regulated Entity are shown in the balance sheet as financial fixed assets and are valued at cost less provisions for impairment in value. Other financial fixed assets are also carried in the balance sheet on the same basis, with income from such assets being recognised on a receivable basis in the profit and loss account.

Turnover
Turnover represents the fair value of goods and services, net of discounts, delivered to external customers excluding value added tax. Where the provision of a service is delivered over a time period, turnover is recognised proportionately to the time elapsed.

Statement of accounting policies *(continued)*
for the year ended 31 December 2007

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

Tangible Fixed Assets and Depreciation
Depreciation is calculated to write off the cost of tangible fixed assets other than land on a straight-line basis over the estimated useful lives as follows:

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

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

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

Capitalisation of Interest
Interest incurred from commencement of activities on separately identifiable major capital projects up to the time that such capital projects are ready for service is capitalised as part of the cost of the assets.

Taxation
Corporation tax is provided at current rates and is calculated on the basis of the results for the year adjusted for taxation purposes.

Full provision without discounting is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard 19 (FRS 19) "Deferred Tax". Provision is made at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax assets are recognised to the extent that they are regarded as recoverable based on the likelihood of there being suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Statement of accounting policies *(continued)*
for the year ended 31 December 2007

Pension and Other Post-Retirement Obligations
The Company operates contributory pension schemes, covering the majority of its employees. The schemes are administered by Trustees and are independent of the Company.

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

For the schemes accounted for as defined benefit schemes:

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

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

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

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

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

Dublin Airport Authority plc – Extract from Regulated Entity Accounts
Year Ended 31 December 2007

Profit and loss account – Dublin Airport

for the year ended 31 December 2007

		2007 €000	2006 €000
Turnover	*1*	**355,972**	308,123
Cost of sales		**(48,929)**	(42,465)
Payroll and related costs	*2*	**(115,025)**	(97,996)
Materials and services	*3*	**(63,954)**	(56,656)
Depreciation and amortisation	*4*	**(40,305)**	(36,274)
		(268,213)	(233,391)
Profit before interest		**87,759**	74,732
Interest		**(3,376)**	(3,243)
Profit on ordinary activities before tax		**84,383**	71,489
Tax on profit on ordinary activities		**(11,352)**	(10,812)
Profit on ordinary activities after tax		**73,031**	60,677

Dublin Airport Authority plc – Extract from Regulated Entity Accounts
Year Ended 31 December 2007

Notes on and forming part of the Extract from Regulated Entity Accounts
for the year ended 31 December 2007

	2007	2006
	€000	€000
1. Turnover		
Airport charges	**158,976**	128,409
Property and concessions	**39,695**	37,573
Direct retailing and retail/catering concessions	**114,272**	100,908
Car parking	**38,521**	37,059
Other activities	**4,508**	4,174
	355,972	308,123

Airport charges

Airport charges are defined in accordance with the Air Navigation and Transport (Amendment) Act 1998, as charges levied in respect of the landing, parking or taking off of an aircraft including the supply of airbridges, charges levied in respect of the arrival at or departure from an airport by air of passengers, or charges levied in respect of the transportation by air of cargo to or from an airport.

	2007	2006
	€000	€000
Runway	**63,088**	50,809
Aircraft parking	**12,074**	9,718
Airbridge	**994**	833
Passenger charges	**77,762**	29,375
Security charges	**8,167**	39,576
Traffic / route incentive schemes	**(3,109)**	(1,902)
	158,976	128,409

Cargo services charges

No separate charges in respect of cargo were levied during the year other than charges generally applicable to the landing, parking or taking off of cargo aircraft (including the supply of airbridges), which are disclosed as airport charges.

Groundhandling

Fees in respect of access to airport installations, levied pursuant to Section 14(3) of Statutory Instrument No. 505 of 1998, European Communities (Access to the groundhandling market at Community airports) Regulations, 1996 (Statutory Instrument No. 505 of 1998), are included in property and concessions above.

Notes *(continued)*
for the year ended 31 December 2007

2. Payroll and related costs

	2007 €000	2006 €000
Wages and salaries	**102,148**	85,764
Social welfare costs	**9,003**	8,144
Pension costs	**4,334**	4,071
Other staff costs	**1,535**	1,572
	117,020	99,551
Staff costs capitalised into fixed assets	**(1,995)**	(1,555)
Net staff costs	**115,025**	97,996

3. Materials and services

	2007 €000	2006 €000
Materials and services include:		
Energy	**3,442**	3,704
Maintenance and cleaning	**12,705**	11,002
Insurance	**4,176**	3,743
Rent and rates	**11,459**	10,774
Marketing and related costs	**5,517**	4,853
Regulatory levy	**2,921**	2,078

4. Depreciation and amortisation

	2007 €000	2006 €000
Depreciation, write-off and loss on disposal of fixed assets	**41,395**	37,246
Amortisation of capital grants	**(1,090)**	(972)
	40,305	36,274

Dublin Airport Authority plc – Extract from Regulated Entity Accounts
Year Ended 31 December 2007

Appendix 1 – Passenger numbers

	2007	**2006**
Embarking	11,596,730	10,519,656
Disembarking	11,626,944	10,567,830
Transit	63,764	108,896
	23,287,438	**21,196,382**

Appendix 2 - Employee figures

Employee figures (average full-time equivalents)

	2007	2006
Dublin	**1,879**	1,742