

Report of independent chartered accountants to the shareholders and Board of Directors of Ryanair Holdings plc

We have audited the accompanying consolidated balance sheets of Ryanair Holdings plc and subsidiaries (Ryanair Holdings plc) at March 31, 2000, 2001 and 2002 and the related consolidated profit and loss accounts, consolidated cash flow statements and consolidated statements of changes in shareholders' equity for the years ended March 31, 2000, 2001 and 2002. These consolidated financial statements are the responsibility of Ryanair Holdings plc's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in Ireland and in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ryanair Holdings plc at March 31, 2000, 2001 and 2002 and the results of their operations and cash flows for the years ended March 31, 2000, 2001 and 2002 in conformity with generally accepted accounting principles in Ireland.

Generally accepted accounting principles in Ireland vary in certain significant respects from generally accepted accounting principles in the United States. Application of generally accepted accounting principles in the United States would have affected results of operations and shareholders' equity for the years ended March 31, 2000, 2001 and 2002 to the extent summarized in Note 31 to the consolidated financial statements.

KPMG

Chartered Accountants

Dublin, Ireland

June 7, 2002, except as to note 28, which is as of September 30, 2002

Consolidated Balance Sheets

	Note	At March 31, 2000 €000	At March 31, 2001 €000	At March 31, 2002 €000
Current assets				
Cash and liquid resources.....		355,248	626,720	899,275
Accounts receivable	2	21,974	8,695	10,331
Other assets	4	6,478	12,235	11,035
Inventories	5	13,933	15,975	17,125
Total current assets		<u>397,633</u>	<u>663,625</u>	<u>937,766</u>
Fixed assets				
Tangible assets.....	3	315,032	613,591	951,806
Financial assets.....		36	36	-
Total assets		<u>712,701</u>	<u>1,277,252</u>	<u>1,889,572</u>
Current liabilities				
Accounts payable	6	22,861	29,998	46,779
Accrued expenses and other liabilities.....	7	107,445	139,406	217,108
Current maturities of long term debt.....	8	9,567	27,994	38,800
Short term borrowings.....	9	3,780	5,078	5,505
Total current liabilities		<u>143,653</u>	<u>202,476</u>	<u>308,192</u>
Other liabilities				
Provisions for liabilities and charges	10	15,279	30,122	49,317
Accounts payable due after one year	6	-	-	18,086
Long term debt.....	8	112,412	374,756	511,703
		<u>127,691</u>	<u>404,878</u>	<u>579,106</u>
Shareholders' funds—equity				
Called-up share capital.....	11	8,892	9,194	9,587
Share premium account.....	11	248,093	371,849	553,457
Profit and loss account		184,372	288,855	439,230
Shareholders' funds—equity		<u>441,357</u>	<u>669,898</u>	<u>1,002,274</u>
Total liabilities and shareholders' funds		<u>712,701</u>	<u>1,277,252</u>	<u>1,889,572</u>

The accompanying notes are an integral part of the financial information.

Consolidated Profit and Loss Accounts

	Note	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Operating Revenues				
Scheduled revenues.....		330,571	432,940	550,991
Ancillary revenues		39,566	54,465	73,059
Total operating revenues—continuing operations	18	<u>370,137</u>	<u>487,405</u>	<u>624,050</u>
Operating expenses				
Staff costs	19	(48,533)	(61,222)	(78,240)
Depreciation and amortization.....		(44,052)	(59,175)	(59,010)
Other operating expenses	20	(193,497)	(252,997)	(323,867)
Total operating expenses.....		<u>(286,082)</u>	<u>(373,394)</u>	<u>(461,117)</u>
Operating profit—continuing operations.....	21	<u>84,055</u>	<u>114,011</u>	<u>162,933</u>
Other income/(expenses)				
Interest receivable and similar income.....		7,498	19,666	27,548
Interest payable and similar charges	22	(3,781)	(11,962)	(19,609)
Foreign exchange gains		1,358	1,621	975
Gain on disposal of fixed assets.....		964	52	527
Total other income/(expenses)		<u>6,039</u>	<u>9,377</u>	<u>9,441</u>
Profit on ordinary activities before tax		90,094	123,388	172,374
Tax on profit on ordinary activities.....	23	(17,576)	(18,905)	(21,999)
Profit for the financial year		<u>72,518</u>	<u>104,483</u>	<u>150,375</u>
Basic earnings per ordinary share euro cent	25	10.81	14.81	20.64
Diluted earnings per ordinary share euro cent	25	10.74	14.63	20.32
Number of ordinary shares (adjusted for 2:1 share splits on February 28, 2000 and December 7, 2001).....	25	670,956,790	705,622,802	728,726,484
Number of diluted shares		675,361,286	714,195,716	739,961,901

The accompanying notes are an integral part of the financial information.

Consolidated Cash Flow Statements

	Note	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Net cash inflow from operating activities	27(a)	149,575	229,802	333,747
Returns on investments and servicing of finance				
Interest received		5,266	14,303	30,193
Interest paid		(3,229)	(8,667)	(19,830)
Interest paid on finance leases		(84)	(67)	(3)
Net cash inflow from returns on investments and servicing of finance		1,953	5,569	10,360
Taxation				
Corporation tax paid		(15,545)	(13,813)	(5,071)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(155,099)	(356,669)	(397,225)
Sales of tangible fixed assets		1,020	456	563
Net cash (outflow) from capital expenditure		(154,079)	(356,213)	(396,662)
Net cash (outflow) before financing and use of liquid resources		(18,096)	(134,655)	(57,626)
Financing and management of liquid resources				
Loans raised		101,851	292,882	175,746
Debt repaid		(4,381)	(11,825)	(27,886)
Issue of share capital		122,470	128,607	188,331
Share issue costs		(4,595)	(4,549)	(6,330)
Capital element of finance leases		(483)	(286)	(107)
Financing		214,862	404,829	329,754
(Increase) in liquid resources	27(c)	(196,110)	(230,633)	(251,241)
Net cash inflow from financing and management of liquid resources		18,752	174,196	78,513
Increase in cash	27(d)	656	39,541	20,887

The accompanying notes are an integral part of the financial information.

Consolidated Statements of Changes in Shareholders' Funds-Equity

	Ordinary shares €000	Share premium account €000	Profit and loss account €000	Total €000
Balance at March 31, 1999	8,503	130,607	111,854	250,964
Issue of ordinary equity shares (net of issue costs)	389	117,486	-	117,875
Profit for the financial year	-	-	72,518	72,518
Balance at March 31, 2000	8,892	248,093	184,372	441,357
Issue of ordinary equity shares (net of issue costs)	302	123,756	-	124,058
Profit for the financial year	-	-	104,483	104,483
Balance at March 31, 2001	9,194	371,849	288,855	669,898
Issue of ordinary equity shares (net of issue costs)	393	181,608	-	182,001
Profit for the financial year	-	-	150,375	150,375
Balance at March 31, 2002	<u>9,587</u>	<u>553,457</u>	<u>439,230</u>	<u>1,002,274</u>

Details of movements in the number of shares and in the share premium account are set out in Note 11.

The accompanying notes are an integral part of the financial information.

Notes forming part of the Financial Information (Continued)

1a Business activity

Ryanair Limited and subsidiaries (the Group or Ryanair Limited) has operated as an international airline since it commenced operations in 1985. On August 23, 1996 Ryanair Holdings Limited, a newly formed holding company, acquired the entire issued share capital of Ryanair Limited. On May 16, 1997 Ryanair Holdings Limited re-registered as a public limited company, Ryanair Holdings plc (the Company). Ryanair Holdings plc and subsidiaries are hereafter referred to as Ryanair Holdings plc (the Group or Ryanair Holdings). All trading activity continues to be undertaken by the Group of companies headed by Ryanair Limited.

1b Significant accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's financial statements. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the U.K. and Ireland under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. Where possible, however, financial information has been presented in accordance with the presentation and terminology of United States (U.S.) GAAP except where such presentation is not consistent with U.K. and Irish GAAP. A summary of the differences between U.K. and Irish GAAP and U.S. GAAP as applicable to the Group is set out in Note 31.

Basis of preparation

The preparation of the financial statements in conformity with generally accepted accounting principles in the U.K. and Ireland requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

The consolidated financial statements are prepared in euro.

The euro as reporting currency

Effective January 1, 1999 the euro was introduced as the common legal currency of eleven member states of the European Economic and Monetary Union, including Ireland. The Company has adopted the euro as its reporting currency for fiscal periods beginning after January 1, 1999 and has restated prior year financial statements which were in Irish pounds into euro at the official fixed rate of IR£0.787564 to the euro, the conversion rate on January 1, 1999.

Prior to the introduction of the euro, the currencies of other euro area countries fluctuated against the Irish pound, but because the euro did not exist prior to January 1, 1999, historical exchange rates for the euro are not available. Accordingly, while the financial statements restated in euro depict the same trends as would have been shown had they been presented in Irish pounds, they will, however, not be comparable with the euro financial statements of other companies that had historically used a reporting currency other than the Irish pound.

Basis of consolidation

The Group's consolidated financial statements comprise the consolidated financial statements of Ryanair Holdings plc and its subsidiary undertakings for the years ended March 31, 2000, March 31, 2001 and March 31, 2002.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Upon the acquisition of a business, fair values are attributed to the separable net assets acquired. In the Company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Goodwill arising on acquisitions prior to March 31, 1998 has been written off against the profit and loss account.

A separate profit and loss account for the Company is not presented, as provided by Section 3 (2) of the Companies (Amendment) Act 1986. The retained profit for the year attributable to the Company was €Nil (2001: €Nil, 2000: €Nil).

Operating revenues

Operating revenues comprise the invoiced value of airline and other services, net of passenger taxes. Revenue from the sale of flight seats is recognized in the period in which the service is provided. Unearned revenue represents flight seats sold but not yet flown and is included in accrued expenses and other liabilities and released to the profit and loss account as passengers fly. Unused tickets are recognized as revenue on a systematic basis.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and provisions for impairments, if any. Depreciation is calculated to write off the cost, less estimated residual value, of assets on a straight line basis over their expected useful lives at the following annual rates:

Plant and equipment	20-33.3%
Fixtures and fittings.....	20%
Motor vehicles.....	33.3%
Land and Buildings.....	5%

Aircraft are depreciated over their estimated useful lives to estimated residual values. The current estimates of useful lives and residual values are:

<u>Aircraft Type</u>	<u>Useful Life</u>	<u>Residual Value</u>
Boeing 737-200's	20 years from date of manufacture	\$1 million
Boeing 737-800's	23 years from date of manufacture	15% of original cost

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential reflecting the maintenance condition of its engines and airframe. This cost is amortized over the shorter of the period to the next check or the remaining life of the aircraft. The costs of subsequent major airframe and engine maintenance checks are capitalized and amortized over the shorter of the period to the next check or the remaining life of the aircraft.

Advance payments and option payments made in respect of aircraft purchase commitments and options to acquire aircraft are recorded at cost and separately disclosed. On acquisition of the related aircraft, these payments are included as part of the cost of aircraft and are depreciated from that date.

Financial Fixed Assets

Financial fixed assets are shown at cost less provisions for impairments, if any.

Inventories

Inventories, principally representing rotatable aircraft spares, are stated at the lower of cost and net realizable value. Cost is based on invoiced price on an average basis for all stock categories. Net realizable value is calculated as estimated selling price net of estimated selling costs.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Foreign currency

Transactions arising in currencies other than the euro are translated into euro at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are generally stated at the rates of exchange prevailing at the year end and all exchange gains or losses are accounted for through the profit and loss account.

Derivative financial instruments

The Group enters into transactions in the normal course of business using a variety of derivative financial instruments in order to hedge against its exposures to fluctuating aircraft fuel prices and changes in foreign exchange and interest rates. Derivative financial instruments are utilized to cap aircraft fuel prices, foreign exchange and interest rate exposures. Gains and losses on derivative financial instruments are recognized in the profit and loss account when realized as an offset to the related income or expense, as the Group does not enter into any such transactions for speculative purposes.

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is provided under the liability method in respect of timing differences between tax and accounting treatments. Net deferred tax assets are not recognized except to the extent that they are expected to be recoverable without replacement by equivalent asset balances.

Leases

Assets held under finance leases are capitalized in the balance sheet and are depreciated over their estimated useful lives. The present values of the future lease payments are recorded as obligations under finance leases and the interest element of the lease obligation is charged to the profit and loss account over the period of the lease in proportion to the balances outstanding.

Expenditure arising under operating leases is charged to the profit and loss account as incurred.

Aircraft maintenance costs

The accounting for the cost of providing major airframe and engine maintenance checks is described in the accounting policy for tangible fixed assets and depreciation.

All other maintenance costs are expensed as incurred.

Pension costs

The Group operates both defined benefit and defined contribution schemes. In relation to the defined benefit scheme the cost of providing pensions to employees is charged to the profit and loss account on a systematic basis over the service lives of those employees. Pension costs are determined by an actuary by reference to a funding plan and funding assumptions. The regular pension cost is expressed as a substantially level proportion of current and expected future pensionable payroll. Variations from regular cost are spread over the remaining service lives of the current employees.

To the extent that the pension cost is different from the cash contribution to the pension scheme, a provision or prepayment is recognized in the balance sheet.

The cost of providing the defined contribution benefit plan is expensed as incurred.

Notes forming part of the Financial Information (Continued)

1b Significant accounting policies (Continued)

Government grants

Capital government grants received are shown as deferred income and credited to the profit and loss account on a basis consistent with the depreciation policy of the relevant assets. Revenue grants are credited to the profit and loss account when conditions for receipt are met and it is likely the grant will be received.

Statement of cash flows

Cash represents cash held at bank available on demand, offset by bank overdrafts.

Liquid resources comprise bank fixed deposits with maturities of greater than one day. These deposits are readily convertible into known amounts of cash.

New accounting policies and requirements

In fiscal 2002, the Group was required to implement the transitional requirements of Financial Reporting Standard 17 "Retirement Benefits," and will be required to implement this standard in full in fiscal 2003. The company was required to implement Financial Reporting Standard 18 "Accounting Policies" and Financial Reporting Standard 19 "Deferred tax" in full in fiscal 2002. The adoption of these standards has not, and is not expected to have a material impact on the Group's results.

2 Accounts receivable

	<u>At March 31, 2000</u>	<u>At March 31, 2001</u>	<u>At March 31, 2002</u>
	€000	€000	€000
Trade receivables.....	22,406	9,097	10,690
Provision for doubtful debts.....	<u>(432)</u>	<u>(402)</u>	<u>(359)</u>
	<u>21,974</u>	<u>8,695</u>	<u>10,331</u>

All amounts fall due within one year.

The movement in the provision for bad debts is as follows:

	<u>Balance at beginning of year</u>	<u>Additions charged to expense</u>	<u>Deductions</u>	<u>Balance at end of year</u>
	€000	€000	€000	€000
Year ended March 31, 2000.....	428	76	(72)	432
Year ended March 31, 2001.....	432	72	(102)	402
Year ended March 31, 2002.....	<u>402</u>	<u>-</u>	<u>(43)</u>	<u>359</u>

Notes forming part of the Financial Information (Continued)

3 Tangible fixed assets

	<u>Aircraft</u> €000	<u>Land & Buildings</u> €000	<u>Plant & Equipment</u> €000	<u>Fixtures & Fittings</u> €000	<u>Motor Vehicles</u> €000	<u>Total</u> €000
<i>(i) Year ended March 31, 2000</i>						
Cost						
At March 31, 1999.....	260,323	5,154	1,530	5,535	772	273,314
Additions.....	153,528	-	502	974	117	155,121
Disposals.....	-	-	(2)	(1)	(113)	(116)
At March 31, 2000.....	<u>413,851</u>	<u>5,154</u>	<u>2,030</u>	<u>6,508</u>	<u>776</u>	<u>428,319</u>
Depreciation						
At March 31, 1999.....	66,459	902	660	1,570	230	69,821
Charge for year.....	41,463	334	309	1,152	286	43,544
Disposals.....	-	-	(2)	(1)	(75)	(78)
At March 31, 2000.....	<u>107,922</u>	<u>1,236</u>	<u>967</u>	<u>2,721</u>	<u>441</u>	<u>113,287</u>
Net book value						
At March 31, 2000.....	<u>305,929</u>	<u>3,918</u>	<u>1,063</u>	<u>3,787</u>	<u>335</u>	<u>315,032</u>
	<u>Aircraft</u> €000	<u>Land & Buildings</u> €000	<u>Plant & Equipment</u> €000	<u>Fixtures & Fittings</u> €000	<u>Motor Vehicles</u> €000	<u>Total</u> €000
<i>(ii) Year ended March 31, 2001</i>						
Cost						
At March 31, 2000.....	413,851	5,154	2,030	6,508	776	428,319
Additions.....	355,030	-	340	982	317	356,669
Disposals.....	-	-	(6)	(442)	(96)	(544)
At March 31, 2001.....	<u>768,881</u>	<u>5,154</u>	<u>2,364</u>	<u>7,048</u>	<u>997</u>	<u>784,444</u>
Depreciation						
At March 31, 2000.....	107,922	1,236	967	2,721	441	113,287
Charge for year.....	55,311	176	375	1,463	381	57,706
Disposals.....	-	-	-	(67)	(73)	(140)
At March 31, 2001.....	<u>163,233</u>	<u>1,412</u>	<u>1,342</u>	<u>4,117</u>	<u>749</u>	<u>170,853</u>
Net book value						
At March 31, 2001.....	<u>605,648</u>	<u>3,742</u>	<u>1,022</u>	<u>2,931</u>	<u>248</u>	<u>613,591</u>
	<u>Aircraft</u> €000	<u>Land & Buildings</u> €000	<u>Plant & Equipment</u> €000	<u>Fixtures & Fittings</u> €000	<u>Motor Vehicles</u> €000	<u>Total</u> €000
<i>(iii) Year ended March 31, 2002</i>						
Cost						
At March 31, 2001.....	768,881	5,154	2,364	7,048	997	784,444
Additions.....	394,813	1,404	363	493	152	397,225
Disposals.....	-	-	-	-	(163)	(163)
At March 31, 2002.....	<u>1,163,694</u>	<u>6,558</u>	<u>2,727</u>	<u>7,541</u>	<u>986</u>	<u>1,181,506</u>
Depreciation						
At March 31, 2001.....	163,233	1,412	1,342	4,117	749	170,853
Charge for year.....	56,619	229	409	1,394	359	59,010
Disposals.....	-	-	-	-	(163)	(163)
At March 31, 2002.....	<u>219,852</u>	<u>1,641</u>	<u>1,751</u>	<u>5,511</u>	<u>945</u>	<u>229,700</u>
Net book value						
At March 31, 2002.....	<u>943,842</u>	<u>4,917</u>	<u>976</u>	<u>2,030</u>	<u>41</u>	<u>951,806</u>

Notes forming part of the Financial Information (Continued)

3 Tangible fixed assets (Continued)

At March 31, 2002, aircraft with a net book value of €631,833,409 (at March 31, 2001, €455,650,699; at March 31, 2000, €126,483,592) were mortgaged to lenders as security for loans. Under the security arrangements for the Group's new 737-800 aircraft, the Group does not hold legal title to those aircraft while related loan amounts remain outstanding.

At March 31, 2002, the net book value of fixed assets held under finance leases was €164,590 (at March 31, 2001, €363,313, at March 31, 2000, €585,748). Depreciation on these assets for the years ended March 31, 2002, March 31, 2001 and March 31, 2000 amounted to €198,723, €222,435 and €485,756, respectively.

At March 31, 2002, the cost and net book value of aircraft include €199,044,581 in respect of advance payments on aircraft (at March 31, 2001: €51,488,310; at March 31, 2000: €87,463,400). This amount is not depreciated.

4 Other assets

	At March 31,		
	2000	2001	2002
	€000	€000	€000
Prepayments	5,155	2,466	3,456
Interest Receivable	1,322	8,662	6,117
Value Added Tax recoverable.....		1,107	1,462
Other receivables and deposits.....	1	-	-
	6,478	12,235	11,035

All amounts fall due within one year.

5 Inventories

	At March 31,		
	2000	2001	2002
	€000	€000	€000
Aircraft spares	13,322	14,336	15,712
Duty free and other inventories	611	1,639	1,413
	13,933	15,975	17,125

There are no material differences between the replacement cost of inventories and the balance sheet amounts.

6 Accounts payable

Accounts payable: represents trade creditors payable within one year.

Accounts payable falling due after one year: consists entirely of the long term obligations arising from an engine maintenance contract. The total amount due under such contract is €24,652,000, of which €6,566,000 is due within one year from March 31, 2002, €6,566,000 is due within one to two years from such date and the remainder of €11,520,000 is due within two to five years from such date.

Notes forming part of the Financial Information (Continued)

7 Accrued expenses and other liabilities

	At March 31,		
	2000	2001	2002
	€000	€000	€000
Current:			
Accruals	20,789	28,924	48,398
Taxation	40,243	31,717	53,341
Unearned revenue.....	<u>46,413</u>	<u>78,765</u>	<u>115,369</u>
	<u>107,445</u>	<u>139,406</u>	<u>217,108</u>

Taxation above comprises:

	At March 31,		
	2000	2001	2002
	€000	€000	€000
PAYE (payroll taxes).....	2,326	2,766	3,114
Corporation tax.....	18,581	8,830	6,563
Other tax (including foreign travel duty)	<u>19,336</u>	<u>20,121</u>	<u>43,664</u>
	<u>40,243</u>	<u>31,717</u>	<u>53,341</u>

8 Maturity analysis of long term debt

	March 31,		
	2000	2001	2002
	€000	€000	€000
Due within one year:			
Secured debt	9,247	27,887	38,799
Obligations under finance leases	<u>320</u>	<u>107</u>	<u>1</u>
	<u>9,567</u>	<u>27,994</u>	<u>38,800</u>
Due between one and two years:			
Secured debt	9,556	27,111	40,499
Obligations under finance leases	51	1	-
Due between two and five years:			
Secured debt	31,250	91,860	136,545
Obligations under finance leases	23	-	-
Due after five years:			
Secured debt	<u>71,532</u>	<u>255,784</u>	<u>334,659</u>
	<u>112,412</u>	<u>374,756</u>	<u>511,703</u>
	<u>121,979</u>	<u>402,750</u>	<u>550,503</u>

Notes on long term debt other than finance leases

(i) June 1996 property facility

At March 31, 2000, March 31, 2001 and March 31, 2002, the Group had borrowings of €476,000, €158,717 and €nil respectively, arranged through a term loan with Allied Irish Banks plc to finance the purchase of property. The term loan was secured with a first legal charge over the property at Conyngham Road, Dublin 8. The loan was originally drawn down in June 1996. The loan bore interest at 7.61% per annum and was repayable in quarterly installments over five years.

(ii) ABN AMRO Bank N. V. 1999 aircraft facility

At March 31, 2000, March 31, 2001 and March 31, 2002, the Group had borrowings equivalent to €121,108,551, €402,482,984, and €540,510,604, respectively, in respect of a partial

Notes forming part of the Financial Information (Continued)

8 Maturity analysis of long term debt (Continued)

drawdown of a loan facility provided by ABN AMRO Bank N.V. on the basis of a guarantee provided by the Export-Import Bank of the United States to finance the acquisition of twenty-five 737-800 “next generation” aircraft. The guarantee is secured with a first fixed mortgage on the delivered aircraft. At March 31, 2002, the Company had taken delivery of twenty of these aircraft.

(iii) CAE Financing

At March 31, 2002, the Group had other borrowings equivalent to €9,990,753 (2001: €nil, 2000: €nil). This loan has been provided by Export Development Canada, a Canadian government agency, to finance the acquisition of an aircraft simulator. The loan was originally drawn down in February 2002. A Canadian governmental guarantee of the financing is secured with a mortgage on the delivered aircraft simulator.

(iv) Maturity of long term debt other than finance leases

The following table sets out the maturities of the loans described above, analyzed by year of repayment:

<u>Years ending March 31,</u>	<u>At March 31, 2002</u>
	€000
2003	38,799
2004	40,499
2005	42,888
2006	45,502
2007-2014	382,814
	<u>550,502</u>

(v) Analysis of changes in borrowings during the year

	Bank Loans €000	Finance Leases €000	Total Fiscal 2002	Total Fiscal 2001	Total Fiscal 2000
Opening balance at start of year ...	402,642	108	402,750	121,979	24,969
Loans raised to finance aircraft purchase/simulator.....	175,746	-	175,746	292,882	101,874
Payments of amounts borrowed....	<u>(27,886)</u>	<u>(107)</u>	<u>(27,993)</u>	<u>(12,111)</u>	<u>(4,864)</u>
Closing balance at end of year...	<u>550,502</u>	<u>1</u>	<u>550,503</u>	<u>402,750</u>	<u>121,979</u>

Notes forming part of the Financial Information (Continued)

9 Short term borrowings

	At March 31,		
	2000	2001	2002
	€000	€000	€000
Bank overdrafts (represented by unrepresented cheques)	<u>3,780</u>	<u>5,078</u>	<u>5,505</u>

10 Provisions for liabilities and charges

	At March 31,		
	2000	2001	2002
	€000	€000	€000
<i>Deferred taxation: (see Note 23)</i>			
At beginning of year	11,277	15,279	30,122
Charge for the year	<u>4,002</u>	<u>14,843</u>	<u>19,195</u>
At end of year	<u>15,279</u>	<u>30,122</u>	<u>49,317</u>

11 Share capital and share premium account

(a) Share Capital

	At March 31,		
	2000	2001	2002
	€000	€000	€000
Authorized:			
840,000,000 ordinary equity shares of 1.27 euro cent each	<u>10,668</u>	<u>10,668</u>	<u>10,668</u>
Allotted, called up and fully paid:			
700,299,256 ordinary equity shares of 1.27 euro cent each at March 31, 2000 and 724,106,728 ordinary equity shares of 1.27 euro cent each at March 31, 2001 and 755,030,716 ordinary equity shares of 1.27 euro cent each at March 31, 2002	<u>8,892</u>	<u>9,194</u>	<u>9,587</u>

On February 28, 2000, the Company implemented a sub-division of the Company's ordinary shares of IR 4 pence into IR 2 pence/€2.54 cent (the "2000 stock split"). Both the share capital and earnings per share have been restated to give effect to the 2000 stock split.

On December 7, 2001, the Company implemented a further sub-division of the Company's ordinary shares of €2.54 cent into ordinary shares of €1.27 cent ("the 2001 stock split"). Both the share capital and earnings per share have been restated to give effect to the 2001 stock split.

In March 2000, €122,469,633 was raised, before the deduction of issue costs from the issue of an additional 30,600,000 ordinary shares.

In February 2002 and 2001, €187,500,000 and €127,600,000 were raised, before deduction of issue costs from the issue of an additional 30,000,000 and 22,000,000 ordinary shares respectively.

A further 923,988 ordinary shares were issued during 2002 upon the exercise of options.

The purpose of the March 2000, February 2001 and February 2002 share issues was to raise finance for general corporate purposes, including the Company's aircraft fleet purchase program.

A further 923,988 ordinary shares were issued during 2002 upon the exercise of options (2001: 1,807,472).

Notes forming part of the Financial Information (Continued)

11 Share capital and share premium account (Continued)

(b) Share premium account

	€000
Balance at March 31, 1999	<u>130,607</u>
Share premium arising on issue of 30,600,000 ordinary shares	122,081
Cost of share issue	<u>(4,595)</u>
Balance at March 31, 2000	<u>248,093</u>
Share premium arising on issue of 22,000,000 ordinary shares	127,321
Share premium arising on issue of 1,807,472 options	984
Cost of share issue	<u>(4,549)</u>
Balance at March 31, 2001	<u>371,849</u>
Share premium arising on issue of 30,000,000 ordinary shares	187,119
Share premium arising on issue of 923,988 options	819
Cost of share issue	<u>(6,330)</u>
Balance at March 31, 2002	<u>553,457</u>

(c) Share options and share purchase arrangements

On May 21, 1997 the Company granted to each of seven senior managers options over ordinary shares with an equivalent value of IR£200,000 (€253,948) each at the Initial Public Offering (the “IPO”) strike price of IR£1.95 (€2.48) less a discount of 10%, resulting in the issue of 717,948 options (equivalent to 2,871,792 after the stock splits in both December, 2001 and February, 2000). Since May 2000, the equivalent of 2,651,460 of these options have been exercised. The remaining options must be exercised within seven years of the date of their grant.

In addition, the Group adopted a stock option plan (the “Stock Option Plan”) following shareholder approval in 1998. Under the Stock Option Plan, current or future employees or executive directors of the Company may be granted options to purchase an aggregate of up to approximately 5% (when aggregated with other ordinary shares over which options are granted which have not been exercised) of the outstanding ordinary shares of Ryanair at an exercise price equal to the market price of the ordinary shares at the time the options are granted. The options can be granted each year between 1998 and 2002 if the Company has achieved certain earnings performance criteria. The terms of the Stock Option Plan, and the number of ordinary shares subject to options granted under the Stock Option Plan, may be changed from time to time. At March 31, 2002, 20,936,631 options (after taking account of the stock split) were outstanding under these plans. Of these options, 220,332 are currently exercisable, 14,807,283 become exercisable on June 30, 2003, and the balance become exercisable on June 30, 2005. Details of the options outstanding under the stock option plans have been set out below:

Notes forming part of the Financial Information (Continued)

11 Share capital and share premium account (Continued)

	<u>Share Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding at March 31, 1999	10,656,296	€1.11
Exercised.....	-	-
Granted	<u>2,298,194</u>	<u>€2.00</u>
Outstanding at March 31, 2000	12,954,490	€1.27
Exercised.....	(1,807,472)	€0.56
Granted	<u>10,708,284</u>	<u>€4.52</u>
Outstanding at March 31, 2001	21,855,302	€2.92
Exercised.....	(923,988)	€0.56
Granted	1,018,259	€5.88
Expired.....	<u>(1,012,942)</u>	<u>€4.55</u>
Outstanding at March 31, 2002	<u>20,936,631</u>	<u>€3.09</u>

The mid-market price of Ryanair Holdings plc's ordinary shares on the Irish Stock Exchange at March 31, 2002 was €6.68. The highest and lowest prices at which the shares traded on the Irish Stock Exchange in the year ended March 31, 2002 were €7.20 and €3.75, respectively (as adjusted for the stock split).

12 Financial Instruments

Ryanair utilizes financial instruments to reduce exposure to market risks resulting from fluctuations in foreign exchange rates, interest rates and aircraft fuel prices. The Group does not enter into these instruments for speculative purposes.

Derivative financial instruments are contractual agreements whose value reflects price movements in an underlying asset. Ryanair uses derivative financial instruments, where appropriate, to generate the desired effective profile of currency, interest and aircraft fuel price risk.

The main risks arising from the use of financial instruments are market risk and liquidity risk. Market risk is defined as the exposure of the Group's financial condition to adverse movement in currency, interest and aircraft fuel price risks. Ryanair only enters into contracts with counterparties that are major financial institutions that have at least an A+ or equivalent rating.

Notes 13 to 16, below, give details as to the Group's financial instruments held, in accordance with the requirements of Financial Reporting Standard No. 13 "Derivatives and Other Financial Instruments: Disclosures" (the "Standard"). As permitted by this Standard, short term debtors and creditors have been excluded from all numerical disclosures shown in notes 13 to 16.

Notes forming part of the Financial Information (Continued)

13 Interest Rate Risk

Financial liabilities

The interest rate risk profile of Ryanair's financial liabilities at March 31, 2002 and March 31, 2001 was as follows:

	At March 31, 2002			At March 31, 2001		
	Fixed €000	Floating €000	Total €000	Fixed €000	Floating €000	Total €000
Short-term borrowings	-	5,505	5,505	-	5,078	5,078
Current maturities of long term debt.....	38,799	-	38,799	27,887	-	27,887
Non-current maturities of long term debt.....	511,703	-	511,703	374,755	-	374,755
Finance leases	<u>1</u>	<u>-</u>	<u>1</u>	<u>108</u>	<u>-</u>	<u>108</u>
	<u>550,503</u>	<u>5,505</u>	<u>556,008</u>	<u>402,750</u>	<u>5,078</u>	<u>407,828</u>

Average interest rates applicable to fixed financial liabilities shown above are as follows:

	Weighted average years remaining for which interest rate is fixed	Weighted average interest rate	Total at March 31, 2002	Weighted average years remaining for which interest rate is fixed	Weighted average interest rate	Total at March 31, 2001
			€000			€000
Fixed euro denominated long term debt	10.7	5.06%	540,511	10.5	5.06%	402,483
Other debt	10.0	5.61%	9,991	<1 year	7.61%	159
Finance leases	<1 year	4.50%	<u>1</u>	<1 year	6.1%	<u>108</u>
			<u>550,503</u>			<u>402,750</u>

All long term debt shown above matures between 2011 and 2014 (2001: 2011 and 2013) and attracts a range of fixed interest rates of between 4.87% and 5.16% (2001: 4.87% and 5.54%).

Variable interest rates on financial liabilities are generally based on the appropriate Euribor or Euribor based bank offered rates.

Notes forming part of the Financial Information (Continued)

13 Interest Rate Risk (Continued)

Financial Assets

The interest rate risk profile of Ryanair's financial assets at March 31, 2002 and March 31, 2001 was as follows:

	At March 31, 2002			At March 31, 2001		
	Fixed	Floating	Total	Fixed	Floating	Total
	€000	€000	€000	€000	€000	€000
Cash and liquid resources	816,023	83,252	899,275	564,782	61,938	626,720

Average interest rates applicable to fixed rate financial assets were as follows:

	Weighted average years remaining for which interest rate is fixed	Weighted average interest rate	Total at March 31, 2002	Weighted average years remaining for which interest rate is fixed	Weighted average interest rate	Total at March 31, 2001
			€000			€000
Cash and liquid resources	<1 year	3.50%	816,023	<1 year	5.22%	564,782

All fixed rate financial assets shown above mature between April, 2002 and March, 2003 and attract a range of euro fixed interest rates of between 3.20% and 5.45% on euro deposits, between 3.84% and 3.97% on sterling deposits and between 1.75% and 1.91% on US dollar deposits. Variable interest rates on financial assets are generally based on the appropriate Euribor or Euribor-based bank offered rates.

Other financial instruments

Ryanair has entered into a series of 12 year forward starting interest rate swaps in order to cap interest rate risk which arises in respect of its forecasted draw-downs of long term debt. Details of these are as follows:

Notes forming part of the Financial Information (Continued)

13 Interest Rate Risk (Continued)

	<u>Notional Amount</u> €000	<u>Loan Commencement</u> dates	<u>Loan Termination</u> dates	<u>Interest Rate Payable</u>
2002 – Forward starting interest rate swaps ..	1,242,573	2002 - 2005	2014 - 2017	5.03 –5.68%
2001 - Forward starting interest rate swaps ...	251,820	2002 - 2003	2014 - 2015	4.83 –5.03%
2000 - Forward starting interest rate swaps ...	491,649	2000 - 2003	2014 - 2015	4.44 –5.03%

14 Currency Rate Risk and Aircraft Fuel Price Risk

Currency rate risk

Ryanair has exposure to various reporting currencies (principally sterling and US dollars) due to the international nature of its operations. The following table shows the net amount of monetary assets of Ryanair that are not denominated in euro at March 31, 2002 and March 31, 2001:

Monetary assets	<u>At March 31, 2002</u>			<u>At March 31, 2001</u>		
	<u>GBP</u>	<u>US\$</u>	<u>euro Equiv</u>	<u>GBP</u>	<u>US\$</u>	<u>euro Equiv</u>
	<u>£ 000</u>	<u>\$000</u>	<u>€000</u>	<u>£ 000</u>	<u>\$000</u>	<u>€000</u>
Sterling cash and liquid resources	24,840	-	40,648	17,920	-	28,972
USD cash and liquid resources	-	11,697	13,286	-	8,611	9,762

Ryanair also enters into US dollar and sterling currency forward contracts in order to manage functional currency risk which arises on its forecasted aircraft deposit payments, fuel, maintenance and aviation insurance costs, which are primarily denominated in US dollars and certain of its revenue income streams, which arise in sterling. The following table gives details of Ryanair's currency forward contracts as at March 31, 2002 and March 31, 2001:

Notes forming part of the Financial Information (Continued)

14 Currency Rate Risk and Aircraft Fuel Price Risk (Continued)

Currency Forward Contracts	At March 31, 2002			At March 31, 2001		
	GBP	US\$	euro Equiv	GBP	US\$	euro Equiv
	£000	\$000	€000	£000	\$000	€000
US dollar currency forward contracts for aircraft deposits	-	47,498	89,058	-	65,878	69,055
US dollar currency forward contracts for fuel and other purchases	-	78,032	54,195	-	61,000	65,455
Sterling currency forward contracts for sterling revenues	46,500	-	74,772	61,000	-	103,567

Aircraft fuel price risk

Ryanair enters into derivative contracts to fix the price of its forecasted aircraft fuel purchases. At March 31, 2002 and 2001, the following fuel price contracts were outstanding:

	At March 31,	
	2002	2001
	(000 Metric Tonnes)	
Aircraft fuel fixed price contracts	381	223

15 Liquidity Risk

The maturity profile of Ryanair's long term debt has been presented in detail in note 8 to the consolidated financial statements. Short term borrowings all fall due on demand.

Long term debt at March 31, 2002 includes the Group's loan facility of U.S.\$708 million (2001:US\$708 million, 2000: US\$ 708 million) with ABN Amro Bank, supported by a loan guarantee from the Export Import Bank of America, and also includes a loan facility of U.S.\$10 million from Export Development Canada (2001: US\$nil).

There are no undrawn committed borrowing facilities under the Export Development Canada loan agreement. The Group's undrawn borrowing facilities under the ABN Amro agreement are denominated in US dollars until they are drawn down, when they are converted to euro at the prevailing exchange rate at that point. Accordingly, the total undrawn committed facility amounted to US\$205.8 million at March 31, 2002 (2001: US\$322.5 million). It is expected that the balance of this facility will be drawn down by March 31, 2003 as Ryanair takes delivery of the remaining aircraft under the 1998 Boeing contract and that the resulting loan balances will be repaid over 12 years from the date of the relevant loan draw-down. The undrawn loan commitment expires if the aircraft are not delivered in accordance with the 1998 Boeing contract (described in greater detail in note 26).

Notes forming part of the Financial Information (Continued)

16 Fair Values

Fair value is the amount for which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than as part of a forced liquidation or sale. The following methods and assumptions were used to estimate the fair value of each material class of Ryanair's financial instruments:

- **Cash and liquid resources, current portions of bank loans and overdrafts:** carrying amount approximates to fair value due to the short term nature of these instruments.
- **Bank loans and finance leases carrying fixed rates of interest:** the repayments which Ryanair is committed to make have been discounted at the relevant rates of interest applicable at March 31, 2002 and March 31, 2001.
- **Off balance sheet interest rate contracts:** discounted cash flow analyses have been used to determine the estimated amount Ryanair would receive or pay to terminate the contracts. Discounted cash flow analyses are based on estimated future interest rates.
- **Off balance sheet currency forward and aircraft fuel contracts:** a comparison of the contracted rate to the market rate for contracts providing a similar risk management profile at March 31, 2002 and March 31, 2001 has been made.

The fair value of Ryanair's financial instruments at March 31, 2002 and March 31, 2001 was as follows:

	At March 31, 2002		At March 31, 2001	
	Carrying amount	Fair value	Carrying amount	Fair value
	€000	€000	€000	€000
Currency Forward Contracts				
On balance sheet instruments				
Cash on hand	83,252	83,252	61,938	61,938
Liquid resources	816,023	816,023	564,782	564,782
Short term borrowings	(5,505)	(5,505)	(5,078)	(5,078)
Long term debt	(550,502)	(616,852)	(402,642)	(459,752)
Finance leases.....	(1)	(1)	(108)	(108)
Off balance sheet instruments				
Forward starting interest rate swaps gain.....	-	3,110	-	3,765
US dollar currency forward contracts gain.....	-	379	-	10,119
Sterling currency forward contracts gain.....	-	1,086	-	5,561
Aircraft fuel price contracts gain/(loss).....	-	5,918	-	(1,391)

All of the off balance sheet instruments shown above were held for hedging purposes. The fair value of the off balance sheet instruments in the table above equates to the net unrealized gains and losses on these instruments which were unrecognized at March 31, 2002 and March 31, 2001. On the basis of no movement in fuel prices and exchange rates, these unrealized gains and losses will impact on Ryanair's profit and loss account in the following years:

Notes forming part of the Financial Information (Continued)

16 Fair Values (Continued)

Off balance sheet instruments	Maturing	Maturing	Total at	Maturing in 2002	Total at March
	in 2003	in 2004	March 31,		31, 2001
	€000	€000	2002	€000	€000
US dollar currency forward contracts gain.....	379	-	379	10,119	10,119
Sterling currency forward contracts gain.....	1,086	-	1,086	5,561	5,561
Aircraft fuel price contracts gain\ (loss).....	3,900	2,018	5,918	(1,391)	(1,391)
	<u>5,365</u>	<u>2,018</u>	<u>7,383</u>	<u>14,289</u>	<u>14,289</u>

Unrealized gains and losses on the Group's forward starting interest rate swaps of €3.1 million (2001: €3.8 million) will be amortized to the profit and loss account over the twelve year period from the date of the draw-down of the long term debt, as an offset to the related interest expense.

17 Concentrations of credit risk

The Group's revenues derive principally from airline travel on scheduled and chartered services, car hire, in-flight and related sales. Revenue is wholly derived from European routes. No individual customer accounts for a significant portion of total revenue.

18 Analysis of Operating revenues

All revenues derive from the Group's principal activity as an airline and include scheduled and chartered services, car hire, wet lease income, in-flight and related sales.

Revenue is analyzed by geographical area (by country of origin) as follows:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
United Kingdom	217,991	299,399	355,708
Other European countries.....	152,146	188,006	268,342
	<u>370,137</u>	<u>487,405</u>	<u>624,050</u>

Ancillary revenues included in total revenue above comprise:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Car hire	7,885	12,562	18,905
In-flight	13,624	14,186	18,030
Internet Income.....	-	1,023	4,831
Non-flight scheduled.....	8,779	12,802	16,662
Charter	9,278	13,892	14,631
	<u>39,566</u>	<u>54,465</u>	<u>73,059</u>

All of the Group's operating profit arises from airline-related activities.

The major revenue earning assets of the Group are comprised of its aircraft fleet, all of which are registered in Ireland and therefore all profits accrue in Ireland. Since the Group's aircraft fleet is flexibly employed across its route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments. Internet income comprises revenue generated from Ryanair.com, excluding internet car hire revenue, which is included under the heading car hire.

Notes forming part of the Financial Information (Continued)

19 Staff numbers and costs

The average weekly number of employees, including the executive director, during the years presented, analyzed by category, was as follows:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
Flight and cabin crew.....	528	644	792
Sales, operations and administration.....	734	823	755
	<u>1,262</u>	<u>1,467</u>	<u>1,547</u>

The aggregate payroll costs of these persons were as follows:

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Wages and salaries and related costs	44,124	55,917	70,551
Social welfare costs.....	3,683	4,334	6,462
Other pension costs	726	971	1,227
	<u>48,533</u>	<u>61,222</u>	<u>78,240</u>

20 Other operating expenses

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Fuel and oil	41,676	63,468	103,918
Maintenance, materials and repairs.....	16,886	20,142	26,373
Marketing and distribution costs.....	32,123	21,526	12,356
Aircraft rentals.....	2,097	7,286	4,021
Route charges	26,301	35,701	46,701
Airport & handling charges	43,095	66,269	84,897
Other costs	31,319	38,605	45,601
	<u>193,497</u>	<u>252,997</u>	<u>323,867</u>

Other costs

Other operating costs include certain direct costs of providing in-flight service, car hire costs and other non-flight scheduled costs. These costs which are collectively described as non-charter ancillary costs amounted to €19,106,000, €23,848,000 and €0,445,000 for the years ended March 31, 2000, March 31, 2001 and March 31, 2002, respectively.

Fuel and oil

Fuel and oil costs include fuel costs for scheduled services of €40,746,074, €61,645,183 and €101,390,040 in respect of the years ended March 31, 2000, March 31, 2001 and March 31, 2002, respectively.

Notes forming part of the Financial Information (Continued)

21 Statutory and other information

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Directors' emoluments:			
Fees.....	96	96	160
Other emoluments, including consultancy fees, bonus and pension contributions	650	580	694
Depreciation of tangible fixed assets	43,544	57,706	59,010
Auditors' remuneration (including expenses)	114	121	121
Operating lease charges- Aircraft (note 26 (c)):	2,097	7,286	4,021
Government grants credited to the profit and loss account (note 26 (f)).....	(841)	-	-

(a) Fees and emoluments Executive Director

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Basic salary	378	378	474
Performance related bonus.....	170	165	180
Pension contributions.....	27	37	40
	<u>575</u>	<u>580</u>	<u>694</u>

During each year Michael O'Leary was the only executive director.

(b) Fees and emoluments Non executive directors

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Fees.....	96	96	160
Consulting fees.....	75	-	-
	<u>171</u>	<u>96</u>	<u>160</u>

At March 31, 2002 there were eleven non-executive directors.

(c) Pension benefits

Directors	Increase in Accrued Benefit			Transfer Value Equivalent of Increase in Accrued Benefit			Total Accumulated Accrued Benefit		
	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 2002	Fiscal 2001	Fiscal 2000	Fiscal 2002	Fiscal 2001	Fiscal 2000
	€	€	€	€	€	€	€	€	€
Michael O'Leary	<u>15,648</u>	<u>8,761</u>	<u>8,110</u>	<u>53,846</u>	<u>28,883</u>	<u>28,928</u>	<u>57,097</u>	<u>39,993</u>	<u>30,133</u>

Notes forming part of the Financial Information (Continued)

21 Statutory and other information (Continued)

There have been no changes in pension benefits provided to directors during the year. No pension benefits are provided for non-executive directors. The director is a member of a defined benefit plan. The cost of the death-in-service and disability benefits provided during the accounting year is not included in the above figures. The pension benefits set out above have been computed in accordance with Section 12.43(x) of the Listing Rules of the Irish Stock Exchange. The increases in transfer values of the accrued benefits have been calculated as at the year-end in accordance with Actuarial Guidance Note GN11.

(d) Shares and share options

(i) Shares

Ryanair Holdings plc was listed on the Irish Stock Exchange on May 29, 1997. The beneficial interests of the directors and of their spouses and minor children are as follows. All figures have been adjusted for 2:1 share split on February 28, 2000 and a further 2:1 share split on December 7, 2001:

	At March 31, 2000	At March 31, 2001	At March 31, 2002
David Bonderman*	9,677,440	7,056,680	7,056,680
Raymond MacSharry	7,280	7,280	7,280
Michael O'Leary	60,000,000	52,000,008	52,000,008
James R. Osborne	705,128	705,128	705,128
Cathal M. Ryan	27,860,672	25,522,606	21,922,600
Declan F. Ryan	27,860,672	25,522,606	21,922,600
T. Anthony Ryan	16,872,868	16,872,868	13,272,878
Richard P. Schifter*	9,677,440	664,820	664,820
Jeffrey A. Shaw*	9,677,440	600	600

* At March 31, 2000, Messrs. Bonderman, Schifter and Shaw were interested in the number of ordinary shares opposite their names through their interest in Irish Air GenPar, L.P., the registered holder of those shares. At March 31, 2002, the following directors: M. Horgan, K. McLaughlin and P. Pietrogrande had no beneficial interest in Ryanair Holdings plc except as detailed in (ii) below.

During fiscal year 2001 Irish Air GenPar, L.P was dissolved and 9,106,400 ordinary shares (as adjusted for in the 2001 stock split) were distributed to its partners. At March 31, 2002, David Bonderman owned 499,220 shares and a trust for the benefit of his children had an interest in 6,557,460 shares. As of such date, Richard Schifter had a beneficial interest in 664,820 shares and Jeff Shaw had a beneficial interest in 600 shares (Mr. Shaw having sold 385,000 shares in February 2001).

On June 14, 2002, Michael O'Leary sold 7 million shares at €6.70 per share. T.A. Ryan, D.F. Ryan and C.M. Ryan each sold 2.5 million shares at €6.70 per share at the same date.

(ii) Share options

The eleven non-executive directors were issued 50,000 share options at €3.70 (the market value at date of grant) over shares in Ryanair Holdings plc during the year ended March 31, 2001 which are exercisable between June 2005 and June 2007. No options were issued to any of the directors in the year ended March 31, 2002. Full details of share options have been given in note 11.

Notes forming part of the Financial Information (Continued)

22 Interest payable and similar charges

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Interest payable on bank loans, overdrafts and other loans wholly repayable within five years	97	68	-
Interest payable on bank loans repayable after five years	3,601	11,827	19,608
Finance lease and hire purchase charges.....	83	67	1
	<u>3,781</u>	<u>11,962</u>	<u>19,609</u>

23 Taxation

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
The components of income tax expense were as follows:			
Irish corporation tax.....	13,574	4,062	2,804
Irish deferred tax (See Note 10)	4,002	14,843	19,195
	<u>17,576</u>	<u>18,905</u>	<u>21,999</u>

The deferred tax charge can be further analyzed as follows:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Arising from origination and reversal of timing differences	5,840	17,133	23,300
Arising from changes in tax rates.....	(1,838)	(2,290)	(4,105)
	<u>4,002</u>	<u>14,843</u>	<u>19,195</u>

The following table reconciles the statutory rate of Irish corporation tax to the Group's effective tax rate.

Statutory rate of Irish corporation tax.....	27%	23%	19%
Benefit of reducing tax rate on deferred tax provision.....	(2)	(2)	(1)
Benefit of effective 10% corporation tax rate applicable to profits on activities in Ryanair.com Limited (see note below)	(5)	(3)	(2)
Benefit of lower corporation tax rate applicable to profits of international aircraft leasing & internet business	-	(3)	(3)
Effective rate of taxation	<u>20%</u>	<u>15%</u>	<u>13%</u>

In 1997, the Irish Government made a commitment to reduce headline Irish corporate tax rates (excluding special rates applicable to certain qualifying activities) from the then rate of 36% to a rate of 12.5% by January 1, 2003. Accordingly, Irish corporate tax rates have reduced by 4% per annum since 1997 and at March 31, 2002 stood at 16%. The headline corporate tax rate applicable to Ryanair for the fiscal year to March 31, 2002 was 20% for the first nine months of the year, and fell to 16% for the final three months of the year, resulting in a composite headline corporate tax rate for Ryanair of 19%.

Notes forming part of the Financial Information (Continued)

23 Taxation (Continued)

At March 31, 2000, March 31, 2001 and March 31, 2002 the Group had no unused net operating losses carry forwards. No deferred tax has been provided on the unremitted earnings of overseas subsidiaries because there is no intention to remit.

Ryanair.com Limited is engaged in international data processing and reservation services and, as detailed in Note 26(f), has received employment grants from Forbairt, an Irish Government Agency, in relation to the establishment and maintenance of such services. In these circumstances, Ryanair.com Limited is entitled to claim an effective 10% corporation tax rate on profits derived from qualifying activities. The relevant legislation provides for the continuation of the 10% effective corporation tax rate until 2010.

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
The principal components of deferred tax liabilities were as follows:			
Aircraft including maintenance provisions, property and fixtures and fittings.....	15,025	29,868	49,063
Other reversing timing differences principally in relation to unearned revenue and foreign exchange adjustments.....	254	254	254
	15,279	30,122	49,317

At March 31, 2002, March 31, 2001 and March 31, 2000 the Group had fully provided for deferred tax liabilities. As explained above, profits from certain qualifying activities are levied at an effective 10% rate in Ireland until 2010.

24 Pensions

The Group operates both a defined benefit and a defined contribution scheme.

The Group has continued to account for pensions in accordance with the accounting standard SSAP 24 and the disclosures given in (a) below are those required by that standard. A new accounting standard on pensions (Financial Reporting Standard No. 17 "Retirement Benefits") ("FRS 17") was issued in November 2000 but is not yet fully applicable to the Group. The transitional requirements of FRS 17 are shown under (b) below.

(a) SSAP 24 disclosure

Pensions for certain employees are funded through a defined benefit pension scheme, the assets of which are vested in independent trustees for the benefit of employees and their dependants. The contributions are based on the advice of an independent professionally qualified actuary obtained at three yearly intervals. The latest actuarial valuation of the scheme was at December 31, 2000 and used the projected unit method.

The principal actuarial assumptions used were as follows:

Rate of long term investment returns will exceed the rate of pensionable salary increases by 2%,

Rate of long term investment returns will exceed the rate of post retirement pension increases by 5%.

The actuarial report showed that at the valuation date the market value of the scheme's assets was €10.32 million which was sufficient to cover more than 100% of the accrued liabilities,

Notes forming part of the Financial Information (Continued)

24 Pensions (Continued)

based on current earnings and 113% of the accrued liabilities allowing for expected future increases in earnings. The actuarial report recommends payment of contributions at 10% of staff and 12.8% of pilots' pensionable salaries respectively.

The total pension charge for the Group for the year to March 31, 2000, the year to March 31, 2001 and the year to March 31, 2002 amounted to €726,000, €971,000 and €227,000, respectively.

While the actuarial report is not available for public inspection, the results are advised to members of the scheme.

(b) FRS 17 disclosure

The valuation of Ryanair's defined benefit scheme used for the purposes of the FRS 17 disclosures has been based on the most recent triennial actuarial valuation of the scheme identified above and updated to March 31, 2002 by an independent qualified actuary.

The financial assumptions used for the Ryanair defined benefit pension scheme are:

	<u>%</u>
Rate of general increase in salaries.....	4.25
Rate of general increase in pensions in payment.....	3.25
Discount rate.....	6.25
Rate of price inflation.....	3.25

The assets in the Ryanair pension scheme (excluding AVC's and contributions due) and the expected rates of return were:

	<u>Expected Rate of Return</u>	<u>Value at March 31, 2002</u>
	%	€000
Equities	8.50	7,337
Properties.....	7.50	713
Bonds	5.50	1,834
Cash	3.25	306
Outstanding contributions at March 31, 2002 (paid in April 2002).....		<u>91</u>
Total market value of scheme assets.....		10,281
Actuarial value of scheme liabilities.....		<u>(9,209)</u>
Recoverable surplus in scheme		1,072
Related deferred tax liability.....		<u>(134)</u>
Net pension asset		<u>938</u>
Net Assets		<u>At March 31,2002</u>
		€000
Net assets excluding pension asset		1,002,274
Net pension cost.....		<u>938</u>
Net assets including pension asset.....		<u>1,003,212</u>

Notes forming part of the Financial Information (Continued)

25 Earnings per share and adjusted earnings per share

Basic earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 2000, March 31, 2001 and March 31, 2002 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the period, after giving effect to the share split described in Note 11(a).

	<u>Year ended March 31, 2000</u>	<u>Year ended March 31, 2001</u>	<u>Year ended March 31, 2002</u>
Basic weighted average number of shares outstanding.....	670,956,790	705,622,802	728,726,484
Dilutive effect of employee share options.....	<u>4,404,496</u>	<u>8,572,914</u>	<u>11,234,417</u>
Dilutive weighted average number of shares outstanding.....	<u>675,361,286</u>	<u>714,195,716</u>	<u>739,960,901</u>

26 Commitments and contingencies

Commitments:

(a) The 2002 Boeing contract was approved at an Extraordinary General Meeting held on August 7, 2002. On January 24, 2002 the Group entered into the 2002 Boeing contract pursuant to which the Group will purchase 100 new Boeing 737-800 aircraft, and has additional purchase rights to purchase up to a further 50 such aircraft. The Group is scheduled to take delivery of the first 5 737-800 aircraft under this contract in the fiscal year to March 31, 2003 (with the first two aircraft arriving in December 2002) and with additional deliveries currently scheduled between 2003-2009. The "Basic Price" (equivalent to a standard list price for an aircraft of this type) for each of the Boeing 737-800 aircraft (defined as a per aircraft airframe price, including engines, plus the per aircraft price for certain optional features agreed between the parties) is US\$50,885,100. This "Basic Price" will be increased by (a) an estimated US\$900,000 per aircraft for certain "buyer-furnished" equipment Ryanair has asked Boeing to purchase and install on each of the aircraft, and (b) an "Escalation Factor" designed to increase the Basic Price of any individual aircraft by applying a formula which reflects increases in the published US Employment Cost and Producer Price indices between the time the Basic Price was set and the period of six months prior to the delivery of such aircraft.

Boeing has granted Ryanair certain price concessions with regard to the 737-800 aircraft. These will take the form of credit memoranda to the Group for the amount of such concessions, which Ryanair may apply toward the purchase of goods and services from Boeing or toward certain payments, other than advance payments, in respect of the purchase of the aircraft under the 2002 Boeing contract. Boeing and CFMI (the manufacturer of the engines to be fitted on the purchased aircraft) have also agreed to give the Group certain allowances as well as providing other goods and services to the Group on concessionary terms. Those credit memoranda and allowances will effectively reduce the price of each aircraft to Ryanair. As a result, the effective price of each aircraft will be significantly below the basic price mentioned above. The total potential commitment to acquire all 150 aircraft not taking into account such increases or decreases will be up to U.S.\$7.6 billion.

On August 6, 2002 Ryanair exercised three of the purchase rights for the new 737-800 aircraft and the three aircraft will be delivered in April 2003.

(b) Under the terms of an aircraft purchase contract dated March 9, 1998 with Boeing (the "1998 Boeing Contract"), Ryanair Holdings plc committed to purchase 25 new 737-800 aircraft and had options to purchase up to an additional 20 such aircraft.

The gross price for each aircraft will be U.S.\$46,631,900 including certain equipment purchased and fitted by Boeing on Ryanair Holdings plc's behalf, subject to increase to take into

Notes forming part of the Financial Information (Continued)

26 Commitments and contingencies (Continued)

account an "Escalation Factor" reflecting the changes in the U.S. Employment Cost and Producer Price Indices and to decrease to take into account certain concessions granted to the Group by Boeing. The total amount to be paid by Ryanair Holdings plc over the period to January 2003 in respect of the 25 new aircraft, not taking into account any such increases or decreases, was approximately U.S.\$1.2 billion.

The Group took delivery of the first fifteen 737-800 aircraft during 1999 and 2001, and a further five aircraft were delivered in the fiscal year 2002. Three options converted to firm purchases were delivered post year end. All additional option aircraft have now been cancelled.

(c) Ryanair Holdings plc incurred expenses of €2,097,425, €7,285,174 and €4,020,678 in respect of operating leases for the years ended March 31, 2000, 2001 and, 2002, respectively, which are included in the profit and loss account. Such expenses consisted entirely of short term leases of aircraft.

(d) Commitments resulting from the use of derivative financial instruments by the Group are described in Notes 12 to 16.

Contingencies:

(e) The Group is engaged in litigation arising in the ordinary course of its business. Management does not believe that any such litigation will individually or in aggregate have a material adverse effect on the financial condition of the Group. Should the Group be unsuccessful in these litigation actions, management believes the possible liabilities then arising cannot be determined but are not expected to materially adversely affect the Group's results of operations or financial position.

(f) Ryanair.com Limited a subsidiary of the Group, has previously claimed employment grants totaling €840,563, €nil and €nil for the years ended March 31, 2000, 2001 and 2002, respectively, from Forbairt, an Irish Government industrial development agency. Under the terms of the grant agreement with Forbairt dated December 9, 1996, the grants received or part thereof may be repayable in certain circumstances.

In addition, the agreement dated December 9, 1996 provides that if the shareholders in Ryanair Holdings plc at that date cease to control more than 50% of the share capital or if Ryanair Limited or Ryanair.com Limited cease to be subsidiaries of Ryanair Holdings plc or if the partnership formerly known as Irish Air L.P. acquires more than 50% of the share capital of Ryanair Holdings plc then Forbairt has an option to acquire 5% of the share capital in Ryanair.com Limited without making any further payments (other than nominal amounts). Since November 1998, when Irish Air, L.P. dissolved and distributed all of the Ordinary Shares held by it to its partners, Prior to the year end, Forbairt indicated its wishes to exercise its option. If Forbairt exercises this option, then effectively, under the terms of the agreement, Ryanair.com Limited is immediately required to redeem or purchase the 5% shareholding acquired by Forbairt for specified amounts decreasing over time through to 2003 from 30% to 25% of the cumulative grants received. On June 26, 2002 Ryanair.com exercised its option to cancel the Forbairt option by making a payment of €690,458 to Forbairt.

Notes forming part of the Financial Information (Continued)

27 Notes to cash flow statements

(a) Reconciliation of operating profit to net cash inflow from operating activities

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Operating profit	84,055	114,011	162,933
Foreign exchange gains	1,358	1,621	975
Depreciation of tangible fixed assets	43,544	57,706	59,010
(Increase) in inventories	(1,016)	(2,042)	(1,150)
(Increase)/decrease in accounts receivable	(3,499)	13,279	(1,636)
Decrease/(increase) in other assets	2,058	(393)	(1,445)
(Decrease)/increase in accounts payable	(7,903)	7,137	16,781
Increase in accrued expenses and other liabilities	<u>30,978</u>	<u>38,483</u>	<u>98,279</u>
Net cash inflow from operating activities	<u>149,575</u>	<u>229,802</u>	<u>333,747</u>

(b) Analysis of cash and liquid resources balances

	March 31, 2000	March 31, 2001	March 31, 2002
	€000	€000	€000
Cash at bank, available on demand net of overdraft	17,319	56,860	77,747
Liquid resources	<u>334,149</u>	<u>564,782</u>	<u>816,023</u>
Total cash and liquid resources	<u>351,468</u>	<u>621,642</u>	<u>893,770</u>

Liquid resources comprise bank fixed deposits with maturities of greater than one day.

(c) Analysis of movement in liquid resources

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Liquid resources at beginning of year	138,039	334,149	564,782
Increase in year	<u>196,110</u>	<u>230,633</u>	<u>251,241</u>
Liquid resources at end of year	<u>334,149</u>	<u>564,782</u>	<u>816,023</u>

(d) Analysis of movements in cash

	March 31, 2000		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year	20,556	(3,893)	16,663
Net cash inflow	<u>543</u>	<u>113</u>	<u>656</u>
At end of year	<u>21,099</u>	<u>(3,780)</u>	<u>17,319</u>

	March 31, 2001		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year	21,099	(3,780)	17,319
Net cash inflow	<u>40,839</u>	<u>(1,298)</u>	<u>39,541</u>
At end of year	<u>61,938</u>	<u>(5,078)</u>	<u>56,860</u>

Notes forming part of the Financial Information (Continued)

27 Notes to cash flow statements (Continued)

	March 31, 2002		
	Cash at Bank	Bank Overdraft	Total
	€000	€000	€000
At beginning of year	61,938	(5,078)	56,860
Net cash inflow.....	<u>21,314</u>	<u>(427)</u>	<u>20,887</u>
At end of year.....	<u>83,252</u>	<u>(5,505)</u>	<u>77,747</u>

(e) Reconciliation of net cash flow to movement in net funds

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Increase in cash in year	656	39,541	20,887
Movement in liquid resources	196,110	230,633	251,241
Cash flow from (increase) in debt	<u>(97,470)</u>	<u>(281,057)</u>	<u>(147,858)</u>
Movement in net funds/(debt) resulting from cash flows	99,296	(10,883)	124,270
Movement in finance leases	<u>460</u>	<u>286</u>	<u>107</u>
Movement in net funds/(debt) in the year	99,756	(10,597)	124,377
Net funds at beginning of year.....	<u>129,733</u>	<u>229,489</u>	<u>218,892</u>
Net funds at end of year	<u>229,489</u>	<u>218,892</u>	<u>343,269</u>

Net debt consists of borrowings less cash and liquid resources. Net funds arise when cash and liquid resources exceed debt.

28 Post balance sheet events

The 2002 Boeing contract was approved at an Extraordinary General Meeting held on August 7, 2002. In addition, on August 6, 2002, Ryanair exercised three of the purchase rights to the new 737-800 aircraft (see note 26 (a) for further details).

29 Related party transactions

Since 1992, Ryanair limited has rented its corporate headquarters at Dublin Airport from Darley Investments Limited (“Darley”) at an annual rental of €253,948 per annum. Darley developed the site at Dublin Airport under a 30-year license on land from Ireland’s Minister for Transport, Energy and Communications. Ryanair Limited provided loan facilities to Darley to develop the site. From the period of its incorporation (1988) to March 31, 1996, the share capital of Darley was held by CDS Trust, a trust established by T.A. Ryan for the benefit of C.M. Ryan, D.F. Ryan, S.T. Ryan and their children. Darley became a wholly owned subsidiary of Ryanair Limited with effect from March 31, 1996 (see Note 31). The building is included in fixed assets in the consolidated balance sheet at March 31, 2002 at a net book value of €747,010 (2001: €903,190; 2000: €1,060,000). The annual rental payable by the Group to the Minister is €243,790 but payment of the rent is suspended for the first 12 years of the agreement and Darley will receive a 50% rebate on the rent for six years thereafter.

The aggregate amounts of directors’ remuneration during the period, including directors’ fees and consultancy fees, are set out in Note 21. There were no contractual arrangements with non-executive directors at March 31, 2002

Notes forming part of the Financial Information (Continued)

30 Subsidiary undertakings and acquisitions during the period

The following are the principal subsidiary undertakings of Ryanair Holdings plc:

Name	Effective date of acquisition/incorporation	Registered Office	Nature of Business
Ryanair Limited	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Airline operator
Darley Investments Limited*	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Investment holding company
Ryanair.com Limited*	August 23, 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	International data processing and reservations services

- These subsidiaries are wholly owned by Ryanair Limited, which in turn is wholly owned by Ryanair Holdings plc.

Information regarding all other subsidiaries will be filed with the Company's next Annual Return as provided for by S.16 (3)(a) of Companies (Amendment) Act, 1986.

In accordance with the basis of consolidation policy described in Note 1b, the subsidiary undertakings referred to above have been consolidated in the respective financial statements of Ryanair Holdings plc from date of acquisition.

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles

(a) Significant differences

The financial statements of Ryanair Holdings plc are prepared in accordance with generally accepted accounting principles ("GAAP") applicable in the U.K. and Ireland which differ significantly in certain respects from those generally accepted in the United States (U.S. GAAP). These significant differences are described below:

(i) Deferred tax

Under U.K. and Irish GAAP, Ryanair Holdings plc provides for deferred taxation using the full liability method on all material timing differences to the extent that it is probable that liabilities will crystallize in the foreseeable future. Net deferred tax assets are not recognized except to the extent that they are expected to be recoverable without replacement by equivalent asset balances. Under U.S. GAAP, as set out in Statement of Financial Accounting Standards (SFAS) No. 109 "Accounting for Income Taxes," deferred taxation is provided on all temporary differences between the financial statement carrying value of assets and liabilities and the tax value of such assets and liabilities on a full provision basis. Deferred tax assets are recognized if their realization is considered to be more likely than not. The differences in these accounting treatments do not result in any material reconciling items for US GAAP purposes.

(ii) Accounting for derivatives

Under UK and Irish GAAP, unrealized gains and losses on derivative financial instruments utilized for hedging purposes are deferred and recognized in the profit and loss account when realized, as an offset to the related income or expense being hedged.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

Effective April 1, 2001 Ryanair adopted SFAS No. 133, "Accounting for Derivatives Instruments and Hedging Activities," as amended by SFAS No.137 and 138. SFAS No. 133 requires that all derivative instruments are recognized as assets or liabilities on the balance sheet and measured at fair value, regardless of the purpose or intent for holding them. Changes in the fair value of derivative instruments are recognized periodically either in earnings or stockholders' equity (as a component of other comprehensive income), depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. For derivatives designated as fair value hedges, changes in the fair value of the hedged item and the derivative are recognized currently in earnings. For derivatives designated as cash flow hedges, fair value changes of the effective portion of the hedging instrument are recognized in accumulated other comprehensive income on the balance sheet until the hedged item is recognized in earnings. The ineffective portion of the fair value changes are recognized in earnings immediately. SFAS No.133 also requires that certain derivative instruments embedded in host contracts be accounted for separately as derivatives.

For periods prior to April 1, 2001, Ryanair's derivative financial instruments, excluding certain foreign exchange contracts purchased to offset the Company's foreign currency exposure, were accounted for together with the underlying business transactions ("hedge accounting"). Gains and losses on these derivative financial instruments were deferred off-balance sheet and were recognized as a component of the related transactions, when recorded (the "deferral method"). Certain of Ryanair's foreign exchange contracts did not qualify for hedge accounting, which resulted in gains or losses being recorded currently in earnings.

As a result of adopting SFAS No. 133, Ryanair recorded a transition adjustment of €0.7 million (gain, net of tax) in other comprehensive income to record the fair value of its cash flow hedges. Since April 1, 2001, Ryanair has qualified for hedge accounting under SFAS No. 133 for all of its derivative financial instruments. Ryanair's US dollar currency forward contracts for aircraft deposits are accounted for as fair value hedges. All other derivative financial instruments are accounted for as cash flow hedges. There was no material ineffectiveness recorded for either cash flow or fair value hedges during the year or at transition. The maximum length of time over which the Group is hedging its exposure to the variability in future cash flows for forecasted transactions is 12 years. Of the €8.3 million (net of €2.0 million tax) recorded at March 31, 2002 in other comprehensive income, €6.7 million is expected to be reclassified into earnings within the next 12 months.

(iii) August 1996 transaction

Under U.S. GAAP, acquisition accounting does not apply in respect of the August 1996 transaction by which Ryanair Holdings plc acquired the entire issued share capital of Ryanair Limited because there has been no change in control. Accordingly, under U.S. GAAP, Ryanair Holdings plc presents assets and liabilities using the historical predecessor cost basis in Ryanair Limited.

Under U.K. and Irish GAAP, the August 1996 transaction is accounted for as an acquisition by Ryanair Holdings plc of Ryanair Limited and the assets and liabilities are recorded at their fair values on that date. As the fair value of the aircraft was higher than its cost basis in Ryanair Limited the depreciation charge in the period subsequent to August 1996 is higher under U.K. and Irish GAAP than under U.S. GAAP.

Under U.K. and Irish GAAP, the difference between the fair value of the acquired assets and liabilities and the consideration is recorded as goodwill and written off directly against reserves. Under U.S. GAAP the consideration paid in connection with the transaction is recorded as a reduction in shareholders' equity.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(iv) Darley Investments Limited

Under U.K. and Irish GAAP, the acquisition of Darley Investments Limited (“Darley”) at March 31, 1996 has been treated as an acquisition and the acquired assets and liabilities have been recorded in the consolidated financial statements of Ryanair Limited at their fair values.

Under U.K. and Irish GAAP, the assets acquired were recorded at their fair values and a fair value adjustment on the headquarters building of €844,915 arose. Under U.S. GAAP, the assets are presented at historical cost and consequently, additional depreciation on the fair value adjustment on the headquarters building is not recorded.

(v) Acquisition of certain aircraft

Under U.K. and Irish GAAP, the aggregate consideration of U.S.\$25 million paid by Ryanair Limited to Northhill Limited in August 1994 in respect of the acquisition of four aircraft is included in fixed assets as aircraft cost.

Under U.S. GAAP, as Northhill Limited was controlled by T.A. Ryan, a connected person with the controlling shareholders of Ryanair Limited, the cost of the aircraft is recorded based on their cost to Northhill Limited of U.S.\$22 million and the difference between that cost and the amount paid by Ryanair Limited to Northhill Limited is treated as a reduction of shareholders’ equity.

(vi) Pensions

Under UK and Irish GAAP, plan assets are valued on the basis of discounted present value of expected future income. US GAAP requires that plan assets are valued by reference to their market value. Under UK and Irish GAAP, pension costs for defined benefit plans are assessed in accordance with the advice of independent actuaries using assumptions and methods which produce the actuaries’ best estimates of the cost of providing the relevant pension benefits. US GAAP requires the use of the projected unit credit method and the matching of the projected benefit obligation against the fair value of the plan’s assets, as adjusted to reflect any unrecognized obligations or assets. Under UK and Irish GAAP, the measurement of plan assets and obligations may be based on the most recent actuarial valuation. Under US GAAP, calculations must be made as of the date of the financial statements or a date not more than three months prior to that date. Under UK and Irish GAAP, pension credits are not recognized in the financial statements unless a refund of, or reduction in, contributions is likely. Under US GAAP, a negative pension cost may arise where a significant unrecognized net asset or gain exists at the time of implementation. This is required to be amortized on a straight line basis over the average remaining service period of employees. Note 24 to the financial statements gives the Group pension disclosures under UK and Irish GAAP.

For the purposes of disclosure requirements under US GAAP, the pension cost of the Group’s retirement plan has been restated in the following tables, which are presented in accordance with the requirements of SFAS 132.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

	Year ended March 31, 2002	Year ended March 31, 2001	Year ended March 31, 2000
	€000	€000	€000
Projected benefit obligation at beginning of year	8,782	6,793	6,351
Service cost.....	951	740	616
Interest cost.....	443	453	383
Employee contributions.....	485	463	451
Actuarial loss/(gain).....	826	729	(587)
Benefits paid.....	<u>(668)</u>	<u>(396)</u>	<u>(421)</u>
Projected benefit obligation at end of year	<u>10,819</u>	<u>8,782</u>	<u>6,793</u>
Change in plan assets	Year ended March 31, 2002	Year ended March 31, 2001	Year ended March 31, 2000
	€000	€000	€000
Fair value of scheme assets at beginning of year	10,273	9,690	7,641
Actual return on assets	(758)	(52)	1,487
Employer contributions paid.....	595	568	532
Employee contributions paid	485	463	451
Benefits paid.....	<u>(668)</u>	<u>(396)</u>	<u>(421)</u>
Fair value of scheme assets at end of year	<u>9,927</u>	<u>10,273</u>	<u>9,690</u>

The funded status of the Group's retirement plan under SFAS No. 132 is as follows:

	Year ended March 31, 2002	Year ended March 31, 2001	Year ended March 31, 2000
	€000	€000	€000
Actuarial present value of benefit obligations	8,777	6,595	4,316
Accumulated benefit obligations.....	<u>8,777</u>	<u>6,595</u>	<u>4,316</u>
Projected benefit obligations	(10,819)	(8,782)	(6,793)
Plan assets at fair value.....	<u>9,927</u>	<u>10,273</u>	<u>9,690</u>
Plan assets in excess of benefit obligations.....	(892)	1,491	2,897
Unrecognized net gain/(loss)	2,261	(272)	(2,043)
Unrecognized net obligation on implementation	<u>238</u>	<u>268</u>	<u>298</u>
Prepaid pension cost.....	<u>1,607</u>	<u>1,487</u>	<u>1,152</u>

Plan assets consist primarily of investments in Irish and overseas equity and fixed interest securities.

The principal assumptions used in the plan for SFAS No. 132 purposes were as follows:

	Year ended March 31, 2002	Year ended March 31, 2001	Year ended March 31, 2000
	%	%	%
Discount rate.....	6.25	6.00	6.25
Rate of increase in remuneration	4.25	4.00	4.25
Expected long term rate of return on assets.....	9.00	9.00	9.00

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

The net periodic pension cost in accordance with SFAS No. 132 for the fiscal years ended March 31, 2002, 2001 and 2000 comprised:

	Year ended March 31, 2002 €000	Year ended March 31, 2001 €000	Year ended March 31, 2000 €000
Service cost – present value of benefits earned during the year	951	740	616
Interest cost on projected benefit obligations	443	453	383
Actual return on assets.....	737	52	(1,487)
Deferrals and amortization.....	<u>(1,655)</u>	<u>(1,014)</u>	<u>851</u>
Net periodic pension cost.....	<u>476</u>	<u>231</u>	<u>363</u>

(vii) Employment grants

Under U.K. and Irish GAAP, employment grants paid by an Irish government agency are recognized in the profit and loss account on receipt and a contingent liability is disclosed for amounts which may become repayable in certain predefined circumstances.

Under U.S. GAAP, these revenues are recognized in the profit and loss account over the period for which minimum employment levels apply under the terms of the agreement and the unamortized balance is treated as deferred income.

(viii) Share option compensation expense

Under U.S. GAAP, any excess of the fair market value over the exercise price under a share option plan on the date of the grant is recognized as compensation expense over the period the services are provided. Under U.K. and Irish GAAP, in effect in May 1997, when these share options were granted, compensation was not recognized for stock issued at a price less than market price.

Under US GAAP, the Group applies Accounting Principles Board Opinion No. 25 (APB 25) in accounting for its stock option plans and, accordingly, except for the grant in May 1997, no compensation cost has been recognized for its stock option grants. Had Ryanair Holdings plc determined compensation cost based on the fair value of the options at the grant date for its stock options under Statement of Financial Accounting Standards No. 123 (SFAS 123), its U.S. GAAP net income would have been reduced by €2,222,730, €8,699,556 and €1,051,016 for the years ended March 31, 2002, March 31, 2001 and March 31, 2000, respectively, and the corresponding earnings per share and diluted earnings per share would have been reduced by 0.31 euro cent and 0.30 euro cent, respectively, in the year ended March 31, 2002, by 1.23 euro cent and 1.22 euro cent, respectively, in the year ended March 31, 2001, and by 0.16 euro cent and 0.16 euro cent, respectively, in the year ended March 31, 2000.

The weighted average fair value of the individual options granted during the years ended March 31, 2002, 2001, and 2000 is estimated based on the following assumptions.

Options Granted

Date Granted.....	Jun 26, 2000	Jun 26, 2000	Nov 9, 2000	Nov 30, 2000	Jul 5, 2001
Date of exercise	Jun 30, 2003	Jun 30, 2005	Jun 30, 2005	Jun 30, 2005	Jun 30, 2005
Fair Value.....	€3.24	€3.83	€5.32	€5.42	€2.18
Assumptions:					
Risk-free interest rate...	5.69%	5.55%	5.41%	5.14%	4.48%
Volatility.....	40%	40%	40%	40%	40%
Dividend Yield	Nil	Nil	Nil	Nil	Nil
Expected life (years)	5.0	7.0	6.6	6.6	4

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(ix) *Investments*

The Group held one investment in a publicly quoted company in 2001. Under Irish GAAP this investment, which was held for the long term and not traded, was recorded in the Groups's balance sheet at cost, within the caption 'Financial assets'. Profits or losses arising on disposal are booked in the profit and loss account when the shares are sold and represent the difference between sales proceeds and cost of purchase. Under U.S. GAAP equity securities must be designated as trading or available for sale securities. Ryanair's investments were classified as available for sale securities and were marked to market with gains or losses arising taken to the Statement of Shareholders' Equity. Under US GAAP the gain or loss arising on the ultimate sale of available for sale securities is recognized in the income statement.

(x) *Capitalized interest*

Under US GAAP interest costs associated with the cost of acquiring and making ready for their intended use certain 'qualifying' assets must be capitalized as part of the acquisition cost of the asset. Ryanair makes deposits in respect of its aircraft acquisition program and in accordance with US GAAP capitalizes interest costs which could have been avoided if the expenditure had not been made.

Under UK and Irish GAAP there is no mandatory requirement to capitalize interest costs in such circumstances.

(b) *Net income under U.S. GAAP*

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Profit for the financial year as reported in the consolidated profit and loss accounts and in accordance with U.K. and Irish GAAP	72,518	104,483	150,375
Adjustments:			
Pensions.....	363	740	751
Derivative financial instruments.....	(3,755)	6,803	-
Employment grants.....	(664)	401	464
Capitalized interest re aircraft acquisition program.....	-	-	5,027
Depreciation on tangible fixed assets:			
—basis of accounting for August 1996 transaction.....	1,996	1,531	-
—basis of accounting for aircraft acquired from Northhill Limited.....	442	179	-
Darley Investments Limited.....	86	88	88
Share option compensation expense.....	(56)	-	-
Taxation—effect of above adjustments.....	936	(1,837)	(1,156)
Net income in accordance with U.S. GAAP.....	<u>71,866</u>	<u>112,388</u>	<u>155,549</u>

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(c) Shareholders' equity

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)	441,357	669,898	1,002,274
Adjustments:			
Pension.....	923	1,663	2,414
Employment grants.....	(1,334)	(933)	(469)
Basis of accounting for August 1996 transaction.....	(1,531)	-	-
Capitalized interest re aircraft acquisition program.....	-	-	5,027
Basis of accounting for aircraft acquired from Northill Limited.....	(179)	-	-
Darley Investments Limited.....	(503)	(415)	(327)
Share option compensation expense.....	-	-	-
Investments.....	1,988	588	-
Derivative financial instruments.....	(2,614)	4,189	12,448
Tax effect of above adjustments.....	1,233	(604)	(1,760)
Shareholders' equity as adjusted to accord with U.S. GAAP.....	<u>439,340</u>	<u>674,386</u>	<u>1,019,607</u>
Opening shareholders' equity under U.S. GAAP.....	249,913	439,340	674,386
Comprehensive Income			
Investments.....	(314)	(1,400)	(588)
Derivative financial instruments (net of tax).....	-	-	8,259
Net income in accordance with U.S. GAAP.....	<u>71,866</u>	<u>112,388</u>	<u>155,549</u>
Total comprehensive income.....	71,552	110,988	163,220
Stock issued for cash.....	<u>117,875</u>	<u>124,058</u>	<u>182,001</u>
Closing shareholders' equity under U.S. GAAP.....	<u>439,340</u>	<u>674,386</u>	<u>1,019,607</u>

(d) Total assets

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Total assets as reported in the consolidated balance sheets (U.K. and Irish GAAP)	712,701	1,277,252	1,889,572
Adjustments:			
Pension.....	923	1,663	2,414
Basis of accounting for August 1996 transaction.....	(1,531)	-	-
Basis of accounting for aircraft acquired from Northill Limited.....	(179)	-	-
Darley Investments Limited.....	(503)	(415)	(327)
Capitalized interest re aircraft acquisition program.....	-	-	5,027
Investments.....	1,988	588	-
Total assets as adjusted to accord with U.S. GAAP.....	<u>713,399</u>	<u>1,279,088</u>	<u>1,896,686</u>

(e) Cash flows

In accordance with U.K. and Irish GAAP, the Group complies with Financial Reporting Standard No. 1—"Cash flow statements" (FRS 1). Its objective and principles are similar to those set out in SFAS No. 95 "Statement of Cash Flows." The principal difference between the standards is in respect of classification. Under FRS 1, the Group presents its cash flows for: (a) operating activities; (b) returns on investments and servicing of finance; (c) taxation; (d) capital expenditure; (e) acquisitions and disposals; and (f) financing activities. SFAS No. 95 requires only three categories of cash flow activity: (a) operating; (b) investing; and (c) financing.

Cash flows arising from taxation and returns on investments and servicing of finance under FRS 1 are included as operating activities under SFAS No. 95. In addition, under FRS 1, cash and

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

liquid resources include short term borrowings repayable on demand. SFAS No. 95 requires movements in such borrowings to be included in financing activities.

Disclosure of accounting policy

For the purposes of cash flows under U.S. GAAP, the Group considers all highly liquid deposits with a maturity of three months or less to be cash equivalents. Under U.K. and Irish GAAP, cash represents cash held at bank available on demand, offset by bank overdrafts, and liquid resources comprise bank fixed deposits with maturities of greater than one day.

Under U.K. and Irish and U.S. GAAP, transactions that are undertaken to hedge another transaction are reported under the same classification as the underlying transaction that is the subject of the hedge.

A summarized consolidated cash flow under U.S. GAAP is as follows:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Cash inflow from operating activities	135,983	221,558	339,036
Cash (outflow) from investing activities	(327,006)	(360,056)	(575,784)
Cash inflow from financing activities	214,749	406,127	330,181
Increase in cash and cash equivalents	23,726	267,629	93,433
Cash and cash equivalents at beginning of year.....	97,704	121,430	389,059
Cash and cash equivalents at end of year	<u>121,430</u>	<u>389,059</u>	<u>482,492</u>

The following table reconciles cash and cash equivalents as presented under U.S. and liquid resources excluding restricted bank balances as presented under U.K. and Irish GAAP:

	Year ended March 31, 2000	Year ended March 31, 2001	Year ended March 31, 2002
	€000	€000	€000
Cash and cash equivalents under U.S. GAAP	121,430	389,059	482,492
Deposits with a maturity between three and six months.....	233,818	237,661	416,783
Cash and liquid resources under U.K. and Irish GAAP.....	<u>355,248</u>	<u>626,720</u>	<u>899,275</u>

Supplemental schedule of Non-Cash Investing and Financing Activities.

The Group did not enter into capital leases for new fixtures and fittings, plant and equipment and motor vehicles during the current or preceding fiscal year. Principal payments under lease obligations entered into prior to March 31, 2001 totaled €107,000 (2001: €286,500; 2000: €482,500) for the year.

Notes forming part of the Financial Information (Continued)

31 Summary of differences between U.K., Irish and United States generally accepted accounting principles (Continued)

(f) Profit and loss account as restated per U.S. GAAP

	Year ended March 31, 2000 €000	Year ended March 31, 2001 €000	Year ended March 31, 2002 €000
Operating revenues			
Scheduled revenues	330,571	432,940	550,991
Ancillary revenues.....	39,566	54,465	73,059
Total operating revenues—continuing operations	370,137	487,405	624,050
Operating expenses			
Staff costs	(48,890)	(60,081)	(77,025)
Depreciation and amortization	(41,614)	(57,465)	(59,010)
Other operating expenses	(193,411)	(252,909)	(323,779)
Total operating expenses	(283,915)	(370,455)	(459,814)
Operating income—continuing operations.....	86,222	116,950	164,236
Other income/(expenses)			
Interest receivable and similar income.....	7,498	19,666	27,548
Interest payable and similar charges	(3,781)	(11,962)	(14,582)
Foreign exchange gains/(losses).....	(2,397)	8,424	975
Gain on disposal of fixed assets	964	52	527
Total other income/(expenses)	2,284	16,180	14,468
Income before taxation	88,506	133,130	178,704
Taxation.....	(16,640)	(20,742)	(23,155)
Net income.....	71,866	112,388	155,549
Basic earnings per ordinary share (euro cent).....	11	16	21
Diluted earnings per share (euro cent)	11	16	21
No. of ordinary shares (in '000's).....	670,956	705,623	728,726
Diluted no of ordinary shares (in '000's)	675,362	714,196	739,961

Notes forming part of the Financial Information (Continued)

32 New accounting pronouncements

(a) New U.S. accounting pronouncements

In June 2001, the Financial Accounting Standards Board (“FASB”) issued SFAS No 141, “Business Combinations”. This statement requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. The adoption of this standard did not have a material impact on Ryanair’s consolidated financial statements.

In July 2001, the FASB issued SFAS No 142 “Goodwill and Other Intangible Assets” (“SFAS No 142”), which revises the accounting for purchased goodwill and other intangible assets. SFAS No 142 is effective from April 1, 2002. Ryanair does not expect that the adoption of SFAS No 142 will have a material impact on its consolidated financial statements.

SFAS No 143, “Accounting for Asset Retirement obligations” (“SFAS No 143”), addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. Ryanair does not expect that SFAS No 143 will have a material impact on its consolidated financial statements.

SFAS No 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (SFAS No 144”), addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The provisions of this statement are effective from April 1, 2002. Ryanair does not expect that the adoption of SFAS No 144 will have a material impact on its consolidated financial statements.

In April 2002, the FASB issued SFAS No 145, “Rescission of FASB Statements No 4, 44, and 64, Amendment of FASB statement No 13 and Technical Corrections” (“SFAS No 145”). SFAS No 145 provides for the rescission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantive in nature to existing pronouncements, SFAS No 145 will be adopted beginning April 1, 2002, except for the provisions relating to the amendment of SFAS No 13, which will be adopted for transactions occurring subsequent to May 15, 2002. Ryanair does not expect that the adoption of SFAS No 145 will have a material impact on its consolidated financial statements.

In June 2002, the FASB issued SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities” (“SFAS No. 146”). SFAS No. 146 addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, Liability Recognition for Certain Costs Incurred in a Restructuring.” The statement also establishes that fair value is the objective for initial measurement of the liability. The statement is effective for exit or disposal activities initiated after December 31, 2002. Ryanair does not expect that the adoption of SFAS No. 146 will have a material impact on its consolidated financial statements.