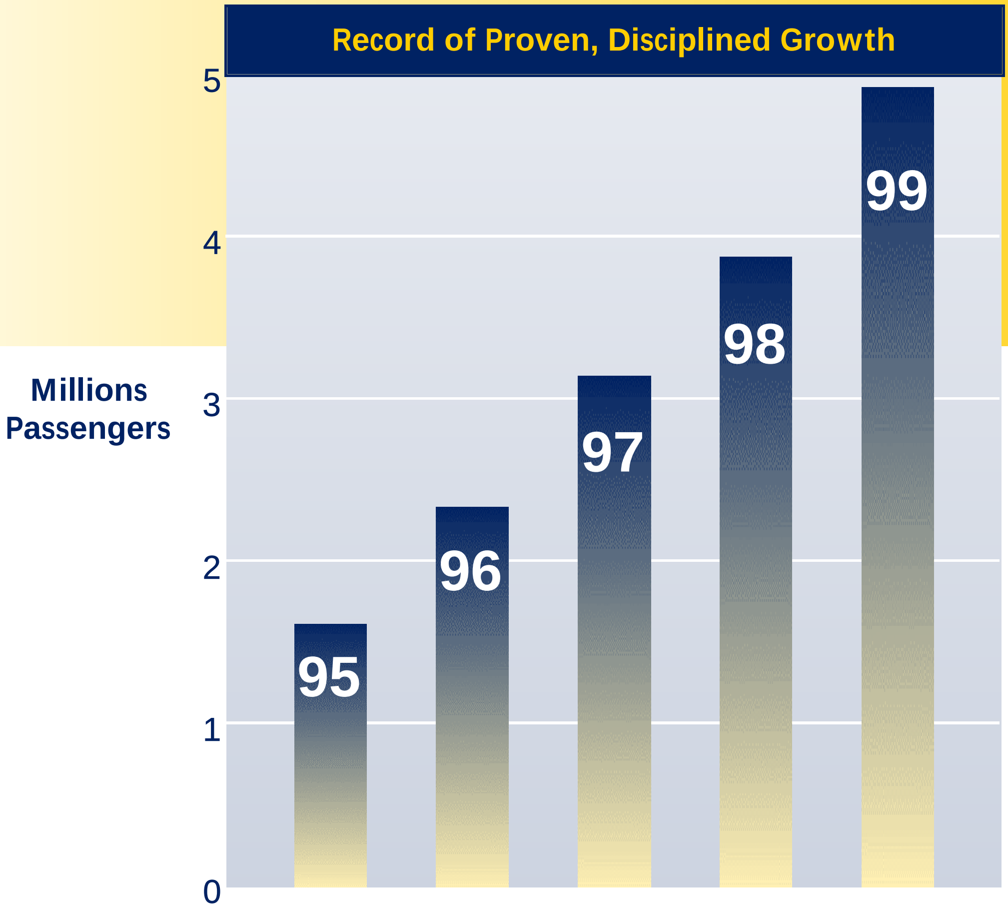
RYANAIR HOLDINGS plc

Consolidated Financial Statements
For The Year Ended 31 March 1999



NOTE: This data refers to the financial year ending 31 March of the relevant years

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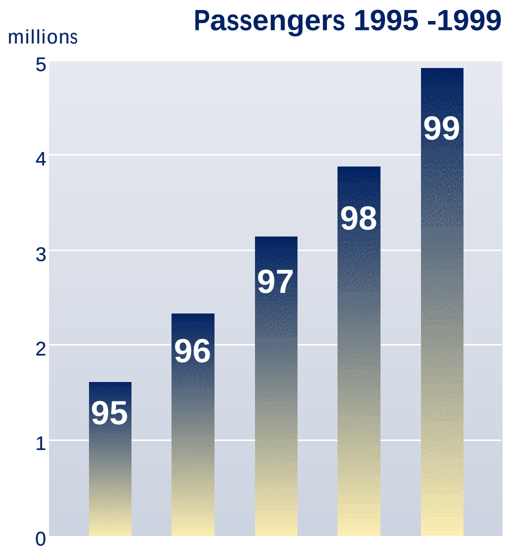
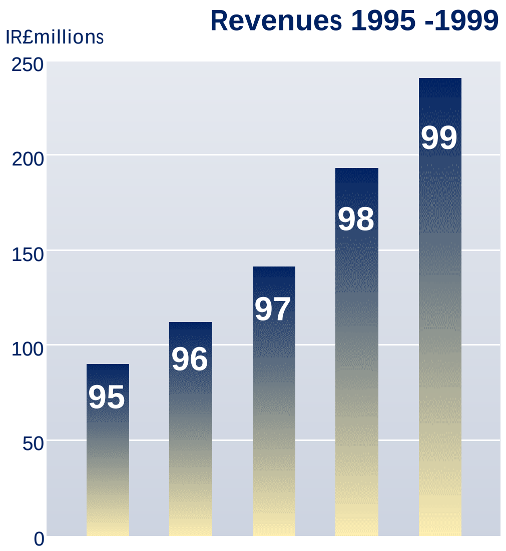
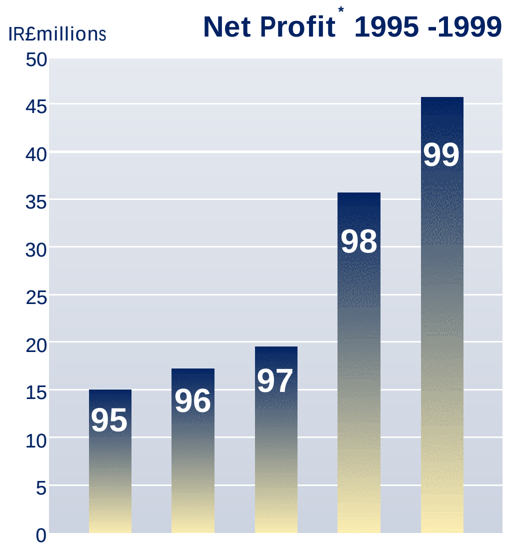
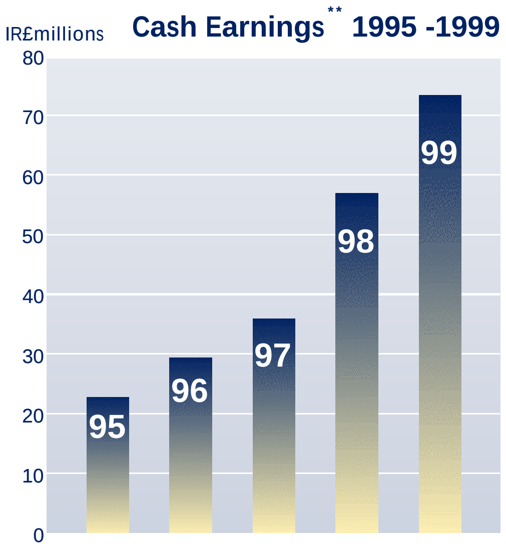








NOTE: This data refers to the financial year ending 31 March of the relevant years (Irish GAAP)

** Adjusted for non-recurring staff bonuses*
*** Net profit after tax adjusted for non-recurring staff bonuses, plus depreciation and amortisation*

Financial Highlights *(Continued)*

for the year ended 31 March 1999

	1999 € m	**1999 IR£m**	1998 IR£m as restated	% Change
Summarised consolidated profit & loss account (under Irish & UK GAAP)				
Operating revenue	295.8	**232.9**	182.6	+28%
Adjusted profit before tax*	75.8	**59.7**	51.0	+17%
Adjusted profit for the financial year*	57.8	**45.3**	37.7	+20%
EPS (in IR pence)*	34.88	**27.47**	23.56	+17%
Adjusted EPS (in IR pence)*	34.88	**27.47**	24.74	+11%

Key Statistics			
Passengers carried	**4.93m**	3.99m	+24%
Passengers seat occupancy	**73%**	72%	+1%
Average passengers fare (IR£)	**42.00**	40.96	+3%
Number of aircraft operated at period end	**21**	20	+5%
Number of employees at period end	**1,203**	988	+22%
Passengers per employee at period end	**4,035**	3,966	+2%

** Adjusted for non-recurring staff bonuses of IR£2.655m (after tax IR£1.809m) in 1998.*

Chairman's Statement

To our shareholders:

I am pleased to report to you that Ryanair has delivered it's ninth consecutive year of increased profitability. Our adjusted profit for the Financial Year rose by 20% to £45.3m, resulting in an increase in adjusted earnings per share of 11% to 27.47p. Those shareholders who participated in our flotation and in the June 1998 Secondary Offering have been rewarded with a very substantial increase in the value of their stock as the company's profits and traffic have grown. Our people, without whom Ryanair's success would not have been possible, have shared in the increase in value of the company, by participating in the flotation and benefiting from the share options granted in 1998 and 1999 as part of the company wide share option scheme.

Our strategy of making low fares widely available to the travelling public continues to be successful, with seven new routes launched from the UK to Europe during the year. The success of these new routes contributes to our 24% increase in passenger volumes to just under 5m passengers for the year. Europeans are embracing low fares with open arms, and we have launched a further seven new routes this year bringing our total number of destinations to 34. Three more routes from London-Stansted to, Turin, Genoa and Ancona increases our Italian destinations served to six. Our two new routes to Biarritz and Dinard increases the number of French destinations served to five, and we have entered the German market for the first time with our service from London-Stansted to Frankfurt-Hahn. We have also launched our service from London-Stansted to the City of Derry in Northern Ireland in July.

Our leadership of the low fares market in Europe is such that we are now larger and growing faster than all of the UK based low fare carriers combined. Competition in the low fares market continues to be intense. Flag carriers are suffering declines in their yields, as they are being forced to offer fares at levels that do not even cover their operating costs. Ryanair will continue our policy of offering the lowest fares in every market we serve.

One of our major successes last year was the smooth introduction of the first of our new 737-800 next generation aircraft into our fleet. This aircraft has 189 seats and 45% more capacity than our existing aircraft, will give us further opportunities to reduce costs and offer even lower fares. They will also give us the additional seat capacity to ensure that Ryanair will continue to grow and generate increased returns for shareholders.

Ryanair has yet again been voted the "Best Value Airline" by the Irish Air Transport Users Committee. We have won this award every year since it was introduced some four years ago. We have also been awarded "Best Value Airline" by the UK "Which" Consumers Magazine, and "Best Managed National Airline" by the Aviation Space and Technology Magazine. Ryanair has won these awards thanks to the dedication, commitment and spirit of our people, as well as the continuing support of our loyal customers.

We continue to launch new routes giving even more Europeans access to lower fares. The travelling public in Europe continue to seek low fares, and more airports are now encouraging Ryanair to open new routes to their airports. We remain confident that our strategy of making low fares widely available to the European travelling public will continue to produce outstanding savings for our passengers, and superior returns for our shareholders.

DAVID BONDERMAN
Chairman

Chief Executive's Message

Ryanair is pleased to report our ninth consecutive year of profitable trading with increasing benefits for our passengers, our people, and our shareholders.

Our Passengers:

In the year just ended, we have carried almost 5 million passengers, an increase of 24%, on our network of 27 routes, with an increased fleet of 22 aircraft, including our first, next generation Boeing 737-800 series aircraft which delivered in March 1999. Our on-time performance continued to improve, whilst our low rate of lost bags and customer complaints were reduced further. We will continue to work hard to improve these important customer satisfaction measures.

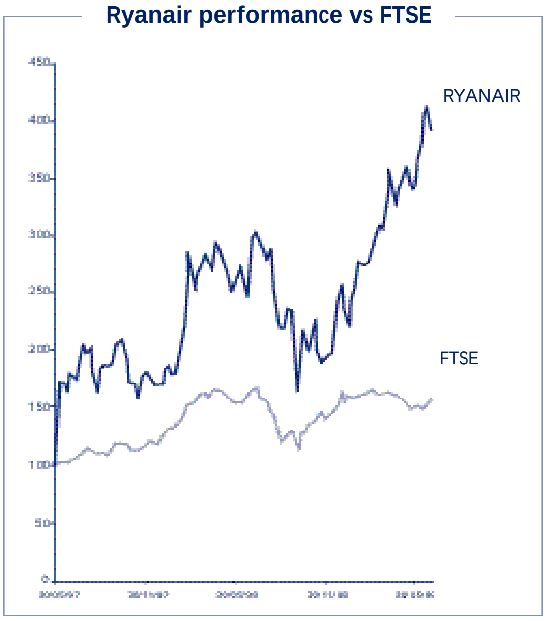
Our passengers last year saved an estimated £200m. over the more expensive fares being charged by our principal competitors, and we are determined to continue to deliver big savings for both our existing, but also our new passengers over the coming year.

Our People:

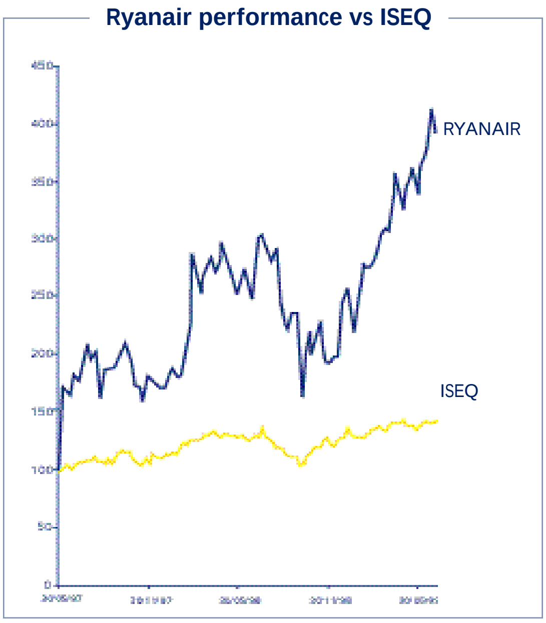
Our people continue to be at the forefront of everything we do in Ryanair. In the last 12 months, we have created 215 new, well paid jobs (an increase of 22%), we promoted more than 170 people internally to positions with new and challenging responsibilities, we implemented a company wide pay increase that was again (for the third year running) twice the level of the national wage agreement in Ireland, and we extended what is already the best travel benefits package of any airline in Europe. In May 1998 we introduced a company wide share option scheme which was applicable to all, and we hope that this scheme will continue to deliver returns to our people, because it is they who will be responsible for our success over the next couple of years. Our people who took up their maximum share entitlement at the time of our flotation in 1997 have seen the value of that investment more than treble, and the share options which they qualified for in June 1998 have also increased significantly in value.

Our Shareholders:

Our shareholders have continued to enjoy superior returns on their investment. Ryanair's share price has increased by 300% since our IPO in May 1997, and by over 30% since our secondary issue in July 1998. Over the past year, Ryanair's shares have out performed other larger European airlines, the ISEQ and the FTSE. Following our successful secondary offering which was completed in June 1999, we welcomed many new private and institutional investors to our share register. We promise that we will continue to work hard to deliver superior returns for them.



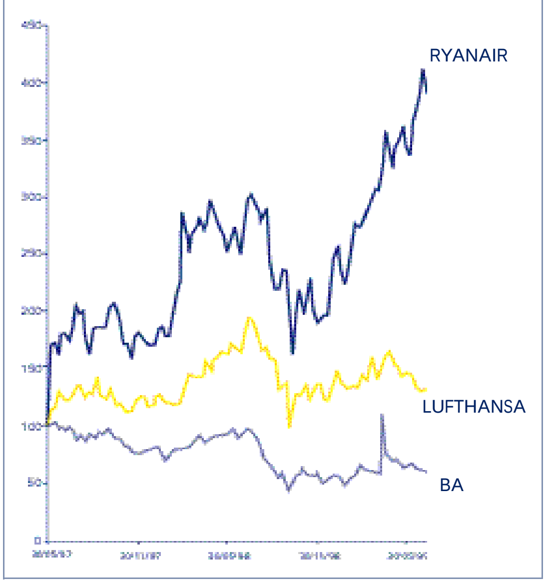
***FTSE:** Financial Times Stock Exchange Quotations Index*



***ISEQ:** Irish Stock Exchange Quotations Index*

Chief Executive's Message *(Continued)*

Ryanair compared to other major airlines



The Award Winning Airline:

The 1,200 outstanding people in Ryanair over the past 12 months have;

- carried almost 5 million passengers at unbeatable low fares
- opened up 7 new international routes, bringing the total route network to 27 at year end
- increased the fleet to 22 aircraft, and taken delivery of the first of our new, next generation, Boeing 737-800 series aircraft
- successfully introduced low fares to new markets in Scandinavia, Italy, France and Scotland
- been voted 'Best Value Airline' by the Irish Air Transport Users Committee
- been awarded 'Best Value Airline' by the UK Consumers Association "Which" magazine
- been awarded 'Best Managed National Airline' by the Aviation Space and Technology magazine

Aer Rianta-Dublin Airport:

We continue to lobby hard for the introduction of some competition to the government owned airport monopoly here in Dublin. There is no justification for the retention of this monopoly in an era when almost all areas of the commercial state sector in Ireland have been opened up to competition. Competition has resulted in a wider range and better quality of services at lower prices in areas of air travel, telecommunications, health insurance, broadcasting, and more recently power generation, and yet we continue to suffer a high charging, inefficient airport monopoly.

Ryanair were the first to welcome the Minister's timely intervention which resulted in the existing cost structure at Dublin Airport being extended out until at least 31 December 1999. The Minister's intervention has ensured that low fares will be maintained at least until the end of this year. However the Government's plan to promote new route development and low access fares will not be realized, unless and until, some form of competition is introduced (preferably a second terminal) at Dublin Airport. A regulated private monopoly would be an inferior outcome for Irish tourism, air fares and employment, than the continuation of the present state owned monopoly.

Ryanair has offered to pay for, and build a second terminal. In return we would also offer a wide range of new, low fare services to and from Europe, deliver at least 1 million additional visitors to/from Ireland on these new routes, and create in excess of 500 jobs. We remain hopeful that the Government will support these proposals which will revolutionise Irish tourism, economic prospects and employment, as we enter the new millennium.

New Routes:

In the absence of any competition or a lower cost base at Dublin Airport, we have continued over the past 12 months to open up new routes from the UK to Europe. In the current year Ryanair will carry more passengers between the UK and Europe than we do between Ireland and the UK. Ryanair is now Europe's largest low fares airline. In the last 12 months we have carried more passengers than all of the other UK based low fare carriers combined, and by continuing to grow at a faster rate, we expect to retain this leadership for the foreseeable future.

Chief Executive's Message *(Continued)*

The key consequence of the emergence of these other low fare airlines(such as Easyjet and GO) over the past two years has been to dramatically increase the growth of low fare carriers to improve the acceptance of low fare services by the travelling public, whilst Europe's high fare, flag carrier airlines such as British Airways, Lufthansa, Alitalia, SAS suffer sizable decline in their short haul yields.

I remain convinced that this trend will continue, because the European consumer wants lower fares, not excuses. For too long these flag carrier airlines, have exploited their dominant position in their national markets and kept short-haul fares artificially high. The successful growth and expansion of the low fare carriers will enable many more millions of people in Europe to fly, at value for money air fares, over the coming years.

Our new 737-800 series aircraft:

On the 20th March last we took delivery of the first of our new, next generation Boeing 737 -800 series aircraft. Since then we have taken delivery of four more units, and we are already working on the delivery of the next five in May and June of 2000. The smooth introduction of these new aircraft is a tribute to the skill and capability of our Senior Management in Flight Operations, Engineering, Finance, Spares Procurement, and In-flight training. To all those individuals who worked so hard on this major new initiative, I say thank you. This new aircraft is already operating successfully in service, with high passenger approval, high load factors, and exceptional operating cost performance.

All of our expectations, that this aircraft would in fact reduce our operating costs on a per seat basis are being realised. The additional seats which these aircraft provide will enable Ryanair over the next 5 years to offer even lower air fares, but at lower operating costs, and thereby maintain profitability as we grow.

Current Year:

We are continuing our programme of disciplined growth into the current year. The new aircraft and our new routes are performing well. We remain well financed, with a strong balance sheet, little debt and substantial cash balances. We are determined to maintain Ryanair's position as not just Europe's largest low fares airline, but the low fares airline of Europe. We owe a tremendous debt to the vision of Southwest Airlines who over the past 25 years have pioneered low fare air travel in the U.S. We again commit ourselves to pioneering the development of low fare air travel, all over Europe, to the benefit of our passengers, our people, and our shareholders.

MICHAEL O'LEARY
Chief Executive

Operating and Financial Review

Consolidated profit and loss in accordance with UK and Irish GAAP	Year ended March 31, 1999 €000	**Year ended March 31, 1999 IR£000**	Year ended March 31, 1998 as restated IR£000
Operating revenues			
Scheduled revenues	258,873	**203,879**	160,508
Ancillary revenues	36,886	**29,050**	22,098
Total operating revenues - continuing operations	295,759	**232,929**	182,606
Operating expenses			
Staff costs - continuing operations	39,834	**31,372**	21,480
- non recurring	-	**-**	2,655
Depreciation	36,209	**28,517**	19,799
Other operating expenses			
Fuel & oil	36,554	**28,789**	21,189
Maintenance, materials and repairs	11,961	**9,420**	5,689
Marketing and distribution costs	24,602	**19,376**	16,369
Aircraft rentals	2,909	**2,291**	4,027
Route charges	20,806	**16,386**	11,905
Aircraft charges	29,036	**22,867**	18,891
Other	25,987	**20,466**	15,647
Total operating expenses	227,898	**179,484**	138,281
Operating profit - continuing operations	67,861	**53,445**	44,325
Operating income / (expenses)			
Interest receivable and similar charges	6,610	**5,206**	3,290
Interest payable and similar charges	(237)	**(187)**	(849)
Foreign exchange gains	389	**306**	1,554
Gain on disposal of fixed assets	1,187	**935**	63
Total other income / (expenses)	7,949	**6,260**	4,058
Profit on ordinary activities before taxation	75,810	**59,705**	48,383
Tax on profit on ordinary activities	(18,339)	**(14,443)**	(12,529)
Profit for the financial period	57,471	**45,262**	35,854
Basic earnings per ordinary share(Cents/IR pence)	34.88	**27.47**	23.56
Fully diluted earnings per ordinary share(Cents/IR pence)	34.77	**27.38**	23.50
Earnings per share adjusted for non-recurring staff costs	34.88	**27.47**	24.74
Number of ordinary shares(in 000's)	164,760	**164,760**	152,215

Operating and Financial Review *(Continued)*

Change of Accounting Policy

During the fiscal year ended March 31, 1999, the Company adopted two new Financial Reporting Standards, FRS 12, " Provisions, Contingent Liabilities and Contingent Assets." and FRS 15, "Tangible Fixed Assets". The provisions of these accounting standards require the company to change the way in which it had previously accounted for maintenance and depreciation expenditure on its aircraft fleet.

In accordance with the requirements of Irish GAAP, the financial statements and all prior periods have been adjusted accordingly. Note 1 of the Notes forming part of the Consolidated Financial Statements contains detailed information on the nature and what of these changes. The effect of the adoption of this policy on the restated Irish GAAP financial statements has been to reduce the amount of historical maintenance costs in each fiscal period prior to fiscal year 1999 (with a consequent increase in profits and tax liability for the relevant period) by IR£14.7 million in 1998, to increase the amount of historical depreciation costs in each fiscal period prior to fiscal year 1999 (with a consequent decrease in the tax liability for the relevant period) and by IR£3.5 million in 1998, and to increase the tax charge in each fiscal period prior to fiscal year 1999 and by IR£3.7 million in 1998.

The change in accounting treatment has also been adopted by the Company in presenting its U.S. GAAP reconciliation. However, in accordance with the principles of U.S. GAAP regarding changes in accounting policies, the cumulative effect of the change has been shown in the U.S. GAAP reconciliation of the Company's financial statements for the fiscal year ended March 31, 1999 and prior periods have not been restated. See Note 31(b) of the Notes forming part of the Consolidated Financial Statements.

Profit for the Year

Profit after tax for the year ended March 31, 1999 increased by 26% to £45.3m, compared to £35.9m in the Financial Year Ended March 31, 1998. On an adjusted basis, excluding the non-recurring staff bonuses paid in the financial year to March 31, 1998 the net profit after tax has increased by 20%. Operating profits adjusted for non-recurring staff costs have increased by 14% to £53.4m. The increase in profitability reflects the positive impact of the growth in passenger volumes due to the increase in seat capacity on existing routes, and the launch of a further seven new European routes during the year.

Operating Revenues

Total Operating Revenues grew by 28% to £232.9m, whilst total passenger numbers increased by 24% to 4.93m. Scheduled passenger revenues increased by 27% to £203.9m due to a combination of a 24% increase in passenger volumes and an increase in the average fare per passenger during the year. Ancillary revenues, comprising primarily of car hire, duty free and non-flight scheduled services, increased by 31% to £29.1m due to the growth in passenger volumes, increases in the average spend per passenger, and higher non-flight revenues.

Operating Expenses

Total Operating Expenses rose by 30% to £179.5m during the year primarily due to the increase in the level of activity, and the increased costs, primarily depreciation and staff costs, associated with the full year impact of the increase in fleet size.

Staff Costs increased by 30% to £31.4m. Excluding the non-recurring bonuses, staff costs have increased by 46% compared to the previous year. The increase in staff costs reflects the 23% increase in average employment by 202 to 1,094. Pilots who earn higher than average salaries, accounted for 26% of the increase in employment. Staff costs also rose due to the pay increases granted which, at 3% was ahead of the level set by the national wage agreement.

Depreciation increased by 44% to IR£28.5m reflecting the full year impact of the increase in the fleet size, the higher cost of the later aircraft purchased from Lufthansa, the short period over which these aircraft are being written-off, and the amortisation of capitalised maintenance costs.

Fuel and Oil Costs rose by 32% to IR£28.8m due to a 22% increase in the number of sectors flown, and an increase in the average sector length reflecting the addition of seven more routes to continental Europe, offset by a 5.5% reduction in average fuel prices.

Maintenance Costs increased by 66% to IR£9.4m due to the increase in the size of the fleet operated, an increase in the number of sectors flown, and the increase in line maintenance costs associated with the expansion of our London-Stansted base.

Operating and Financial Review *(Continued)*

Marketing and Distribution Costs increased by 18% to IR£19.4m, due to a combination of, an increase in passenger volumes, and the increased marketing and advertising costs associated with the launch of seven new routes.

Aircraft Rental Costs declined by IR£1.7m to IR£2.3m due to the increase in the number of owned aircraft, and the resultant decline in the need to rent additional seat capacity.

Route Charges increased by 38% to IR£16.4m due to a 22% increase in the number of sectors flown, and a 15% increase in the average sector length due to the launch of the longer European routes.

Airport Charges increased by 21% to IR£22.9m, due to an increase in the number of passengers flown, and the impact of increased airport charges on some existing routes, off-set by, lower charges on the new routes from the UK to Europe.

Other Expenses increased by 31% to IR£20.5m, which includes those costs related to ancillary revenues. The increase primarily reflects the increased costs associated with the growth of duty free sales.

Other Income

Interest Receivable rose by IR£1.9m to IR£5.2m reflecting the increase in cash and liquid resources as a result of the receipt of the proceeds of the secondary offering in July 1998, and the increase in profitability. Interest Payable declined by IR£0.7m to IR£0.2m due to a reduction in the level of debt. Foreign Exchange gains declined by IR£1.2m during the year, and Gains on Disposals of Assets increased by IR£0.9m due to the disposal of shares in an airline network provider.

Taxation

The effective tax rate for the year was 24% compared to 26% for the previous year. The decline in the effective tax reflects the impact of the decline in the headline rate of corporation tax in Ireland.

Earning per Share (EPS)

EPS increased by 17% to 27.47p and is based on 164,759,808 shares which represents the weighted average number of ordinary shares outstanding during the year. Adjusted EPS (adjusted for non-recurring staff bonuses) increased by 11% to 27.47p (also calculated based on 164,759,808 shares).

Balance Sheet

The group's Balance Sheet continues to strengthen through the acquisition of aircraft, and the increase in cash resources despite large advance deposits paid for new aircraft. The basis for this achievement has been the strong trading performance and the increased profitability of the company. Total fixed assets have increased by £57m due principally to the acquisition of aircraft and the payment of advance deposits. Cash and liquid resources have increased from £51m at March 31, 1998 to £124.9m reflecting the receipt of the net proceeds of the London Offering, and the strong cash flows from profitable trading. Shareholders funds at March 31, 1999 have increased to £197.7m compared to £105.1m at March, 31 1998.

Review of Cash Flow

Cash generated from operating activities grew by £20m to £98m. This arose due to the increased profitability of the group and the addback of non-cash items, primarily depreciation. Continued strong cash flows generated from trading operations combined with the proceeds of the London offering and the receipt of debt financing for the first of the Boeing 737-800 next generation aircraft, has allowed the group to increase its cash on hand by £74m despite having paid £41m of advance deposits to Boeing. The strength of the performance is highlighted by the fact that the groups cash on hand is equivalent to 53.6% of annual turnover.

Capital Expenditure

During the year the group's aircraft related capital expenditure was £42m. This reflects the purchase of a Boeing 737-800 next generation aircraft, and a Boeing 737-200 aircraft. The balance of the capital expenditure incurred during the year was in relation to other aircraft related equipment. The group also paid a further £41.4m to Boeing in respect of aircraft deposits relating to the future acquisition of 24 new Boeing 737-800's. Furthermore the group spent £2.2m, mainly on fixtures and fittings and the upgrading of our computer systems. The bulk of the expenditure of fixtures and fittings is due to the continued expansion of our reservation facilities at Ryanair Direct.

Capital Structure

Following the Secondary Offering and Listing on the London Stock Exchange in July of 1998 the capital structure of the company has changed. The company issued a further 9,090,909 Ordinary Shares bringing

Operating and Financial Review *(Continued)*

the total number of Ordinary Shares in issue to 167,424,814. The company received £47.3m net of expenses from the issue of the new Ordinary Shares and the proceeds will be used to fund the advance payments on the 25 new Boeing 737-800 generation aircraft, to be purchased from Boeing over five years commencing in March 1999.

Recruitment and Promotion

During the year a further 215 people were recruited. In the Flight and Cabin Crew Department 82 people were recruited, whilst in all other areas of the Group a further 133 people were recruited mainly in the reservations area at Ryanair Direct Ltd. During the year a further 171 people were promoted from within. The group launched in 1998 its employee share option scheme. Under the terms of the 1998 Option Plan up to 5% of the Issued Ordinary Share Capital of the company can be granted as options, to purchase Ordinary Shares at certain future dates at the market price then prevailing. The options were granted in 1998 to some 632 employees and 761 employees received share options in 1999. The share option scheme is part of the groups commitment to reward employees for achieving the targets as set out in the scheme, and thus share in the prosperity of the group.

Safety

Safety in the airline remains an absolute priority. This is Ryanair's 15th year of safe operations. Ryanair has committed itself to safe operations and has put in place extensive safety training programmes to ensure the recruitment of suitably qualified pilots and maintenance personnel. In addition, the company is also committed to the operation and maintenance of its aircraft in accordance with the highest European Aviation Industry Standards which are closely monitored by the Irish Aviation Authority.

At each Board Meeting a report prepared by the Air Safety Committee is presented and reviewed by the Board. The safety committee which is comprised of a Board Director, the Head of Operations, Head of Flight Operations, and the Head of Engineering meets on a quarterly basis and reports directly to the Board of Directors. Furthermore, the Flight Safety Officer is responsible for monitoring and controlling all aircraft related safety issues. The group also has a Health and Safety Officer who is responsible for safety in all other areas. The group continues to operate extensive training and safety programmes to ensure the health and safety of all its passengers and employees.

Fuel , Currency and Interest Rate Risk Management

The main risks arising from the groups financial operations are, commodity price, foreign exchange and interest rate risks. It is the group policy that no trading in financial instruments shall take place. The steps taken by the group to manage these risks are set out below.

The groups fuel risk management policy is to hedge between 70% to 90% of the forecasted rolling annual gallons required to ensure that the future cost per gallon of fuel is locked in. This policy has been adopted to prevent the group being exposed in the short term, to adverse movements in world jet fuel prices.

Foreign Currency Risk in relation to the groups trading operations largely arises in relation to non-euro currencies primarily sterling and the dollar. The expenditure is managed by the group by matching the groups sterling revenues against sterling costs. Any unmatched sterling revenues are primarily used to fund forward exchange contracts to hedge US$ currency exposures which arise in relation to fuel, maintenance, aviation insurance, and capital expenditure costs, including advance deposit payments to Boeing.

In order to manage the foreign currency and interest rate risk in relation to the financing of the 25 new Boeing 737-800 next generation aircraft the group has entered into a series of cross currency and interest rate swap agreements. The objective of these swap agreements is to hedge the groups exposure to movements in U.S. dollar and Euro currency exchange and interest rates in relation to the fixed rate dollar denominated debt.

Euro Implementation

The groups has successfully implemented its programme in relation to the introduction of the Euro. Although there has not yet been a significant volume of Euro transactions, however, both the groups systems and personnel are in place to cope with increases in volumes as they arise.

Directors Report

The directors present their report together with the audited consolidated financial statements of the group for the year ended 31 March 1999.

Review of Business Activities and Future developments in the Business

The group operates an international airline business and plans to continue to develop this activity by replicating its successful low fares formula on new and existing routes. A review of the groups operations for the year is set out on pages 7 to 10.

Results for the year

Profit for the financial year amounted to IR£45.3m. Details of the results are set out in the consolidated Profit and Loss Account on page 25 and in the related notes.

Share Capital

The number of shares in issue at 31 March 1999 was 167,424,814. During the financial year ended 31 March 1999, the Group raised IR£47.3m, net of expenses, by issuing 9,090,909 shares on the London Stock Exchange in July 1998. See note 14 on page 36.

Accounting Policies

The Group adopted two new Financial Reporting Standards (FRS's), FRS 12 "Provisions, Contingent Liabilities and Contingent Assets" and FRS 15 "Tangible Fixed Assets" during the year ended 31 March 1999. The new standards effect maintenance and depreciation policies respectively. Maintenance checks are now capitalised as incurred and amortised, whilst depreciation is now applied to the separable components of cost of the aircraft. A fuller description of the impact of these changes on the groups financial statements is set out in note 1 on pages 29 to 30.

Staff

At 31 March 1999, the Group employed 1,203 people. This compares to 988 staff at 31 March 1998. The increase in staff levels arose due to the continued growth of the group.

Substantial Interests in the Share Capital

At May 28, 1999 the following persons (excluding directors) have an interest of more than 3% in the issued share capital.

Name	Shares held	% of Issued Share Capital
Irish Air *	10,536,610	6.3
Shane Ryan	12,236,599	7.3
Gilder Gagnon	18,617,100	11.1
Fidelity	5,321,000	3.2
Putnam	7,920,840	4.7

* see note 21 in the financial statements

Air Safety

Commitment to air safety is a priority of the group. The company has designed and implemented a safety policy which operated throughout the year. The group operates a continuous staff training programme, has designated a senior pilot as full time Air Safety Officer and has an Air Safety Committee comprising of a director of the board and senior management.

Health and Safety

The well being of the Group's employees is safeguarded through the strict adherence to health and safety standards. The Safety, Health and Welfare at Work Act 1989 imposes certain requirements on employers and the Group has taken the necessary action to ensure compliance with the Act. Ryanair has implemented safety statements and has a designated Health and Safety Officer.

Corporate Governance

Corporate Governance is concerned with how Companies are directed and controlled and in particular with the role of the Board of Directors and the need to ensure a framework of effective accountability.

Directors Report *(Continued)*

Combined Code

In November 1998, the Irish Stock Exchange published the Principles of Good Governance and Code of Best Practice ("the Combined Code") which embraces the work of the Cadbury, Greenbury and Hampel Committees and which became effective in respect of accounting periods ending on or after 31 December 1998. This Statement together with the Directors Remuneration report, set out on pages 18 and 19 and in note 21 to the financial statements explains how Ryanair has applied the principles set out in Section 1 of the Combined Code.

Code Principles

Ryanair's board are committed to governing the Company in accordance with best practice, and support the principles of good governance contained in the Combined Code in relation to;

- Directors and the Board,
- Directors Remuneration,
- Relations with Shareholders, and
- Accountability and Audit.

Directors and the Board

The Board of Ryanair comprises 9 non executive directors and 1 executive director. Each director has extensive business experience which they bring to bear in governing the company. The company has a chairman with an expert background in this industry, and significant public company experience. Historically, the company has always separated the roles of chairman and chief executive. The Chairman is primarily responsible for the working of the Board, and the Chief Executive for the running of the business and implementation of the Boards strategy and policy.

The Board meets at least on a quarterly basis and full attendance is usual. In the year to 31 March 1999 the Board met on 5 occasions. Detailed board papers are circulated in advance so that Board members have adequate time and adequate information to be able to participate fully at the meeting. The Board's focus is on strategy formulation, policy and control. The Board also has a schedule of matters reserved for its attention, including matters such as appointment of senior management, approval of the annual budget, capital expenditure in excess of £500,000, and key strategic decisions such as new routes etc. The holding of detailed regular Board meetings and the fact that many matters require Board approval, indicate that the running of the Company is firmly in the hands of the Board.

The Board regard the majority of directors as independent and that no one individual or one grouping exerts an undue influence on others. All directors have access to the advice and services of the Company Secretary and the Board has established a procedure whereby directors, wishing to obtain advice in the furtherance of their duties, may take independent professional advice at the Company's expense.

New non-executive directors will be encouraged to meet the executive director and senior management for briefing on the company's developments and plans. No non-executive directors were appointed in the current year. Additional directors can only be appointed following selection by the Nomination Committee.

Ryanair's Articles of Incorporation provide that at each AGM one third of the directors will retire by rotation and be eligible for re-election. As there are currently 10 directors not all of them will come up for re-election within 3 years as is required by the Combined Code. In order to ensure that the new Combined Code provision applies, the Company is seeking shareholder approval for an amendment to its Articles of Association. Details of the proposed amendment are contained in the notice of the forthcoming Annual General Meeting.

In accordance with the recommendations of the Combined Code a senior non executive director, James Osborne has been appointed as Chairman of both the Audit Committee and the Remuneration Committee.

Board Committees

The following committees have been established as sub-committees of the Board;

Directors Report *(Continued)*

The Audit Committee

The Audit Committee meets regularly and has clear terms of reference in relation to its authority and duties. Further information is detailed below under "Accountability and Audit."

The Executive Committee

The Executive Committee can exercise the powers exercisable by the full Board of Directors in specific circumstances delegated by the Board when action by the Board of Directors is required and it is impracticable to convene a meeting of the full Board of Directors. Its members are Mr Michael O'Leary, Mr Declan F. Ryan and Mr Jeff Shaw.

The Remuneration Committee

The members of the Remuneration Committee are Mr James Osborne, Mr Ray MacSharry and Mr Jeff Shaw. The Remuneration Committee determines the remuneration of senior executives of Ryanair and administers the company's share option plans. The Committee makes recommendations to the Board on the Company's policy framework for executive director remuneration.

The Nomination Committee

The members of the Nomination Committee are Mr James Osborne, Mr Declan Ryan and Mr Jeff Shaw. The Committee carries out the process of selecting executive and non executive directors to the Board and makes proposals to the Board. However the appointment of directors will be a matter for the board as a whole.

The Air Safety Committee

The Air Safety Committee comprises of Board director Arthur Walls and senior management, comprising of the head of operations, head of flight operations and head of engineering. The Air Safety Committee meets regularly to discuss relevant issues and reports to the Board on a quarterly basis.

Directors Remuneration

The Chief Executive of the Company is the only executive director on the Board. In addition to his base salary he is eligible for annual bonuses as determined by the Board of directors which may not in any event exceed 50% of his base salary. It is considered that the shareholding of the Chief Executive acts to align his interests with those of shareholders and gives him a keen incentive to perform at the highest levels.
The Directors' Report on Remuneration is contained on page 18.

Relations with Shareholders

Ryanair communicates with institutional shareholders following the release of quarterly and annual results directly via roadshows and/or by conference calls. The Chief Executive, senior financial and commercial management participate in these events. During the year ended March 31, 1999 the Company held discussions with a substantial number of institutional investors. All private shareholders are given adequate notice of the AGM at which the Chairman presents a review of the results and comments on current business activity.

Ryanair will continue to propose a separate resolution at the AGM on each substantially separate issue, including a separate resolution relating to the Directors Report and Accounts. In order to comply with the Combined Code, proxy votes will be announced at the AGM, following each vote on a show of hands, except in the event of a poll being called. The Board Chairman and the Chairman of the Audit, Remuneration and Nomination Committees are available to answer questions from all shareholders.

Accountability and Audit

The Directors have set out their responsibility for the preparation of the financial statements on page 19. They also considered the Going Concern of the group and their observation is set out on page 15. The Board have established an Audit Committee whose principal tasks are to consider financial reporting and internal control issues. The Audit Committee, which consists exclusively of independent non executive directors, meet at least quarterly to review the financial statements of the Company, to consider internal control procedures and to liaise with internal and external auditors. In the year ended March 31 1999 the Audit Committee met on 6 occasions.

Directors Report *(Continued)*

On an annual basis the Audit Committee receive an extensive report from the Internal Auditor detailing the reviews performed in the year, and a risk assessment of the company. This report is used by the Committee and the Board, as a basis for determining the effectiveness of internal financial control. The Audit Committee regularly considers the performance of internal audit and how best financial reporting and internal financial control principles should be applied.

Compliance with the Combined Code

The Board of Directors confirm that the group has complied, throughout the year, with the provisions of the Combined Code except for those new provisions relating to the issues listed below. The Company's non compliance stems from the fact the Compliance Statement must relate to the whole of the year while the provisions of the Code were only announced in November 1998.

Non compliance issues

- amendment of the Terms and Conditions of the Remuneration Committee which now makes recommendations to the Board on the Company's policy framework for executive directors remuneration, whereby previously, under the requirements of the Greenbury Committee it had determined it.
- the re-election of all directors at least every three years. A resolution on the issue will be presented at the forthcoming AGM.
- the proxy votes in favour or against each resolution will only be given after a show of hands, save where a poll is called. Traditionally this information was made available to shareholders at the beginning of the AGM.
- the Nomination Committee was not established until June 1998.
- the directors review of the Groups system of internal controls.
- disclosures regarding directors' remuneration have been drawn up on an aggregate basis, in accordance with the Listing rules of the Irish Stock Exchange.

Internal Control

The Combined Code has introduced a new requirement that the directors review the effectiveness of the Group's system of internal controls. This expands the existing requirement in respect of internal financial controls to cover all controls including;

- financial;
- operational;
- compliance; and
- risk management.

While the Board is ultimately responsible for the Group's system of internal controls and for monitoring its effectiveness, the formal guidance on Internal Control, being developed by a Task Force established by the Institute of Chartered Accountants of England and Wales, has yet to be published in final form. Consequently, the directors consider that they are unable to report that they have undertaken a formal review of the effectiveness of the Groups system of non financial internal controls as envisaged by the Combined Code.
However, the directors have continued to follow existing guidance and have reviewed the effectiveness of the Group's internal financial control system during the financial year ended 31 March 1999 in relation to the criteria for assessing effectiveness described in Internal Control and Financial Reporting issued by the Working Group on Internal Control in December 1994.

Internal financial control

The directors acknowledge their responsibility for the system of internal financial control which is designed to provide reasonable, but not absolute, assurance regarding;

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

The key procedures that have been established to provide effective internal financial control include:

- a strong and independent board which meets at least 4 times a year and has separate chief executive and chairman roles;

Directors Report *(Continued)*

- a clearly defined organisational structure along functional lines and a clear division of responsibility and authority in the company;
- a very comprehensive system of internal financial reporting which includes preparation of detailed monthly management accounts, providing key performance indicators and financial results for each major function within the company;
- weekly management committee meetings, comprising of heads of departments, which review the performance and activities of each department in the company;
- detailed budgetary process which includes identifying risks and opportunities and which is ultimately approved at board level;
- board approved capital expenditure and treasury policy which clearly defines authorisation limits and procedures;
- an internal audit function which reviews key financial / business processes and controls, and which has full and unrestricted access to the audit committee; and
- an audit committee which approves audit plans and considers significant control matters raised by management and the internal and external auditors

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the company's system of internal financial control.

Year 2000 issues

The group has established a senior management team to review the ability of the group's information systems processing to continue operating unimpaired in the Year 2000 and thereafter. A number of key information systems (including the operations, engineering and primary financial systems) have been replaced over the course of the last three years. The group anticipates that incremental costs of related external assistance and systems enhancements in relation to the Year 2000 issue will be approximately US$300,000 and will be funded through cash flows from operations.

The group is also evaluating the extent to which systems which are material to its business and which are provided by third-parties are Year 2000 compliant or, if not, when and if such compliance will be achieved. However the group has no control over compliance of these systems which include, among others, air traffic control and airport related systems and computer reservation and ticketing systems. Failure of these types of third-party systems to achieve Year 2000 compliance would have a material adverse effect on our financial condition and results of operations before or after 31 December 1999.

The group had not yet completed all necessary phases of the Year 2000 evaluation. In the event that it does not complete any additional phases of its evaluation or if third parties are not Year 2000 compliant by 31 December 1999, the directors estimate that a most reasonable worst case scenario would be reduction or suspension of operations. Disruptions in the economy generally resulting from Year 2000 issues could also materially affect the business. The group may be subject to litigation for computer systems failure, equipment shut down or failure to properly date business records. The amount of potential liability and lost revenue cannot be reasonably estimated at this time. In addition, there can be no assurance that public concern over airline safety related to Year 2000 will not develop. Should this concern develop, it could have a materially adverse effect on the number of passengers carried and on the group's financial condition and results of operations.

Going Concern

After making enquiries the Directors consider that the Company has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the accounts.

Subsidiary Companies

Notes on subsidiary undertakings are detailed on page 52 of the financial statements.

Directors and their interests

A list of the directors who held office in the period is set out on page 17. One third (rounded down to the next whole number if it is a fractional number) of the directors (being the directors who have been longest in office) will retire by rotation and be eligible for re-election at every Annual General Meeting. Until after the

Directors Report *(Continued)*

third Annual General Meeting following the adoption of the Articles (adopted 12 May 1997), the retirement or removal of any director will not affect the order in which directors on the board at the date of adoption of the Articles will retire by rotation, whether or not such director is replaced on the board of directors, so that none of David Bonderman, Richard Schifter or Jeff Shaw will be required to retire until, at the earliest, the third annual general meeting following the adoption of the Articles.The directors who held office at March 31, 1999 had no interests other than those outlined in note 21 in the shares of the company or group companies.

Dividend Policy

Due to the capital intensive nature of the business and the company's projected growth, the directors do not intend to recommend the payment of any dividend for the foreseeable future.

Political Contributions

There were no political contributions which require disclosure under the Electoral Act, 1997.

Post balance sheet events

There were no significant post balance sheet events other than as disclosed in notes to the financial statements.

Format of financial statements

The financial statements have been prepared in accordance with the reporting and presentation requirements of the Companies (Amendment) Act, 1986. The directors consider that the format adopted in these financial statements is the most suitable for the group's purposes.

Auditors

In accordance with Section 160(2) of the Companies Act 1963, the auditors KPMG, Chartered Accountants, will continue in office.

Annual General Meeting

The Annual General Meeting will be held on the 14th September 1999 at 11am in the Alexander Hotel, Fenian Street, Dublin 2.

On behalf of the board

D. Bonderman	M. O' Leary
Chairman	*Chief Executive*

28 May 1999

Directors

David Bonderman
Chairman

Has served as a Director of Ryanair Holdings since August 23, 1996 and Chairman of the Board since December 1996. He also serves as a director of Continental Airlines,Inc., Beringer Wine Estates Inc., Ducati Motorcycles S.p.A., Virgin Entertainment, and is Principal of Texas Pacific Group.

Michael O'Leary
Chief Executive

Has served as Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Ltd. since November 25, 1988. Prior to being appointed Chief Executive on January 1, 1994, Mr. O'Leary held a number of senior positions in the airline.

Raymond MacSharry
Director

Has served as a Director of Ryanair Holdings since August 23, 1996, and as Director of Ryanair Ltd. since February 11, 1993. From 1993 to 1995 he served as Chairman of Ryanair Limited. He also serves as a director of Jefferson Smurfit Group plc, Bank of Ireland, and as non-Executive Chairman of Telecom Eireann plc, London City Airport and Green Property plc. Prior to Ryanair, he served as the European Commissioner for Agriculture(1989-1993) and was the Minister for Finance of Ireland in 1982 and from 1987 to 1988.

James R. Osborne
Director

Has served as a Director of Ryanair Holdings since August 23, 1996, and as Director of Ryanair Ltd. since April 12, 1995. Mr. Osborne is a former managing partner of A & L Goodbody Solicitors. He also serves as a director of Golden Vale plc and Adare Printing Group plc.

Cathal M. Ryan
Director

Has served as a Director of Ryanair Holdings since August 23, 1996 and as a Director of Ryanair Ltd. since January 29, 1985. He has also been employed by Ryanair as a pilot since 1991.

Declan F .Ryan
Director

Has served as a Director of Ryanair Holdings since August 23, 1996 and as a Director of Ryanair Limited since January 29, 1985. He currently operates a private investment company, Irlandia Investments Ltd.

T. Anthony Ryan
Director

Has served as a Director of Ryanair Holdings since July 2, 1996 and as a Director of Ryanair Ltd. since April 2, 1995. Dr. Ryan served as Chairman of the Board of Ryanair Ltd. from 1996 and Ryanair Holdings from August to December 1996. Dr. Ryan served as chairman of GPA Group plc from 1983 to 1996. He is currently chairman of Tipperary Crystal Ltd.

Richard P. Schifter
Director

Has served as a Director of Ryanair Holdings since August 23, 1996 and is a director of America West Holdings Corp. and a Principal of Texas Pacific Group.

Jeffrey A.Shaw
Director

Has served as a Director of Ryanair Holdings since August 23, 1996 and is a director of Del Monte Foods and a Principal of Texas Pacific Group.

Arthur J. Walls
Director

Has served as a Director of Ryanair Holdings since August 23, 1996 and as a Director of Ryanair Ltd. since 1985. He currently serves as Deputy Chairman of Clery & Co (1941) p.l.c. and Chairman of Dublin Crystal Ltd.

Report of the Remuneration and Compensation Committee to the Board

Throughout the year, Ryanair Holdings plc had procedures in place which met with the best practice provisions as set out in Section A of the Irish Stock Exchange's Listing Rules requirements on Directors' remuneration. In forming remuneration policy full consideration has been given to Section B of these provisions which is annexed to the Listing Rules.

The Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises Mr James Osborne, Mr Ray MacSharry and Mr Jeff Shaw, all of whom are non executive directors. The Committee determines the remuneration of senior executives of Ryanair and administers the company's Stock Option Plan. The board determines the remuneration and bonuses of the Chief Executive who is the only executive director.

Remuneration Policy

The Group's policy on senior executive remuneration is to reward its executives competitively, having regard to the comparative marketplace in Ireland and the United Kingdom, in order to ensure that they are properly motivated to perform in the best interest of the shareholders.

Non Executive Directors

Non Executive Directors are remunerated by way of Directors fees and where applicable consultancy fees, full details of both of which are disclosed in note 21(b) on page 42 of the financial statements.

Executive Director Remuneration

The elements of the remuneration package for the Executive Director are basic salary, performance bonus and pension. Full details of the executive director's remuneration is set out in note 21(a) on page 42 of the financial statements.

Executive Director's Service Contract

Ryanair entered into a new employment agreement with the only executive director of the Board, Mr. O'Leary on October 1, 1998 and expiring June 30, 2001. Thereafter, the agreement may be terminated by either party with one month's notice. Mr. O'Leary's employment agreement does not contain provisions providing for compensation on its termination.

Share Options

A Senior Management Option Scheme (involving 7 members of senior management) was established in May 1997 and a Staff Share Option Plan was approved by the shareholders at the Annual General Meeting held on 29th of September, 1998. See note 14 for details on option schemes.

Statement of Directors' Responsibilities

The directors are responsible for preparing the financial statements which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 1990 and all Regulations to be construed as one with those Acts. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

On behalf of the board

D. Bonderman — *Chairman*

M. O' Leary — *Chief Executive*

28 May 1999

Auditors Report to the Members of Ryanair Holdings plc

We have audited the financial statements on pages 21 to 63.

Respective responsibilities of directors and auditors in relation to the Annual Report

The directors are responsible for preparing the Annual Report including the financial statements as described on page 19. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the Stock Exchange and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Acts. As also required by the Acts, we state whether we have obtained all the information and explanations we require for our audit, whether the financial statements agree with the books of account, and report to you our opinion as to whether

- the company has kept proper books of account;
- the directors' report is consistent with the financial statements;
- at the balance sheet date a financial situation existed that may require the company to hold an extraordinary general meeting, on the grounds that the net assets of the company, as shown in the financial statements, are less than half of its share capital.

We also report to you if, in our opinion, information specified by law or the Listing Rules regarding directors' remuneration and transactions with the company is not disclosed.

Auditors Report to the Members of Ryanair Holdings plc *(Continued)*

We review whether the statement on page 14 reflects the company's compliance with the paragraphs of the Code of Best Practice on corporate governance specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to form an opinion on the effectiveness of the company's corporate governance procedures or its internal controls.

We read the other information contained in the Annual Report and financial statements, including the corporate governance statement, and consider whether it is consistent with audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group at 31 March 1999 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Acts 1963 to 1990 and all Regulations to be construed as one with those Acts.

We have obtained all the information and explanations we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The balance sheet of the company at 31 March 1999 is in agreement with the books of account.
We have obtained all the information and explana
In our opinion, the information given in the directors' report on pages 11 to 16 is consistent with the financial statements.

The net assets of the company as stated on the balance sheet on page 28, are more than half of the amount of its called up share capital, and, in our opinion, on that basis, there did not exist at 31 March 1999 a financial situation which, under Section 40(1) of the Companies (Amendment) Act 1983, would require the convening of an extraordinary general meeting of the company.

KPMG

Chartered Accountants
Registered Auditors

28 May 1999

Statement of 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 with the exception of changes to the groups accounting policies for goodwill, maintenance and depreciation as set out in note 1 to the financial statements. These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) in the UK 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 (US) GAAP except where such presentation is not consistent with Irish GAAP. A summary of the differences between Irish GAAP and US 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 UK and Ireland and the United States requires the use of management estimates and assumptions that affect the reported amount of assets and liabilities and 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 Irish pounds.

Basis of consolidation

The group's consolidated financial statements comprise the financial statements of Ryanair Holdings plc and its subsidiary undertakings for the years ended 31 March 1998 and 31 March 1999.

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. Goodwill arising on acquisitions prior to 31 March 1998, representing the excess of the fair value of the consideration given over the fair value of the net tangible assets and identifiable intangible assets when they were acquired, was written off against retained earnings on acquisition.

Any excess of the aggregate of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) was credited directly to reserves.

Following the adoption of Financial Reporting Standard (FRS) 10, goodwill arising on acquisitions post 31 March 1998 is capitalised and amortised to the profit and loss account over its estimated useful economic life. The transitional arrangements of FRS 10 do not require the provisions of the new standard to be adopted retroactively.

In the company's financial statements, investments in subsidiary undertakings are stated at cost less any amounts written off.

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 IR£Nil (1998:IR£0.108 million).

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 recognised 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.

Statement of Accounting Policies *(Continued)*

Tangible fixed assets and depreciation

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

Plant and equipment	20%
Fixtures and fittings	20%
Motor vehicles	25%
Buildings	5%

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

Aircraft Type	Useful Life	Residual Value
Boeing 737-200's	20 years from date of manufacture	US$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 amortised 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 capitalised and amortised 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 permanent diminutions in value.

Inventories

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

Foreign currency

Transactions arising in foreign currencies are translated into Irish pounds 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. Foreign currency liabilities that are hedged using forward foreign exchange contracts are translated at the rate specified in the contract.

Derivative financial instruments

Gains and losses on derivative financial instruments are recognised in the profit and loss account when realised as an offset to the related income or expense, as the group does not enter into any such transactions for speculative purposes.

Statement of Accounting Policies *(Continued)*

Taxation

The charge for taxation is based on the profit for the period. Deferred taxation is accounted for in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that such differences are expected to reverse in the foreseeable future.

Net deferred tax assets are not recognised except to the extent that they are expected to be recoverable without replacement by equivalent asset balances.

Leases

Assets held under finance leases are capitalised 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 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 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 recognised in the balance sheet.

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.

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 as received.

Consolidated Balance Sheet

at 31 March 1999

	Note	1999 € 000	**1999 IR£000**	1998 As restated IR£000
Fixed assets				
Tangible assets	2	203,493	**160,264**	103,279
Financial assets	3	53	**42**	67
		203,546	**160,306**	103,346
Current assets				
Cash and liquid resources	4	158,595	**124,904**	50,627
Accounts receivable	5	18,475	**14,550**	10,414
Other assets	6	6,306	**4,966**	2,945
Inventories	7	12,917	**10,173**	5,186
Restricted bank balances	4	-	**-**	343
Total current assets		196,293	**154,593**	69,515
Total assets		399,839	**314,899**	172,861
Current liabilities				
Accounts payable	8	30,764	**24,229**	11,644
Accrued expenses and other liabilities	9	77,972	**61,408**	40,136
Current maturities of long term debt	10	1,765	**1,390**	2,769
Short term borrowings	11	3,893	**3,066**	1,605
Total current liabilities		114,394	**90,093**	56,154
Other liabilities				
Provisions for liabilities and charges	13	11,277	**8,881**	10,459
Long term debt	10	23,204	**18,275**	1,130
		34,481	**27,156**	11,589
Shareholders' funds - equity				
Called-up share capital	14	8,503	**6,697**	6,333
Share premium account	14	130,607	**102,861**	55,955
Profit and loss account		111,854	**88,092**	42,830
Shareholders' funds - equity		250,964	**197,650**	105,118
Total liabilities and shareholders' funds		399,839	**314,899**	172,861

On behalf of the board

M. O' Leary
Director

D. Bonderman
Director

Consolidated Profit and Loss Account

for the year ending 31 March 1999

	Note	1999 €000	1999 IR£000	1998 As restated IR£000
Operating revenues				
Scheduled revenues		258,873	**203,879**	160,508
Ancillary revenues		36,886	**29,050**	22,098
Total operating revenues - continuing operations	18	295,759	**232,929**	182,606
Operating expenses				
Staff costs	19	(39,834)	**(31,372)**	(24,135)
Depreciation		(36,209)	**(28,517)**	(19,799)
Other operating expenses	20	(151,855)	**(119,595)**	(94,347)
Total operating expenses		(227,898)	**(179,484)**	(138,281)
Operating profit - continuing operations		67,861	**53,445**	44,325
Other income/(expenses)				
Interest receivable and similar income		6,610	**5,206**	3,290
Interest payable and similar charges	22	(237)	**(187)**	(849)
Foreign exchange gains		389	**306**	1,554
Gains on disposal of fixed assets		1,187	**935**	63
Total other income/(expenses)		7,949	**6,260**	4,058
Profit on ordinary activities before tax	21	75,810	**59,705**	48,383
Tax on profit on ordinary activities	23	(18,339)	**(14,443)**	(12,529)
Profit for the financial year		57,471	**45,262**	35,854
Profit and loss account at beginning of year		54,383	**42,830**	6,976
Profit and loss account at end of year		111,854	**88,092**	42,830
Earnings per ordinary share (Cents/IR pence)	25	34.88	**27.47**	23.56
Fully diluted earnings per ordinary share (Cents/IR pence)	25	34.77	**27.38**	23.50
Adjusted earnings per ordinary share (Cents/IR pence)	25	34.88	**27.47**	24.74
Number of ordinary shares in 000's	25	164,760	**164,760**	152,215

The company had no recognised gains and losses in the financial year or preceding financial year other than those dealt with in the profit and loss account and accordingly, no statement of recognised gains and losses is presented. However, profits of IR£7,511,00 for the year ended 31 March 1998 have been recognised since Ryanair Holdings plc published its annual report for the year ended 31 March 1998 and this change is attributable to changes in accounting policies. See Note 1 to the financial Statements.

On behalf of the board

M. O' Leary
Director

D. Bonderman
Director

Consolidated Cash Flow Statement

for the year ending 31 March 1999

	Note	1999 €000	**1999 IR£000**	1998 As restated IR£000
Net cash inflow from operating activities	27(a)	124,411	**97,982**	77,992
Returns on investments and servicing of finance				
Interest received		6,270	**4,938**	2,647
Interest paid		(189)	**(149)**	(786)
Interest paid on finance leases		(38)	**(30)**	(107)
Net cash inflow from returns on investments and servicing of finance		6,043	**4,759**	1,754
Taxation				
Corporation tax paid		(11,125)	**(8,762)**	(7,254)
Capital expenditure and financial investment				
Purchase of tangible fixed assets		(108,452)	**(85,413)**	(69,443)
Sales of tangible fixed assets		1,329	**1,047**	73
Net cash (outflow) from capital expenditure		(107,123)	**(84,366)**	(69,370)
Net cash inflow before financing and use of liquid resources		12,206	**9,613**	3,122
Financing and use of liquid resources				
Increase/(repayment) in loans		20,237	**15,938**	(34,345)
Issue of share capital		63,487	**50,000**	65,001
Share issue costs		(3,466)	**(2,730)**	(7,713)
Capital element of finance leases		(442)	**(348)**	(257)
Financing		79,816	**62,860**	22,686
(Increase) in liquid resources	27(c)	(79,382)	**(62,518)**	(25,111)
Net cash inflow/(outflow) from financing and use of liquid resources		434	**342**	(2,425)
Increase in cash	27(d)	12,640	**9,955**	697

Consolidated Statement of Changes in Shareholders’ Funds - Equity

at 31 March 1999

	Ordinary shares IR£000	Share premium account IR£000	Profit and loss account IR£000	Total IR£000	Total € 000
Balance at 1 April 1998 (as restated)	6,333	55,955	42,830	105,118	133,472
Issue of ordinary equity shares (net of issue costs) (note 14)	364	46,906	-	47,270	60,021
Profit for the financial year	-	-	45,262	45,262	57,471
Balance at 31 March 1999	**6,697**	**102,861**	**88,092**	**197,650**	250,964

Company Balance Sheet

at 31 March 1999

	Note	1999 € 000	1999 IR£000	1998 IR£000
Fixed assets				
Financial assets	3	71,994	**56,700**	56,700
Current assets				
Cash and liquid resources		50	**39**	39
Other assets	6	102,894	**81,036**	33,749
Total current assets		102,944	**81,075**	33,788
Total assets		174,938	**137,775**	90,488
Current liabilities				
Accrued expenses and other liabilities		24	**19**	2
Other liabilities				
Amounts due to group companies	12	35,172	**27,700**	27,700
Shareholders' funds - equity				
Called up share capital	14	8,503	**6,697**	6,333
Share premium account	14	130,607	**102,861**	55,955
Profit and loss account		632	**498**	498
Shareholders' funds - equity		139,742	**110,056**	62,786
Total liabilities and shareholders' funds		174,938	**137,775**	90,488

On behalf of the board

M.O'Leary
Director

D. Bonderman
Director

Notes

forming part of the consolidated financial statements

1 Prior year adjustment

The accounting policies for the provision for maintenance of aircraft and for depreciation of aircraft were changed during 1999 as a result of the group's adoption of Financial Reporting Standard ("FRS") 12 "Provisions, Contingent Liabilities and Contingent Assets" and FRS 15 " Tangible Fixed Assets". The adoption of these accounting standards gives rise to the following prior year adjustments:

Provision for maintenance of aircraft

In previous years, provision for the cost of major maintenance checks was made by providing for the estimated future costs of maintenance over the period from the date of acquisition to the date of the next check on the basis of hours flown.

Under the revised policy, which is in accordance with the provisions of Financial Reporting Standard ("FRS") 12 "Provisions, Contingent Liabilities and Contingent Assets", major maintenance checks are capitalised as incurred and written off over the shorter of the period to the next check or the estimated useful life of the aircraft.

Depreciation

Previously, the entire cost of an aircraft was depreciated over its total estimated useful life. During the year the group changed its accounting policy for the depreciation of its aircraft to comply with the provisions of FRS 15 "Tangible Fixed Assets". Under the revised policy, the cost of an aircraft is split into its separable components which are depreciated over their estimated useful lives. As a result, that element of the cost attributed to the service potential of its separable components reflecting their maintenance condition is amortised over the shorter of the period to the next check or the remaining life of the aircraft. In order to present prior year results on a comparable basis, the profit and loss account for the year ended 31 March 1998 and the balance sheet as at 31 March 1998 have been restated in the following respects:

Profit and loss account	**1998 IR£000**
Profit for the financial year as previously reported	28,343
Adjustments for effect of revised policies:	
maintenance	14,745
aircraft depreciation	(3,510)
deferred tax impact of adjustments	(3,724)
	7,511
Profit for the financial year as restated	**35,854**
Earnings per ordinary share IR pence as previously reported:	18.62
Earnings per ordinary share IR pence as restated:	23.56

Notes *(Continued)*

1 Prior year adjustment (continued)

Balance sheet	**1998 IR£000**
Tangible assets	
As previously reported	96,075
Adjustments for effect of revised policies:	
increase in cost basis of tangible fixed assets	12,419
increase in accumulated depreciation	(5,215)
As restated	**103,279**
Provisions for liabilities and charges	
As previously reported	19,654
Adjustments for effect of revised policies:	
reversal of maintenance provisions	(17,911)
increase in deferred tax	8,716
As restated	**10,459**

Consolidated statement of changes in shareholders' funds - equity - profit and loss account	**1998 IR£000**
Profit and loss account as previously stated	26,431
Adjustments for effect of revised policies:	
Increase in profit for year	7,511
Cumulative adjustment to prior years	8,888
Profit and loss account as restated	**42,830**

Notes *(Continued)*

2 Tangible fixed assets

Group	Aircraft IR£000	Land & Buildings IR£000	Plant & Equipment IR£000	Fixtures & Fittings IR£000	Motor Vehicles IR£000	Total IR£000
Cost						
At beginning of year (restated)	121,654	4,107	809	2,761	468	129,799
Additions in year	41,967	24	396	1,597	203	44,187
Advance payments	41,398	-	-	-	-	41,398
Disposals in year	-	(71)	-	-	(61)	(132)
At end of year	**205,019**	**4,060**	**1,205**	**4,358**	**610**	**215,252**
Depreciation						
At beginning of year (restated)	25,180	447	275	560	58	26,520
Charge for year	27,161	263	245	677	171	28,517
Disposals in year	-	(1)	-	-	(48)	(49)
At end of year	**52,341**	**709**	**520**	**1,237**	**181**	**54,988**
Net book value						
At 31 March 1999	**152,678**	**3,351**	**685**	**3,121**	**429**	**160,264**
At 31 March 1998	96,474	3,660	534	2,201	410	103,279

Lenders hold a first legal charge over premises at Conyngham Road with a net book value of IR£1,837,000 at 31 March 1999 *(1998: IR£2,006,000).*

At 31 March 1999, aircraft with a net book value of IR£22,013,550 *(1998: IR£13,814,360)* were mortgaged to lenders as security for loans. Under the security arrangements for the company's new 737-800 "next generation" aircraft, the group does not hold legal title to those aircraft while loan amounts remain outstanding.

At 31 March 1999, the net book value of fixed assets held under finance leases at 31 March 1999 was IR£825,764 *(1998: IR£903,413).* Depreciation on these assets for the year ended 31 March 1999 amounted to IR£324,023 *(1998: IR£189,607).*

At 31 March 1999, the cost and net book value of aircraft includes IR£50,654,000 *(1998:IR£9,256,000)* in respect of advance payments on aircraft. This amount is not depreciated.

Notes *(Continued)*

3 Financial fixed assets

	Group		Company	
	1999 IR£000	1998 IR£000	**1999 IR£000**	1998 IR£000
Investment in subsidiary undertakings	**-**	-	**56,700**	56,700
Listed investments (all of which are listed on the New York Stock Exchange)	**42**	67	**-**	-

The market value of the listed investments included above was IR£1,855,000 at 31 March 1999. Equity shares listed on a recognised stock exchange are held as financial fixed assets. In the year ended 31 March 1999, the group disposed of equity shares with a book value of IR£25,000 (1998: IR£Nil). The profit on this disposal of IR£909,000 is included in gains on disposal of fixed assets.

4 Cash and liquid resources

At 31 March 1999, a IR£Nil *(1998: IR£342,885)* bank balance was restricted as it had been granted as security for the provision of a bank guarantee of US$500,000 in the ordinary course of business. Under the terms of the agreement Ryanair Holdings plc agreed to maintain a deposit with the guarantor bank for as long as the bank gave its guarantee.

5 Accounts receivable

Group	**1999 IR£000**	1998 IR£000
Trade receivables	**14,887**	10,663
Provision for doubtful debts	(337)	(249)
	14,550	10,414

6 Other assets

	Group		Company	
	1999 IR£000	1998 IR£000	**1999 IR£000**	1998 IR£000
Prepayments	**3,556**	1,570	**-**	-
Value Added Tax recoverable	**532**	496	**-**	-
Other receivables	**878**	879	**-**	-
Due from Ryanair Limited	**-**	-	**81,036**	33,749
	4,966	2,945	**81,036**	33,749

All amounts fall due within one year.

Notes *(Continued)*

7 Inventories

Group	1999 IR£000	1998 IR£000
Aircraft spares	**9,817**	4,894
Duty free and other inventories	**356**	292
	10,173	5,186

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

8 Accounts payable

Accounts payable represents trade creditors payable within one year.

9 Accrued expenses and other liabilities

Group	1999 IR£000	1998 IR£000
Current		
Accruals	**10,981**	6,581
Taxation	**26,429**	14,114
Unearned revenue	**23,998**	19,441
	61,408	40,136

Taxation above comprises:		
PAYE (payroll taxes)	**1,356**	871
Corporation tax	**16,187**	8,929
Other tax (including foreign travel duty)	**8,886**	4,314
	26,429	14,114

Notes *(Continued)*

10 Maturity analysis of long term debt

	Group 1999 IR£000	Group 1998 IR£000
Due within one year:		
Secured debt	**1,039**	2,430
Obligations under finance leases	**351**	339
	1,390	2,769
Due between one and two years:		
Secured debt	**1,361**	250
Obligations under finance leases	**241**	291
Due between two and five years:		
Secured debt	**3,908**	375
Obligations under finance leases	**80**	214
Due after five years:		
Secured debt	**12,685**	-
	18,275	1,130
Total	**19,665**	3,899

Notes on long term debt other than finance leases

(i) *January 1994 aircraft facility*

At 31 March 1999, Ryanair Limited had US dollar borrowings equivalent to IR£Nil (*1998: IR£2,180,111)* arranged through a mortgage with the United Bank of Kuwait (previously with Boeing) to finance the purchase of six second-hand Boeing 737-200 series aircraft during the year ended 31 March 1994. The mortgage was secured with first fixed charges on six aircraft included in tangible fixed assets.

The loan which was denominated in US dollars and amounted to US$17,500,000 was drawn down between January and March 1994. The loan bore interest at LIBOR plus 2% and was repayable in monthly installments of capital of US$291,666 plus interest. The final payment in respect of the loan was made on 1 March 1999.

Notes *(Continued)*

(ii) June 1996 property facility

At 31 March 1999, Ryanair Limited had borrowings of IR£625,000 (*1998: IR£875,000)* arranged through a term loan with Allied Irish Banks plc to finance the purchase of property. The term loan is 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 bears interest at 7.61% per annum and is repayable in quarterly installments over five years.

(iii) Interest rate swap and forward exchange contract arrangement

At 31 March 1999, the group had arranged an interest rate swap with a nominal amount of US$Nil (IR£ Nil) *(1998:US$3,500,002 (IR£2,572,584))* in respect of its loan obligations. Net receipts or payments under the agreement are recognised as adjustments to interest expense over the period (Note 15). The group also enters into forward exchange contracts to specifically hedge against the repayments of the US dollar loans. These contracts had an aggregate nominal amount of US $ Nil (IR£ Nil) (1998:US$3,500,002 *(IR£2,180,111))* at 31 March 1999.

(iv) ABN Amro N.V. 1999 aircraft facility

At 31 March 1999, the Group had US dollar borrowings equivalent to IR£18,368,590 (US$25,539,687) in respect of a partial 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 United States to finance the acquisition of five 737-800 “next generation” aircraft to be delivered between March and September 1999. The guarantee was secured with a first fixed mortgage on the delivered aircraft.

Details of interest rate and debt swap arrangements are described in note 15.

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

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

		31 March 1999 IR£000
Years ending 31 March	2000	**1,039**
	2001	**1,361**
	2002	**3,908**
	2003-2011	**12,685**
		18,993

11 Short term borrowings

Group	**1999 IR£000**	1998 IR£000
Bank overdrafts (represented by unpresented cheques)	**3,066**	1,605

Notes *(Continued)*

12 Amounts due to group companies

Company	1999 IR£000	1998 IR£000
Due to Ryanair Limited	**27,700**	27,700

At 31 March 1999, Ryanair Holdings plc had borrowings of IR£27,700,000 *(1998:IR£27,700,000)* from Ryanair Limited. The loan is interest free.

13 Provisions for liabilities and charges *(as restated)*

Group	1999 IR£000	1998 IR£000
Deferred taxation: (see Note 23)		
At beginning of year	**10,459**	6,857
Charge for year	**(1,578)**	3,602
At end of year	**8,881**	10,459

14 Share capital and share premium account

Group and company	1999 IR£000	1998 IR£000
Authorised		
210,000,000 ordinary equity shares of IR4 pence each	**8,400**	8,400
Allotted, called up and fully paid		
167,424,814 ordinary equity shares of IR4 pence each at 31 March 1999 and 158,333,905 ordinary shares of IR4 pence each at 31 March 1998	**6,697**	6,333

As part of the group's 1998 public offering, 9,090,909 ordinary shares of IR4 pence each were issued for cash on July 10 1998 at IR£5.50 per share. The proceeds of the issue before costs amounted to IR£49,999,999 and are being used by the company to assist in its aircraft fleet purchase programme.

Notes *(Continued)*

14 Share capital (continued)

Share premium account	1999 IR£000	1998 IR£000
At start of year	**55,955**	-
Share premium arising on issue of 9,090,909 ordinary shares of IR4pence each	**49,636**	-
Share premium arising on issue of 33,333,905 ordinary shares of IR4 pence each	-	63.668
Cost of share issue	**(2,730)**	(7,713)
At end of year	**102,861**	55,955

Share options and share purchase arrangements

On 21 May 1997 the company granted to seven senior managers options over ordinary shares with an equivalent value of IR£200,000 each at the Initial Public Offering (the "IPO") strike price of IR£1.95 less a discount of 10% resulting in the issue of 717,948 options. None of the individuals will be permitted to exercise the options until after May 2000. However, the options must be exercised within seven years of the date of their grant.

In addition, the company adopted a stock option plan (the "stock option plan") following shareholders 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 the company at an exercise price equal to the market price of the ordinary shares at the time 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 31 March 1999, 1,943,500 options had been issued under this plan which will become exercisable after June 2003.

The mid market price of Ryanair Holdings plc ordinary shares on the Irish Stock Exchange at 31 March 1999 was IR£5.91.

15 Derivative financial instruments

The group enters into forward contracts for the purchase of aviation fuel intended to reduce its exposure to fuel prices, and foreign currency forward exchange contracts intended to reduce its exposure to certain currencies, principally the US dollar. It also enters into interest rate swaps with the objective of capping borrowing costs. It is the policy of the group not to enter into transactions involving financial derivatives for speculative purposes.

Notes *(Continued)*

The group enters into fuel swap contracts under which the group receives or makes payments based on the differential between a specified price and the spot price of fuel. At 31 March 1999, the group had swap agreements to exchange payments for notional fuel purchases amounting to US$38,480,912 (1998: US$40,634,494). The unrealised loss based on the fair value of the fuel swaps at 31 March 1999 was IR£ 2,659,704 *(1998: IR£6,317,710).*

Unrealised gains and losses on fuel swap contracts are deferred and are recognised in the profit and loss account when realised as an offset to actual fuel purchases.

At 31 March 1998 and 31 March 1999, the group had entered into foreign currency forward exchange contracts with an aggregate principal amount of US$63,561,188 and US$16,000,000 respectively and Stg£30,000,000 and Stg 33,000,000, to meet future operating expenses and debt repayments. At 31 March 1999, there was an unrealised loss of IR£(276,400) *(1998: IR£(1,122,160))* on these contracts. All such contracts are accounted for as hedges and in the same manner as the related asset or liability. At 31 March 1998, the group had an interest rate swap to reduce the potential impact of increases in interest rates on floating rate long term debt (see Note 10(iii)). At that date, the nominal value of the swap amounted to US$3,500,002 on which interest was fixed at 4.75%. The agreement with the counterparty, which was terminated prior to 31 March 1999, entitled the group to receive bi-annual payments for the amount, if any, of the cost over and above the capped amount.

The fair value of the interest swap agreement at 31 March 1998 was IR£14,333.

The group has entered into a series of cross currency and interest rate swap agreements intended to hedge its exposure to movements in US dollar and Euro currency exchange and interest rates in relation to the floating rate, dollar-denominated debt that has been drawn down and for which a commitment has been issued under its loan facility with ABN AMRO Bank N.V. in connection with the group's acquisition of the 25 firm commitment Boeing 737-800 “next generation” aircraft.

At 31 March 1999, the group had outstanding borrowings under the loan facility of US$25,539,687 bearing interest at a floating rate equal to 5.04% at such date. These borrowings, which commenced on 19 March 1999 have a maturity of twelve years. Under a series of forward starting swap agreements, the group has agreed as of 15 June 1999 to pay a fixed rate of 4.18% on a notional value of IR£16,578,680 in exchange for the receipt of floating rate payments over a corresponding period denominated in US dollars and corresponding in amount to such outstanding indebtedness.

At 31 March 1999, the group had remaining unutilized loan commitments under the ABN AMRO Bank N.V. loan facility of US$679.5 million, which it expects to utlize in order to finance the purchase of additional Boeing 737-800 “next generation” aircraft, including those aircraft scheduled to be delivered after March 1999. In order to hedge its exposure to movements in US dollar and Euro currency exchange and interest rates in relation to such unutilized commitments, the group has entered into a series of forward starting swaps under which it has agreed to pay fixed rates of between 4.16% and 5.03% on a notional value of 584.6 million Euros in exchange for the receipt of floating rate payments over a corresponding period denominated in US dollars and corresponding in amount to such anticipated indebtedness.

The interest rate and currency swaps in relation to the financing of the new aircraft are accounted for on an accrual basis which matches the underlying hedged liability. At 31 March 1999, the fair value of these swaps on a mark-to-market basis was US$7.8million.

Notes *(Continued)*

16 Fair value of financial instruments

The carrying amount of the following financial instruments approximate to fair value due to the short term maturity of these instruments - cash and liquid resources, accounts receivable, other assets, accounts payable, accrued expenses and other liabilities and short term borrowings.

The fair value of long term debt with third parties is based on the discounted value of contractual cash flows. The discount rate is estimated using rates currently offered for debt with similar remaining maturities. In all cases the fair value of the long term debt approximates to its carrying value. Note 15 presents the estimated fair value of derivative financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement and, therefore, cannot be determined with precision. Changes in assumptions would significantly affect the estimate.

17 Concentrations of credit risk

The group's revenues derive principally from the issue of airline tickets on scheduled and chartered services, car hire, inflight 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, inflight and related sales.

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

	1999 IR£000	1998 IR£000
Ireland	**56,003**	54,463
United Kingdom	**128,529**	111,435
Other European countries	**48,397**	16,708
	232,929	182,606

Notes *(Continued)*

18 Analysis of operating revenues (continued)

Ancillary revenues included in total revenue above comprise:

	1999 IR£000	1998 IR£000
Car hire	**3,626**	2,802
Inflight	**15,915**	10,715
Cargo	**-**	207
Wet lease	**-**	758
Non flight scheduled	**4,436**	2,675
Charter	**5,073**	4,941
	29,050	22,098

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 employed flexibly across its route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

19 Staff numbers and costs

The average weekly number of employees, including executive directors, during the year, analysed by category, was as follows:

	1999 IR£000	1998 IR£000
Flight and cabin crew	**424**	291
Administration and other	**670**	601
	1,094	892

The aggregate payroll costs of these persons were as follows:

Wages, salaries and related costs	**28,630**	21,642
Social welfare costs	**2,287**	2,173
Other pension costs	**455**	320
	31,372	24,135

Notes *(Continued)*

20 Other operating expenses

	1999 IR£000	1998 IR£000
Fuel and oil	**28,789**	21,819
Maintenance, materials and repairs	**9,420**	5,689
Marketing and distribution costs	**19,376**	16,369
Aircraft rentals	**2,291**	4,027
Route charges	**16,386**	11,905
Airport charges	**22,867**	18,891
Other costs	**20,466**	15,647
	119,595	94,347

Ancillary costs
Other operating costs include certain direct costs of providing inflight service, car hire costs and other non flight scheduled costs. These costs which are collectively described as non-charter ancillary costs amounted to IR£12,873,000 *(1998: IR£8,694,000).*

Fuel and oil
Fuel and oil costs include fuel costs for scheduled services of IR£28,114,000 *(1998: IR£20,946,000).*

21 Statutory and other information

	1999 IR£000	1998 IR£000
Directors' emoluments:		
Fees	**75**	80
Other emoluments, including consultancy fees, bonus and pension contributions	**475**	418
Depreciation of tangible fixed assets	**28,517**	19,799
Auditors' remuneration (including expenses)	**90**	90
Operating lease charges - aircraft (note 26)	**2,291**	4,027
other (note 26)	**134**	134
Government grants credited to profit and loss account (note 26(e))	**-**	(1,058)

Notes *(Continued)*

21 Statutory and other information (continued)

Directors' information

(a) Fees and emoluments

Executive Directors	**1999 IR£000**	1998 IR£000
Basic salary	**248**	198
Performance related bonus	**107**	85
Pension contributions	**10**	8
	365	291

During the year ended 31 March 1999 there was one executive director.

(b) Fees and emoluments

Non-Executive Directors	**1999 IR£000**	1998 IR£000
Basic salary	**36**	53
Fees	**75**	80
Consulting fees	**74**	74
	185	207

During the year ended 31 March 1999 there were nine non-executive directors.

(c) Pension benefits

Pension benefits are not provided for non-executive directors. At 31 March 1999 the accumulated accrued benefit of the executive directors' pension amounted to IR£58,537 *(1998:IR£Nil).* The transfer value of this pension, which is not a sum paid or due to the director concerned but the amount that the pension scheme would transfer to another pension scheme in the event of the member leaving service, was IR£58,537 *(1998 IR£Nil).* The increase in accrued benefit during the year was IR£17,055 *(1998:IR£Nil).* These pension benefits have been computed in accordance with Section 12.43(x) of the Listing Rules of the Irish Stock Exchange. The pension contribution shown in note 21(a) above represents payments made by the group to a defined benefit plan.

Notes *(Continued)*

21 Statutory and other information (continued)

Directors' information (continued)

(d) Shares and share options

(i) Shares

The company listed on the Irish Stock Exchange on 29 May 1997. The beneficial interests of the directors and of their spouses and minor children are as follows:

	31 March 1999 Number of shares	31 March 1998 Number of shares
David Bonderman*	10,536,610	23,208,334
Raymond MacSharry	1,820	12,820
Michael O'Leary	20,582,138	22,400,320
James R. Osborne	426,282	626,282
Cathal M. Ryan	12,236,599	13,784,218
Declan F. Ryan	12,236,599	13,784,218
T. Anthony Ryan	9,489,646	11,037,265
Richard P. Schifter*	10,536,610	23,208,334
Jeffrey A. Shaw*	10,536,610	23,208,334
Arthur J. Walls	7,948	17,948

*Messrs. Bonderman, Schifter and Shaw are interested in the ordinary shares opposite their names through their interest in Irish Air GenPar, L.P., the holder of those shares.

(ii) Share options

None of the directors hold any share options in the company as at 31 March 1999 or any earlier date.

22 Interest payable and similar charges

	1999 IR£000	1998 IR£000
Interest payable on bank loans, overdrafts and other loans wholly repayable within five years	**157**	742
Finance lease and hire purchase charges	**30**	107
	187	849

Notes *(Continued)*

23 Taxation

	1999 IR£000	1998 IR£000
The components of income tax expense were as follows:		
Irish corporation tax	**16,021**	8,927
Deferred tax (see Note 13)	**(1,578)**	3,602
	14,443	12,529

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

	%	%
Statutory rate of Irish corporation tax	**31**	35
Benefit of effective 10% corporation tax rate applicable to profits on activities in Ryanair Direct Limited (see note below)	**(7)**	(7)
Benefit of lower corporation tax rate applicable to profits of international aircraft leasing business	**-**	(2)
Effective rate of taxation	**24**	26

At 31 March 1999, the group had no unused net operating loss carry forwards.

Ryanair Direct Limited is engaged in international data processing and reservation services and, as detailed in Note 26(e), has received employment grants from Forbairt, an Irish Government Agency, in relation to the establishment and maintenance of such services. In these circumstances, Ryanair Direct 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. Ryanair Direct Limited was incorporated in October 1996 and completed its first full year of trading in the year ended 31 March 1998.

Notes *(Continued)*

23 Taxation (continued)

	1999 IR£000	1998 IR£000
The principal components of deferred tax liabilities and assets were as follows:		
Deferred tax liabilities:		
Aircraft including maintenance provisions, property, fixtures and fittings	**8,681**	10,259
Other reversing timing differences principally in relation to unearned revenue and foreign exchange adjustments	**200**	200
	8,881	10,459

At 31 March 1999, the group had fully provided for deferred tax liabilities at 28% which is the current standard corporation tax rate in Ireland. As explained above, profits from certain qualifying activities are levied at an effective 10% rate in Ireland until 2010.

24 Pensions

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 the 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 31 December 1997 and used the attained age method.

The principal actuarial assumptions used were as follows:

• Rate of long term investment returns will exceed the rate of pensionable increases by	2%
• Rate of long term investment returns will exceed the rate of post retirement pension increases by	7%

The actuarial report showed that at the valuation date the market value of the scheme's assets was IR£4.55 million which was sufficient to cover more than 100% of the accrued liabilities, based on current earnings. This was calculated after allowing for expected future increases in earnings and the actuarial value of total scheme assets was sufficient to cover all of the benefits that had accrued to the members of the scheme. The pension charge for the group, for the year to 31 March 1999 was IR£455,000 (1998: IR£320,000). While the actuarial report is not available for public inspection, the results are advised to members of the scheme. 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 No. 87.

Notes *(Continued)*

24 Pensions (continued)

For the purposes of disclosure requirements under U.S. GAAP, the pension cost the group's retirement plan has been restated in the following tables, which are presented in accordance with the requirements of SFAS No.87.

Change in Benefit Obligations	**1999 IR£000**	1998 IR£000
Projected benefit obligation at beginning of year	**4,084**	3,226
Service cost	**442**	286
Interest cost	**281**	239
Employee contributions	**360**	240
Actual (gain)/loss	**(38)**	129
Benefits paid	**(127)**	(36)
Projected benefit obligation at end of year	**5,002**	**4,084**
Change in plan assets		
Fair value of Scheme assets at beginning of year	**4,555**	3,217
Actual return on assets	**590**	774
Employer contributions paid	**640**	360
Employee contributions paid	**360**	240
Benefits paid	**(127)**	(36)
Fair value of Scheme assets at end of year	**6,018**	4,555

The funded status of the group's retirement plan under SFAS No. 87 is as follows:

	1999 IR£000	1998 IR£000
Actuarial present value of vested benefit obligations	**3,296**	2,221
Accumulated benefit obligations	**3,296**	2,221
Projected benefit obligations	**(5,002)**	(4,084)
Plan assets at fair value	**6,018**	4,555
Plan assets in excess of benefit obligations	**1,016**	471
Unrecognised net (gain)	**(537)**	(404)
Unrecognised net obligation on implementation	**259**	283
Prepaid pension cost	**738**	350

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

Notes *(Continued)*

24 Pensions (continued)

The principal assumptions used in the plan for SFAS No. 87 purposes were as follows:

	1999 %	1998 %
Discount rate	**7.0**	7.0
Rate of increase in remuneration	**5.0**	5.0
Expected long term rate of return on assets	**9.0**	9.0

The net periodic pension cost under SFAS No. 87 for the year ended 31 March 1999 comprised:

	1999 IR£000	1998 IR£000
Service cost - present value of benefits earned during the year	**442**	286
Interest cost on projected benefit obligations	**281**	239
Actual (return) on assets	**(518)**	(774)
Deferrals and amortisation	**159**	487
Net periodic pension cost	**364**	238

25 Earnings per share and adjusted earnings per share

Earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended 31 March 1998 and 31 March 1999 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

Fully diluted earnings per share, which takes account solely of the potential future exercise of share options granted under the group's share option schemes, is based on weighted average number of shares in issue of 164,759,808 *(1998:152,215,079), i*ncluding share options assumed to be converted of 357,143 and 561,960 at March 31, 1998 and 1999 respectively.

Ryanair Holdings plc has also presented an adjusted earnings per share for the year ended 31 March 1998 which is stated after increasing the retained profit after tax for the year then ended by IR£1,809,000, in respect of the after tax impact of a flotation bonus paid to all staff and a bonus paid to staff following an industrial relations dispute in 1998.

As set out in note 14, Ryanair Holdings plc granted options to seven members of senior management and to all staff under the 1998 share option plan.

Notes *(Continued)*

26 Commitments and contingencies

Commitments

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

The gross price for each aircraft will be US$46,631,900 including certain equipment purchased and fitted by Boeing on Ryanair Holdings plc's behalf, subject to increase to take into account an "Escalation Factor" reflecting the changes in the US Employment Cost and Producer Price Indexes and to decrease to take into account certain concessions granted to Ryanair Holdings plc 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, will be approximately US$1.2 billion. In addition, Ryanair Holdings plc has paid to Boeing an aggregate deposit of US$2 million in respect of the aircraft under option.

The group is scheduled to take delivery of the first five 737-800 aircraft in 1999 (the first arrived in March 1999), with additional deliveries currently scheduled as follows: eight aircraft in 2000, five aircraft in each of 2001 and 2002 and the final two aircraft in January 2003. The additional 737-800s under option to the group may be delivered between 2001 and 2005.

(b) As of 31 March 1999, the group has commitments under non-cancellable operating leases in respect of its headquarters building, for which details are set out in Note 29 and in respect of two leases for other land and buildings which have annual lease rentals of IR£102,000 and IR£32,000 on leases which expire in 2002 and 2021 respectively.

The group incurred expenses of IR£2,291,000 in respect of operating lease rentals for the year ended 31 March 1999 *(1998: IR£4,027,000)* which are included in the profit and loss account. Such expenses consisted almost entirely of short term leases of aircraft.

(c) Commitments resulting from the use of derivative financial instruments by the group are described in Note 15.

Contingencies

(d) 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.

(e) During the year ended 31 March 1998, a subsidiary undertaking, Ryanair Direct Limited claimed employment grants totalling IR£1,057,500 from Forbairt, an Irish Government industrial development agency. Under the terms of the grant agreement with Forbairt dated 9 December 1996, the grants received or part thereof may be repayable in certain circumstances.

Notes *(Continued)*

26 Commitments and contingencies (continued)

Contingencies (continued)

In addition, the agreement dated 9 December 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 Direct Limited cease to be subsidiaries of Ryanair Holdings plc or if 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 Direct 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 is partners, Forbairt's option has become exercisable. Forbairt has not yet exercised its options or indicated when it may do so. If Forbairt exercises its option then effectively under the terms of the agreement, Ryanair Direct Limited is immediately required to redeem or purchase the 5% shareholding for specified amounts decreasing over time through to 2003 from 30% to 25% of the cumulative grants received. Such repurchase amount was approximately IR£317,000 as at 31 March 1999 *(1998: IR£350,000)*. Ryanair Direct Limited has an option to cancel the Forbairt option for IR£770,000 at any time up to 31 March 2000 and for IR£550,000 in the period from 1 April 2000 to 31 March 2003. Management does not believe that the settlement of this contingency will have a material impact on its results.

(f) In order to avail of the exemption under Section 17 of the Companies (Amendment) Act, 1986 the holding company has guaranteed the liabilities of its subsidiary undertakings registered in Ireland. As a result the subsidiary undertakings have been exempted from the provisions of Section 7 of the Companies (Amendment) Act, 1986.

27 Notes to cash flow statements

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

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Operating profit	**53,445**	44,325
Foreign exchange gains	**306**	1,554
Depreciation of tangible fixed assets	**28,517**	19,799
(Increase) in inventories	**(4,136)**	(1,193)
(Increase) in accounts receivable	**(4,986)**	(2,401)
(Increase) in other assets	**(1,753)**	(680)
Increase in accounts payable	**12,585**	6,137
Increase in accrued expenses and other liabilities	**14,004**	10,451
Net cash inflow from operating activities	**97,982**	77,992

Notes *(Continued)*

(b) Analysis of cash and liquid resources balances

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Cash at bank, available on demand	**16,189**	4,773
Liquid resources (including restricted bank balances Note 4)	**108,715**	46,197
Total cash and liquid resources	**124,904**	50,970

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

(c) Analysis of movements in liquid resources (including restricted bank balances Note 4)

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Liquid resources at beginning of year	**46,197**	21,086
Increase in year	**62,518**	25,111
Liquid resources at end of year	**108,715**	46,197

(d) Analysis of movements in cash

	Cash at bank IR£000	**Bank overdraft IR£000**	**Total IR£000**
At beginning of year	4,773	(1,605)	3,168
Net cash inflow/(outflow)	11,416	(1,461)	9,955
At end of year	**16,189**	**(3,066)**	**13,123**

Notes *(Continued)*

27 Notes to cash flow statements (continued)

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

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Increase in cash in the year	9,955	697
Movement in liquid resources	62,518	25,111
Cash flow from (increase)/repayment of in debt	(15,938)	34,345
Movement in net funds resulting from cash flows	56,535	60,153
Movement in finance leases	172	(43)
Movement in net funds in year	56,707	60,110
Net funds/(debt) at beginning of year	45,466	(14,644)
Net funds at end of year	**102,173**	45,466

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

There were no significant post balance sheet events.

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 IR£200,000 per annum. Darley developed the site at Dublin Airport under a 30 year licence 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 31 March 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 31 March 1996 (see Note 30). The building is included in fixed assets in the consolidated balance sheet at a net book value of IR£958,000 at 31 March 1999 (1998: IR£1,082,000). The annual rental payable by the group to the Minister is IR£192,000 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. The only contractual arrangements with non-executive directors at 31 March 1999 were with Mr. Ray MacSharry and Mr. James Osborne.

Notes *(Continued)*

29 Related Party Transactions (continued)

Mr. MacSharry receives annual compensation of IR£50,000 plus travel and other reasonably incurred expenses in return for consulting services to the group under a three year agreement from 1 April 1997 to 31 March 2000. Mr. Osborne receives annual compensation of IR£24,000 plus travel and other reasonably incurred expenses in return for consulting services to the group under a three year agreement from 23 August 1996 to 22 August 1999.

30 Subsidiary undertakings

The following are wholly owned subsidiary undertakings of Ryanair Holdings plc:

Name	Effective date of acquisition/ incorporation	Registered Office	Nature of Business
Ryanair Limited	23 August 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Airline operator
Darley Investments Limited *	23 August 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	Investment holding company
Ryanair Direct Limited *	23 August 1996 (acquisition)	Corporate Headquarters Dublin Airport Co Dublin	International data processing and reservation services
Ryanair UK Limited *	23 August 1996 (acquisition)	Terminal Building London-Stansted Airport Essex United Kingdom	Airline activities
Visby Limited*	13 June 1997 (incorporation)	Heritage Court 41 Athol Street Douglas Isle of Man	Aircraft trading and leasing
Desnovora Limited	11 September 1997 (incorporation)	10 Mnasiadou Street Elma House 1065 Nicosia Cyprus	Aircraft trading and leasing

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

Desnovora Limited is wholly owned subsidiary of Visby Limited

In accordance with the basis of consolidation policy in the statement of Accounting Policies the subsidiary undertakings referred to above have been consolidated in the financial statements of Ryanair Holdings plc from date of acquisition or incorporation, as appropriate.

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles

(a) Significant differences

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

(i) Deferred tax

Under UK and Irish GAAP, Ryanair Limited and Ryanair Holdings plc provide for deferred taxation using the liability method on all material timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future. Net deferred tax assets are not recognised except to the extent that they are expected to be recoverable without replacement by equivalent asset balances. Under US 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 recognised if their realisation is considered to be more likely than not.

(ii) Forward exchange contracts

Certain outstanding foreign currency forward exchange contracts which hedge anticipated future transactions and qualify for hedge contracts treatment under UK and Irish GAAP would not qualify as hedges under US GAAP. Such contracts would be recorded at fair value at each balance sheet date based on the forward rates of exchange ruling at that date and the corresponding unrealised gain or loss would be included in the determination of net income.

(*iii) August 1996 transaction*

Under US 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 US GAAP, Ryanair Holdings plc presents their assets and liabilities using the historical predecessor cost basis in Ryanair Limited.

Under UK 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 UK and Irish GAAP than US GAAP.

Under UK 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 US GAAP the consideration paid in connection with the transaction is recorded as a reduction in shareholders' equity.

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(iv) Darley Investments Limited

Under UK and Irish GAAP, the acquisition of Darley Investments Limited ("Darley") at 31 March 1996 has been treated as an acquisition and the acquired assets and liabilities have been recorded in the consolidated financial statements of Ryanair Limited ("Ryanair") at their fair value. Under UK and Irish GAAP, the assets acquired were recorded at their fair value and a fair value adjustment on, the headquarters building of IR£667,000 arose. Under US GAAP, the assets are presented at their historical cost and consequently, additional depreciation on the fair value adjustment on the headquarters building is not recorded for US GAAP.

(v) Acquisition of certain aircraft

Under UK and Irish GAAP, the aggregate consideration of US$25 million paid by Ryanair Limited to Northill Limited in August 1994 in respect of the acquisition of four aircraft is included in fixed assets as aircraft cost.

Under US GAAP, as Northill 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 Northill Limited of US$22 million and the difference between that cost and the amount paid by Ryanair Limited to Northill Limited is treated as a reduction of shareholders' equity.

(vi) Pensions

Under UK and Irish GAAP, Ryanair Holdings plc accounts for pension costs under SSAP 24, 'Accounting for pension costs'. Its objectives and principles are broadly in line with those set out in the US accounting standard for pensions, SFAS 87 "Employers accounting for pensions'. However, SSAP 24 is less prescriptive in its provisions and allows the use of different measurement principles. Note 24 to the financial statements gives the group pension disclosures under both UK, US and Irish GAAP.

(vii) Employment grants

Under UK and Irish GAAP, employment grants paid by an Irish government agency are recognised 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 US GAAP, these revenues are recognised in the profit and loss account over the period for which minimum employment levels apply under the terms of the agreement and the unamortised balance is treated as deferred income.

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(viii) Share option compensation expense

Under US GAAP, any excess of the fair market value of a company's stock over the exercise price under a share option plan is recognised as compensation expense over the vesting period of the option. Under UK and Irish GAAP, in effect, in May 1997, when these share options were granted, compensation was not recognised for stock issued at a price less than market price.

The group applies Accounting Principles Board Opinion No. 25 (APB 25) in accounting for its plans and, accordingly, no compensation cost has been recognised for its stock options in the financial statements. Had Ryanair Holdings plc determined compensation cost based on the fair value at the grant date for its stock options under Statement of Financial Accounting Standards No. 123 (SFAS 123), its US GAAP net income and earnings per share would have been reduced by IR£464,775 and IR£565,000, respectively, for the year's ended 31 March 1999 and 1998 respectively.

The weighted average fair value of the individual options granted during the year ended 31 March 1999 is estimated at IR£2.88 and IR£2.07 on the date of grant of the June and December options, respectively. The fair value for these options was estimated using the Black-Scholes option pricing model with the following weighed average assumptions for the year ended 31 March 1999: dividend yield of nil; expected volatility of 50%; risk free interest rate of 4.94%and 3.72%; and expected useful life of 7 and 6.5 years, of the June and December options, respectively.

(ix) Amortisation of airframe and engine maintenance checks

Under UK and Irish GAAP the Company changed the way in which it accounted for airframe and engine maintenance checks to comply with the provisions of FRS 12 "Provision, Contingent Liabilities and Contingent Assets" and FRS 15 " Tangible Fixed Assets" as explained in note 1. Maintenance is no longer provided for by accruing for the future costs of checks but is capitalised as incurred and amortised. An element of the cost of a newly acquired aircraft is also attributed to the condition of its airframe and engines and amortised over the periods which benefit.

Under UK and Irish GAAP prior periods are restated for changes in accounting policies. However under US GAAP, a change in accounting policy results in a cumulative adjustment to income in the year of change. Prior year results are not restated.

(x) Investments

The group holds one investment in a publicly quoted company. Under Irish GAAP this investment which is held for the long term and not traded, is recorded in the group's balance sheet at cost. Profits or losses arising on disposal are booked in the profit and loss account when the shares are sold and represents the difference between sales proceeds and cost of purchase. Under US GAAP equity securities must be designated as trading or available for sale securities. Ryanair investments are available for sale securities and are marked to market with gains or losses arising taken to the Statement of Shareholders Equity.

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(b) Net income under US GAAP

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Profit for the financial year as reported in the consolidated profit and loss accounts and in accordance with UK and Irish GAAP	**45,262**	35,854
Adjustments		
Pensions	**91**	82
Unrealised gain on forward exchange contracts	**2,377**	(1,122)
Employment grants	**326**	(642)
Depreciation of tangible fixed assets:		
- basis of accounting for August 1996 transaction	**975**	1,263
- basis of accounting for aircraft acquired from Northill Limited	**348**	348
Darley Investments Limited	**68**	68
Share option compensation expense	**(48)**	(48)
Taxation - effect of above adjustments	**(750)**	606
- Effect of changes in accounting policies:		
- Maintenance and depreciation	**-**	(11,236)
- Tax	**-**	3,725
Net income as adjusted to accord with US GAAP before cumulative effect of accounting change	**48,649**	28,898
Cumulative effect of accounting change (net) of tax expense of IR£8,716,000	**18,210**	-
Net income accordance with U.S. GAAP	**66,859**	28,898

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(c) Shareholders' equity

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)	**197,650**	105,118
Adjustments		
Pension	**441**	350
Unrealised gain/(loss) on forward exchange contracts	**899**	(1,478)
Employment grants	**(528)**	(854)
Basis of accounting for August 1996 transaction	**(2,778)**	(3,753)
Basis of accounting for aircraft acquired from Northill Limited	**(489)**	(837)
Darley Investments Limited	**(464)**	(532)
Share option compensation expense	**44**	92
Investments	**1,813**	-
Tax effect of adjustments	**234**	984
Effects of changes in accounting policies:		
Maintenance	**-**	(26,926)
Tax	**-**	8,716
Shareholders' equity as adjusted to accord with US GAAP	**196,822**	80,880

Opening shareholders' equity/(deficit) under US GAAP	**80,880**	(5,446)
Investments	**1,813**	-
Net income in accordance with US GAAP	**48,649**	28,898
Stock issued for cash	**47,270**	57,288
Share option compensation expense	-	140
Cumulative effect of accounting charge	**18,210**	-
Closing shareholders' equity under US GAAP	**196,822**	80,880

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(d) Total assets

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Total assets as reported in the consolidated balance sheets (UK and Irish GAAP)	**314,899**	172,861
Adjustments		
Pension	**441**	350
Basis of accounting for August 1996 transaction	**(2,778)**	(3,753)
Basis of accounting for aircraft acquired from Northill Limited	**(489)**	(837)
Darley Investments Limited	**(464)**	(532)
Investments	**1,813**	-
Effects of changes in accounting policies on fixed assets	**-**	(9,015)
Total assets as adjusted to accord with US GAAP	**313,422**	159,074

(e) Cash flows

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

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(e) Cash flows (Continued)

Disclosure of accounting policy

For the purposes of cash flows under US GAAP, the group considers all highly liquid deposits with a maturity of three months or less to be cash equivalents. Cash and cash equivalents excludes restricted bank balances. Under UK 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 UK, Irish and US 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 summarised consolidated cash flow under US GAAP is as follows:

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Cash inflow from operating activities	**93,980**	64,911
Cash (outflow) from investing activities	**(124,958)**	(57,367)
Cash inflow from financing activities	**64,321**	23,902
Increase in cash and cash equivalents	**33,343**	31,446
Cash and cash equivalents at beginning of year	**43,605**	12,159
Cash and cash equivalents at end of year	**76,948**	43,605

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(e) Cash flows(Continued)

The following table reconciles cash and cash equivalents as presented under US GAAP with cash and liquid resources and excluding restricted bank balances as presented under UK and Irish GAAP:

	Year ended 31 March 1999 IR£000	Year ended 31 March 1998 IR£000
Cash and cash equivalents under US GAAP	**76,948**	43,605
Deposits with a maturity between three and six months	**47,956**	7,022
Cash and liquid resources under UK and Irish GAAP	**124,904**	50,627

Supplemental schedule of non cash investing and financing activities

The group entered into capital leases for new fixtures and fittings, plant and equipment and motor vehicles of IR£176,000 *(1998: IR£299,000)*. Principal payments under these lease obligations totalled IR£348,000 *(1998: IR£257,000).*

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(f) Profit and loss account as restated per US GAAP

	Year ended 31 March 1999	Year ended 31 March 1998
Operating revenues		
Scheduled revenues	**203,879**	160,508
Ancillary revenues	**29,050**	22,098
Total operating revenues - continuing operations	**232,929**	182,606
Operating expenses		
Staff costs	**(31,003)**	(24,743)
Depreciation of tangible fixed assets	**(27,194)**	(14,678)
Other operating expenses	**(119,527)**	(109,025)
Total operating expenses	**(177,724)**	(148,446)
Operating income - continuing operations	**55,205**	34,160
Other income/(expenses)		
Interest receivable and similar income	**5,206**	3,290
Interest payable and similar charges	**(187)**	(849)
Foreign exchange gains	**2,683**	432
Gain on disposal of fixed assets	**935**	63
Total other income/(expenses)	**8,637**	2,936
Income before taxation	**63,842**	37,096
Taxation	**(15,193)**	(8,198)
Net income before cumulative effect of accounting charges	**48,649**	28,898
Cumulative effect of accounting change (net of tax expense of IR£8,716,000)	**18,210**	-
Net income	**66,859**	28,898

Notes *(Continued)*

31 Summary of differences between United Kingdom, Irish and United States generally accepted accounting principles (continued)

(f) Profit and loss account as restated per US GAAP (continued)

	Year ended 31 March 1999	Year ended 31 March 1998
Basic earnings per ordinary share (IR pence)	**41**	19
Diluted earnings per share	**41**	19
Pro forma amounts the new accounting principles were applied retroactively:		
Net income	**48,649**	36,409
Basic earnings per share	**30**	24
Diluted earnings per shares	**30**	24
Shares used in computing net income per share	**164,759,808**	152,215,079

(g) Earnings per share under US GAAP

Net income per ordinary share, as set out in Note 31 (f) is computed using the weighted average number of ordinary and equivalent shares outstanding at the end of the period after giving effect to the share split in Note 14. As set out in Note 31 (a) (iii), under US GAAP, acquisition accounting does not apply in respect of the August 1996 transaction by which Ryanair Holdings acquired the entire issued share capital of Ryanair Limited. Accordingly, net income per share has been presented under US GAAP for the equivalent number of shares in Ryanair Holdings plc for all periods.

Under UK and Irish GAAP, the August 1996 transaction is accounted for as an acquisition by Ryanair Holdings plc of Ryanair Limited. As Ryanair Holdings plc was established for the purpose of this transaction it had no historical financial record and therefore presents its earnings per share under UK and Irish GAAP for the period from 24 August 1996 to 31 March 1998 only.

The group adopted the provisions of Statement of Financial Accounting Standards No 128 “Earnings Per Share” (”SFAS 128”) on 31 December 1998 and all periods have been presented in accordance with the provisions of that standard. SFAS 128 requires dual presentation of basic and diluted EPS for net income on the face of the profit and loss account and a separate reconciliation of both EPS amounts. Basic EPS is calculated by dividing income or loss by the weighted average number of ordinary shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into shares at the beginning of the period presented. Basic and fully diluted earnings per share are the same for all periods.

Notes *(Continued)*

32 New accounting pronouncements

(a) New US accounting pronouncements

(i) *Comprehensive Income:* Statement of Financial Accounting Standard No 130 ("SFAS 130"), "Reporting Comprehensive Income", was issued in June 1997. SFAS 130 established standards for reporting and display of comprehensive income and its components in a full set of general purpose financial statements. This statement requires that all items that are required to be recognised under Accounting Standards as components of comprehensive income be reported in an annual financial statement that is displayed with the same prominence as other financial statements. This standard is effective for periods beginning after 15 December 1997.

Ryanair Holdings plc has comprehensive income for the year ended 31 March 1999 of IR£68.7 million consisting of reported profits of IR£66.9 million after including the cumulative effect of changes in accounting policies of IR£18.2 million and a gain on available for sale securities of IR£1.8 million.

(ii) *Segmental Information:* Statement of Financial Accounting Standard No 131 ("SFAS No 131"), "Disclosure about Segments of an Enterprise and Related Information" was issued in June 1997 and establishes standards for the way public companies report information about operating segments in annual financial statements and requires that those companies report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers. This standard is effective for periods beginning after 15 December 1997 and has been applied by the group. The group operates in one segment only.

(iii) In February 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 132 "Employers' Disclosure About Pensions and Other Post Retirement Benefits" ("SFAS No. 132"). SFAS No. 132 revises disclosure requirements about employers pensions and other post retirement benefit plans. SFAS No. 132 is effective for fiscal years beginning after 15 December 1997. The group has adopted the provisions of SFA No.132.

(iv) In June 1998, the Financial Standards Board issued Statement of Financial Accounting Standards No. 133 (SFAS 133), " Accounting for Derivative Instruments and Hedging Activities" which is required to be adopted by the Company beginning after April 1, 2000. This Standard requires all derivatives to be recognised in the balance sheet as either assets or liabilities and measured at fair value. To implement this Standard, all hedging relationships must be reassessed. The group has not yet evaluated the likely impact of this Standard on its financial statements.

33 Date of approval

The financial statements were approved by the board on 28 May 1999.

Directors & other information

Directors	D. Bonderman(United States)	Chairman
	M. O'Leary	Chief Executive
	R. MacSharry	
	J. Osborne	
	C.M. Ryan	
	D.F. Ryan	
	T.A. Ryan	
	J.Shaw (United States)	
	R. Schifter (United States)	
	A.J. Walls	
Registered office	Corporate Headquarters Dublin Airport Co.Dublin	
Secretary	H. Millar	
Auditors	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2	
Bankers	Bank of Ireland Dublin Airport Co. Dublin	
	Barclays Bank plc Hanover Square London	
Solicitors & Attorneys at Law	A & L Goodbody Solicitors Earlsfort Terrace Dublin 2	
	Cleary, Gottlieb, Steen & Hamilton New York	
	Dallas Brett Oxford United Kingdom	

Notes