Financial Statements

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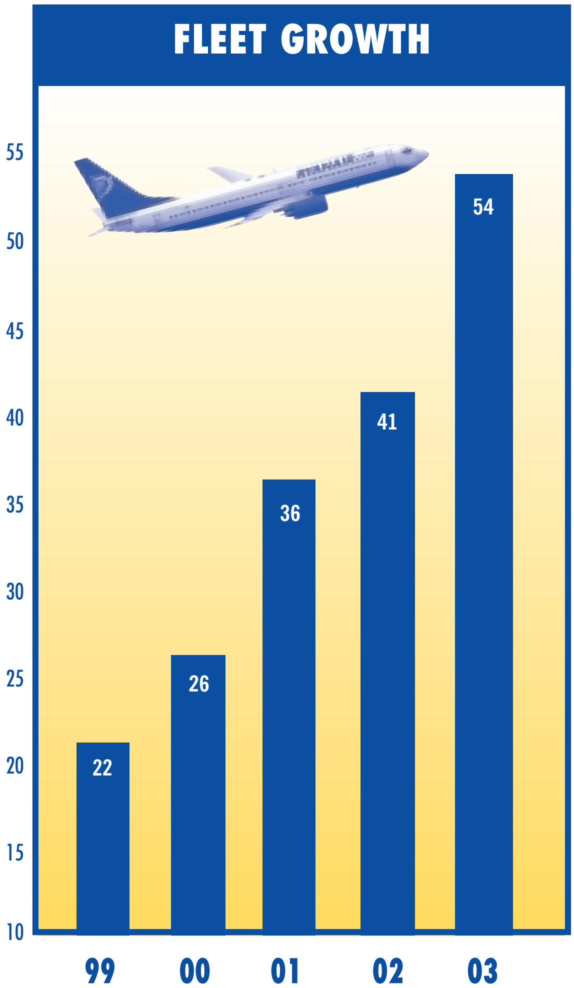
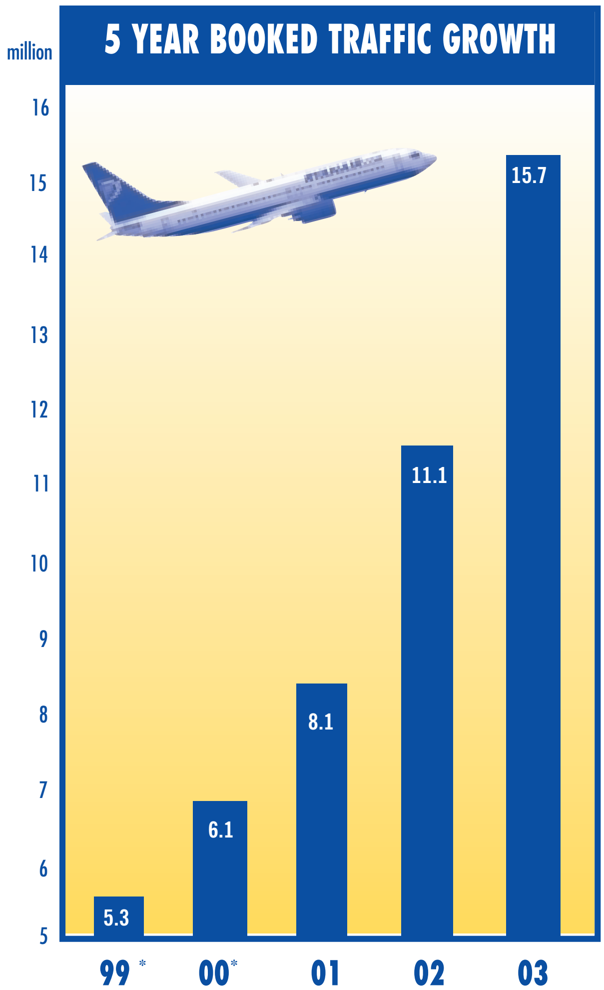
Financial Highlights

for the year ended March 31, 2003

Summarised Consolidated Profit & Loss account (under Irish & UK GAAP)	2003 €m	2002 €m	% Change
Operating revenue	842.5	624.1	35%
Net profit	239.4	150.4	59%
Basic EPS (in Euro cent)	31.71	20.64	54%

* adjusted for 2:1 stock split on December 7, 2001





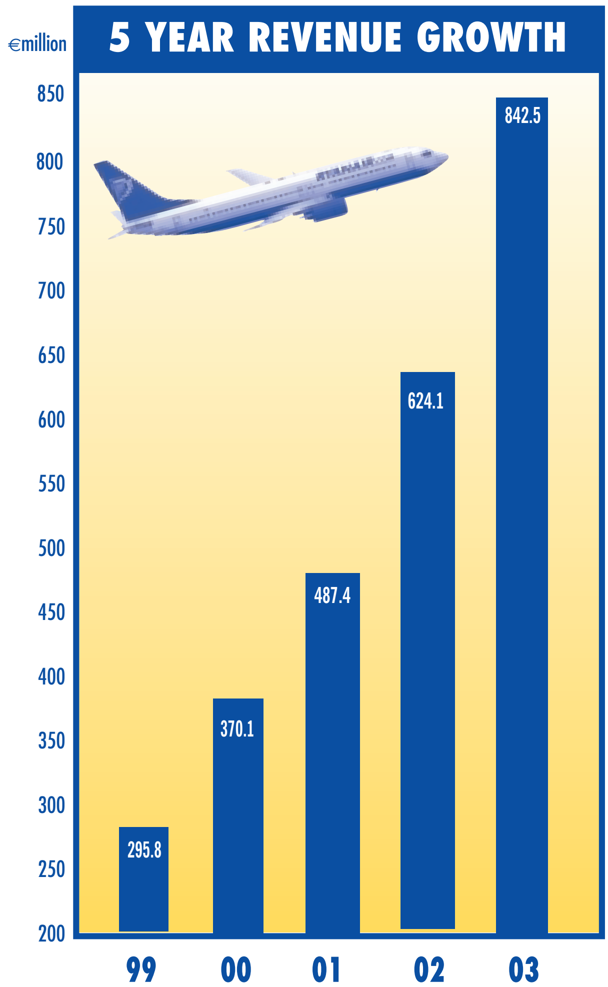
NOTE: This data refers to the financial year ending March 31 of the relevant years.

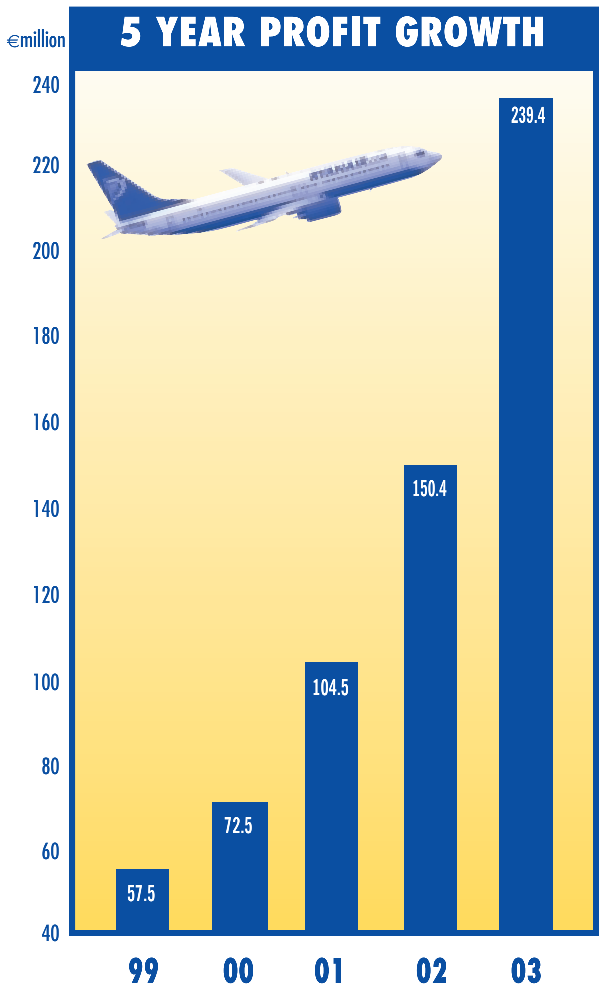
*Booked data not available for financial years ending March 31, 99 and 00. These figures are therefore based on actual flown data adjusted to reflect an assumed 8% no show rate.

Financial Highlights

(Continued)

Key Statistics	2003	2002	% Change
Scheduled booked passengers	15.7m	11.1m	42%
Number of aircraft operated at period end	54	41	32%
Number of employees at period end	1,897	1,531	24%
Passengers per employee at period end	8,296	7,244	15%





Chairman's Report

Dear Shareholders,

This has been the second very difficult year in a row in the aviation industry due to the adverse affects of travel of the Iraq war and the outbreak of SARS, in the previous year the industry suffered the combined impact of foot and mouth, and the tragic events of September 11th. Despite these negative market conditions, I am pleased to report that Ryanair has delivered our 13th consecutive year of increased profitability. The net profit for the financial year increased by 59% to €239.4m, which in return resulted in a 54% increase in earnings per share to €31.71 cent.

During the year we have achieved a number of significant milestones

- Extended our order with Boeing from 100 to 125 firm aircraft, and increased the number of aircraft options by 75 to 125
- Launched a further 2 new bases in Continental Europe at Stockholm Skvasta and Milan Bergamo, and increased the number of aircraft based at Frankfurt Hahn from 3 to 5.
- Launched 50 new routes (including 12 former Buzz routes) bringing the total number of routes operated to 125.
- Increased passenger volumes by 42% to 15.7 million
- Successfully completed the acquisition and subsequent integration of Buzz – the former low fares subsidiary of KLM

I am also pleased to report that the net margin for 2003 increased by a further 4% to 28%. This is substantially better than our projected long term target of a net profit margin of 20%. The increase in the net margin reflects the ongoing tight control on costs, and also the positive impact on our cost base of the delivery of more low cost 737-800's.

During the year our staff efficiency ratio, as measured by passengers booked per employee improved by a further 15% to an industry leading 8,296 passengers per employee. This improvement in efficiency is further testimony to our outstanding 1,900 employees who have performed heroically during another very difficult year in the airline industry.

Our continued expansion of our European bases has in turn resulted in increased market share in all the major markets that we serve. We remain focused on our objective of achieving number 1 or number 2 market share in all the markets that we serve. We will continue to pass on savings to our passengers, which accrue from the decline in our unit costs, in the form of even lower fares whilst at the same time maintaining our industry leading net margin

The board continue to focus on safety as our number one priority and maintaining our excellent 19-year safety record. Our customer service initiatives, which were announced last year, have resulted in significantly improved punctuality, and a reduction in the number of lost bags and customer complaints. We continue to focus on delivering this exceptional level of customer service, as well as further extending our low prices.

Ryanair's profit growth has been reflected in the increase of the groups market capitalisation which has grown from €392m in 1997 to €4.73bn as of July 1, 2003. The continued turmoil in the airline business has meant that many of the flag carriers are grounding aircraft, reducing capacity and increasing fares. We continue to see more opportunities for the growth of our low fares model right across Europe. Our increased aircraft order with Boeing, which now extends to 2010, will enable Ryanair to deliver even lower fares to many more countries in Europe to the benefit of all our passengers.

May I in closing extend my sincere and heartfelt thanks, on behalf of all shareholders, to our outstanding 1,900 men and women who are pioneering a revolution in low fares air travel right across Europe. Keep up the great work!

Yours sincerely,

David Bonderman

CHAIRMAN

Chief Executive's Report

Dear Shareholders,

So, 2002 was another awful year in the airline industry. Nothing new about that, since every year seems to be an awful year for them in the airline industry… at least according to our high fare competitors. If only there hadn't been a War in Iraq, if only SARS hadn't broken out in the Far East, if only 9/11 hadn't happened, if only foot and mouth hadn't broken out, but for the fuel shocks etc., the list goes on and on. It seems that losing money in the airline business is always a "surprise", always somebody else's fault and always due to external factors beyond managements control.

Yet year after year with almost boring monotony, Southwest Airlines continues to grow its network and traffic in the U.S., and continues to be profitable despite all these negative market conditions. Ryanair is proud to replicate this record of growth and profitability here in Europe.

We are pleased to report that Ryanair recorded its 13th consecutive year of increased traffic and increased profitability. Ryanair remains the only scheduled passenger airline in Europe to have been profitable 13 years in a row, despite the fact that for most of that period we have been lowering air fares and carrying more passengers.

Last year we achieved another set of impressive milestones including;

- traffic growth of 42% to 15.7m,
- average fare decline of 6% to €46,
- profits increased by 59% to €239.4m,
- cash reserves increased to €1.1bn,
- 50 new routes were opened, adding three new countries to the network,
- we overtook KLM to become the fourth largest international scheduled carrier in Europe,
- we increased our Boeing order from 100 to 125 firm aircraft and from 50 to 125 options,
- we acquired, restructured and relaunched Buzz in less than one month.

Growth

The past year has seen Ryanair deliver extraordinary growth in fleet, routes, traffic, revenues and profitability. We have exceeded all of our medium term targets. However it is important for shareholders to realise that this rate of growth cannot and should not be sustained. Over the next year or two we expect traffic growth to return to our "normal" target of between 20% to 25%. We expect after tax margins to return to these levels, and expect yields and unit costs to continue to decline by at least 5% per annum. These are the annual targets we set when Ryanair floated in 1997, and these are the targets that we have consistently delivered.

We are in ongoing negotiations with nine new potential bases within the EU. We are also in continuing dialogue with over 40 new destination airports. Our growth will continue to be focused on opening new bases, adding new routes at existing bases to new destinations, and also continuing to increase frequency and market share in existing markets. Growth will continue to be underpinned by lower fares, and we expect to maintain after tax margins at or about the 20% level thanks to our continuing policy of reducing unit costs.

Any fool can grow in the airline industry whilst losing money and we are surrounded by many fine examples of this in Europe at present. The difference with Ryanair is that we achieve consistent growth, but deliver equally consistent profit growth at high margins despite offering the lowest air

Chief Executive's Report
(Continued)

fares in Europe. The challenge facing us over the coming years will be to maintain our growth, whilst improving customer service, upgrading the fleet with new Boeing 737 aircraft, but continuing to lower our unit costs and maintaining our industry leading margins.

Customer Service

Over the past year we have invested enormous time and energy in improving the consistency and reliability of our customer service. We now deliver the lowest air fares in Europe and the best customer service package. Ryanair is No.1 performer for punctuality, fewest cancellations, least lost bags and fewest passenger complaints. In doing so we continue to unashamedly copy the exceptionally consistent quality of Southwest Airlines customer service delivery in the U.S.

For many years now Southwest has been placed No.1 for customer service by the U.S. Department of Transport which ranks airlines by reference to on-time flights, fewest cancellations, least lost bags and fewest customer complaints. Under pressure from The European Union the high fare European airlines have been forced to publish these important customer service statistics on a montly basis since January. What they show is that Ryanair is consistently No.1 in Europe for punctuality, flight completions, baggage delivery and thus customer satisfaction.

These recently published industry leading statistics reinforce our belief that passengers may fly with Ryanair the first time for our low prices, but it is our consistent customer service that keeps them coming back again and again and again. All airlines including ourselves make mistakes, but there is no doubt that Ryanair is giving European consumers both the lowest air fares are also the best passenger service of any major scheduled airline in Europe. We are determined to continue to improve these sevice figures whilst we drive down our fares.

Ryanair No. 1 for punctuality	% On Time*
Ryanair	92.5%
SAS	92.2%
Lufthansa	86.5%
British Airways	79.3%
Air France	72.4%
easyJet	71.7%
Alitalia	67.3%
Aer Lingus	Not published

* Flights arriving within 15 minutes of scheduled time of arrival

Ryanair monthly statistics compared to Association of European Airlines - June 2003

Ryanair No. 1 for flight completions*	
Ryanair	99.24%
Lufthansa	99.24%
SAS	98.65%
British Airways	98.57%
Austrian	98.55%
Alitalia	98.15%
Air France	97.77%
easyJet	Not published
Aer Lingus	Not published

*Ryanair monthly statistics compared to Association of European Airlines - June 2003

Chief Executive's Report
(Continued)

Ryanair No. 1 for fewest complaints*

	2002	2003
Jan	1.30	0.78
Feb	0.84	0.62
Mar	0.89	0.95
Apr	1.06	0.99
May	0.98	0.76
Jun	1.02	0.49
Jul	0.72	0.35

*Complaints per 1,000 passengers flown
-compiled from Ryanair internal data

Ryanair No. 1 for fewest Lost Bags*

Ryanair	0.5
SAS	9.7
Austrian	12.8
Lufthansa	15.3
Air France	19.2
British Airways	20.6
Alitalia	21.7
easyJet	Not published
Aer Lingus	Not published

*Bags missing per 1,000 passengers
Ryanair monthly statistics compared to Association of European Airlines - June 2003

Dublin Airport

As has been the case for a number of years, the only country which continues to miss out on the phenomenal tourism driven low fare growth remains our home market of Ireland. Over the past 12 months we have welcomed a new government and in particular a new Minister for Transport who has sought to introduce change by opening up the Government airport monopoly to competition. We strongly support his intelligent plan to allow the three Irish airports to compete against each other and permit the development of competing terminals (preferably at least two) here at Dublin airport.

We will continue to campaign for change, competition, better services and lower prices in the provision of airports and terminals in Ireland. Until such time as the Government stops dithering we are unlikely to see any real progress in putting the interests of visitors and consumers ahead of the vested interests of semi-state monopolies and the trade unions who continue to protect them.

Regulatory Issues

The past year has been marked by an increasing number of attacks upon Ryanair's business and expansion, from increased political lobbying and Court actions, motivated by our high fare competitors.

The European Union began an investigation into our cost base at Brussels Charleroi Airport under State aid regulations. We remain absolutely confident that the European Commission will vindicate the low cost arrangements put in place by Brussels Charleroi and Ryanair which has enabled Charleroi to grow from having no routes and no traffic whatsoever into a vibrant growth airport with almost 2 million Ryanair passengers per annum.

We have already provided the European Commission with documentary evidence that;

1. Ryanair's cost base in Charleroi is similar to the cost base that has been offered to us at many other privately owned airports (thereby proving that Charleroi was complying with the private investor principal), and

Chief Executive's Report

(Continued)

2. This low cost base was offered on a similar basis to a wide range of competing high fare and low fare carriers in return for similar delivery of new route and traffic growth delivered by Ryanair.

   There is no question of State aid in this case, and we are confident that the Commission will shortly support the successful partnership between Ryanair and Brussels Charleroi Airport which has proven the forerunner for an explosion of low fare air travel and choice all over Europe.

The placing of these temporary legal and regulatory road blocks (by our competitors) in the way of Ryanair's expansion mirrors many of the Court battles that Southwest faced and ultimately overcame in the mid 1980's. Ryanair will continue to fight and overturn these Court decisions, precisely because we believe that the consumers of Europe are entitled to choice, lower fares, and to a fair deal for air travel, something they have been denied for over 50 years by the high fares airlines who are now using legal and regulatory measures to try to block choice and competition.

We look forward to the forthcoming decision of Commissioner de Palacio and we believe that the Commission will use this decision to not just vindicate low fares and growth at Brussels Charleroi, but also to promote the growth of competing air services, consumer choice and lower prices at many regional and secondary airports all over Europe. This is the only way that European air travel will be saved from the vice like grip of the high fare flag carriers who will continue to charge high fares and force people through expensive and congested hub airports.

Buzz

The acquisition of the Buzz operation from KLM on April 10, 2003 was an unusual and uncharacteristic move by Ryanair. We do not normally believe in growth by acquisition.

Nevertheless we are delighted that the acquisition, restructuring and relaunch of Buzz operations has surpassed even our most optimistic expectations. The low acquisition price of €20.1 m reflected the perilous state of Buzz and since then its inefficient fleet and high cost airport agreements have been restructured. The 110 Buzz people who joined the Ryanair group on completion have proven to be a committed and effective team, who have delivered excellent punctuality and service within the restructured operation which has made it profitable since its relaunch on May 1, 2003.

In acquiring Buzz we inherited a substantial number of slots at London Stansted Airport, we gained access to a number of new European airports which are ripe for growth over the coming years and we have proven that where a strong core group of people are given the resources and the backing, they can deliver a service every bit as exceptional as that being delivered by Ryanair itself. We will shortly replace the BAe146's in the Buzz fleet, and we will also redeliver the remaining 737-300's as soon as possiable.

I would like to say a very sincere thank you to all of the people who joined Ryanair as part of the Buzz operation.

Current Trading

As we have indicated on many occasions in recent months, we expect trading in the current year to be more modest compared to the last two years of exceptional growth. Given the extraordinary increase in new routes and capacity in recent months, we expect to deliver substantial traffic growth over the coming year. This rapid growth combined with the recent weakness of Sterling to the Euro will cause yields to decline by between 10% and 15% compared to our more normal prediction of 5%. Costs are continuing to fall due to the impact of the new 737-800 series aircraft and new lower cost bases and destinations all over Europe.

Chief Executive's Report
(Continued)

We belive that we will deliver substantial traffic growth, average yields declining by between 10% and 15%, and a material increase in profits as we strive to deliver after tax margins of just over 20% plus.

Ryanair's business model in Europe - like that of the well proven market leader in the U.S. Southwest, continues to deliver outstanding results in the form of (a) lower fares for our customers, (b) rapid traffic and employment growth forour airport partners, (c) exceptional careers with rapid promotion and high pay for our people, and (d) excellent rates of return for our loyal and supportive shareholders.

You may rest assured that everything we do here on a daily basis over the coming year - will be dedicated to maintaining and improving this exceptional performance for all of our stakeholders.

Yours sincerely

Michael O'Leary
Chief Executive

Operating & Financial Review

for the year ended March 31, 2003

Consolidated profit and loss account in accordance with UK and Irish GAAP	2003 €000	2002 €000
Operating revenues		
Operating revenues		
Scheduled revenues	**731,591**	550,991
Ancillary revenues	**110,557**	73,059
Total operating revenues		
- continuing operations	**842,508**	624,050
Operating expenses		
Staff costs	**(93,073)**	(78,240)
Depreciation & amortisation	**(76,865)**	(59,010)
Fuel and oil	**(128,842)**	(103,918)
Maintenance, materials and repairs	**(29,709)**	(26,373)
Marketing & distribution costs	**(14,623)**	(12,356)
Aircraft rentals	-	(4,021)
Route charges	**(68,406)**	(46,701)
Airport & handling charges	**(107,994)**	(84,897)
Other costs	**(59,522)**	(45,601)
Total operating expenses	**(579,034)**	(461,117)
Operating profit - continuing operations	**263,474**	162,933
Other income/(expenses)		
Foreign exchange gains	**628**	975
(Losses)/gains on disposal of fixed and financial assets	**(29)**	527
Interest receivable and similar income	**31,363**	27,548
Interest payable and similar charges	**(30,886)**	(19,609)
Total other income/(expenses)	**1,076**	9,441
Profit on ordinary activities before tax	**264,550**	172,374
Tax on profit on ordinary activities	**(25,152)**	(21,999)
Profit for the financial year	**239,398**	150,375
Earnings per ordinary share (in € cent)*		
- Basic	**31.71**	20.64
- Diluted	**31.24**	20.32
Number of ordinary shares (in 000's)*		
- Basic	755,055	728,726
- Diluted	766,279	739,961

* The company implemented a 2:1 stock split on December 7, 2001. The number of ordinary shares and earnings per share figures have been restated to give effect to this stock split.

Operating & Financial Review

(Continued)

Profit for the Year

Profit after tax for the year ended March 31, 2003 increased by 59% to €239.4m, compared to €150.4m in the financial year ended March 31, 2002. Operating profits also increased by €100.6m to €263.5m and the operating margin increased by 5% to 31%. The increase in profitability was driven by continued strong growth in passenger volumes due to the increase in seat capacity on existing routes and the launch of a further 29 new routes and an additional European base during the year. The continued focus on tight cost controls also contributed to the increase in profitability.

Operating Revenues

Total operating revenues grew by 35% to €842.5m whilst passenger numbers increased by 42% to 15.7m. As anticipated, average fare per passenger during the year declined by 6%. Ancillary revenues increased by 51% to €110.6m, which is higher than the growth in passenger volumes, and reflects an increase in non-flight scheduled revenues, car hire revenues, and other ancillary product revenues, offset by a reduction in charter revenues due to continued focus on the scheduled operation. Charter capacity has been transferred to scheduled services with the company now offering flights to destinations previously served by charters.

Operating Expenses

Total operating expenses increased by 26% to €579.0m due to the increased level of activity, and the increased costs, primarily staff, depreciation, fuel, route charges and airport and handling costs associated with the growth of the airline.

Staff costs have increased by 19% to €93.1m. This increase reflects a 13% increase in average employee numbers to 1,746. Pilots, who earn a higher than the average salary, accounted for 47% of the increase in employment. The increase in the level of activity has also resulted in an increase in the level of productivity-based pay for both pilots and inflight crew. Staff costs also rose due to the impact of pay increases granted which were between 3% and 5%.

Depreciation and amortisation increased by 30% to €76.9m due to an increase in the number of aircraft owned from 41 to 54 and the amortisation of capitalised maintenance costs offset by reduced depreciation charges due to the base cost of all 737-200 aircraft now having been fully depreciated.

Fuel and oil costs rose by 24% to €128.8m due to a 33% increase in the number of hours flown, offset by a lower average US$ cost per gallon of fuel and an improvement in fuel burn due to a higher proportion of 737-800 aircraft operated.

Maintenance costs increased by 13% to €29.7m reflecting an increase in the size of the fleet operated, and an increase in the number of flight hours offset by savings due to improved reliability arising from the higher proportion of 737-800 aircraft operated and a reduction in the level of unscheduled engine maintenance during the year.

Marketing and distribution costs increased by 18% to €14.6m due to a higher spend on the promotion of new routes, the increase in the number of aircraft based at Hahn from 3 to 5, and the initial launch costs arising from the commencement of two new bases at Milan-Bergamo and Stockholm-Skavsta.

Aircraft rental costs did not arise during the period reflecting the reduced requirement to rent additional seat capacity arising from the delivery of the new 737-800 aircraft.

Route charges increased by 46% to €68.4m due to an increase in the number of sectors flown, an increase in the size of aircraft operated which incur a higher charge, an increase in the average sector length and an increase in the basic unit cost in some countries.

Operating & Financial Review

(Continued)

Operating Expenses (continued)

Airport and handling charges increased by 27% to €108.0m due to an increase in the number of passengers flown, and the impact of increased airport and handling charges on some existing routes, offset by lower charges on our new European routes and at our new bases.

Other expenses increased by 31% to €59.5m, which is less than the growth in ancillary revenues due to improved margins on some new and existing products, and cost reductions achieved on other administrative costs.

Operating Margins

Operating margins have increased to 31% due to the reasons outlined above and this has resulted in operating profits increasing by 62% to €263.5m during the period.

Interest Receivable

Interest receivable increased by €3.8m to €31.4m reflecting the strong growth in cash resources arising from the profitable trading performance, offset by reductions in deposit rates during the period. Interest payable increased by €11.3m to €30.9m due to the increased level of debt arising from the acquisition of 13 new aircraft.

Foreign Exchange Gains

Foreign exchange gains arose primarily due to the conversion of sterling bank balances to euro at the period end and from the translation of foreign currency receivable and payable balances.

Taxation

Taxation has increased by 14% during the period, less than the growth in pre-tax profits and primarily reflects the continued decline in the headline rate of corporation tax in Ireland.

Earning per Share (EPS)

Basic EPS increased by 54% to 31.71 euro cents and is based on 755,055,374 shares which represents the weighted average number of ordinary shares in issue during the year.

Balance Sheet

The group's balance sheet continues to benefit from the strong growth in profits. The group generated cash from operating activities of €351.0m which partly funded the acquisition of thirteen Boeing 737-800 "Next Generation" aircraft and additional aircraft deposits. Capital expenditure amounted to €477.5m, primarily consisting of new aircraft additions whilst debt funding increased to €837.2m during the same period.

Review of Cash Flow

Cash generated from operating activities was €351.0m, reflecting the increased profitability of the group. This has enabled the group to increase its cash liquid resources by €166.3m to €1,058.9m despite funding capital expenditure of €139.0m from internal cash resources.

Capital Expenditure

During the year the group's capital expenditure amounted to €477.5m, of which €469.9m was represented by physical cash payments in the year. Most of this related to the purchase of thirteen Boeing 737-800 aircraft and deposits relating to the future acquisition of additional new Boeing 737-800s. Further details are given in note 27.

Capital Structure

An additional 100,000 shares were issued in the financial year March 31, 2003 relating to the 1998 Share Option Scheme. In 1998 the group launched its employee share option scheme and the first tranche of options became exercisable on June 22, 2003. Under the scheme 639 employees are entitled to excerise options.

Operating & Financial Review

(Continued)

Recruitment and Promotion

During the year 151 of our people were promoted internally within the group.

Significant Post Balance Sheet Event – acquisition of Buzz

On the April 10 2003, Ryanair Holdings plc purchased certain assets of KLM UK Ltd from KLM Royal Dutch Airlines for €20.1m. These assets primarily comprised of leases on six Boeing 737-300's, four BAe146-200's, up to 110 employees, and the transfer of certain landing and takeoff slots at Stansted Airport. Ryanair Holdings plc has incorporated a new subsidiary, Buzz Stansted Ltd, which will operate these aircraft on a sub-service basis for Ryanair on 12 routes, which were formerly operated by KLM UK Ltd ("Buzz"). Buzz Stansted Ltd has successfully obtained a UK air operator's certificate and continues to operate the aircraft. The Boeing 737-300 aircraft are on lease from International Lease Finance Corporation for a period of between 4-5 years. The BAe146 aircraft are on a 1-year lease from KLM UK Ltd and can be returned at any time prior to March 31 2004, however the rentals must continue to be paid until the end of the lease period.

Buzz Stansted Ltd, the new operating company, was closed from April 11th until May 1st as the company was being reorganised. Since then it has operated successfully on a sub-service basis for Ryanair and has integrated well into the Ryanair group operations. The company is expecting to operate on a profitable basis for the coming year.

Safety

Safety in the airline remains an absolute priority. This is Ryanair's 19th year of safe operations. Ryanair has extensive safety training programmes to ensure the recruitment of suitably qualified pilots and maintenance personnel. In addition, the group operates and maintains all of its aircraft in accordance with the highest European Aviation Industry Standards which are regulated by the Irish Aviation Authority.

At each Board Meeting a report prepared by the Air Safety Committee is circulated in advance and is reviewed by the Board. The Safety Committee, which comprises Michael Horgan (chairperson) a director, the Director of Flight and Ground Operations, the Chief Pilot, the Flight Safety Officer and the Director of Engineering, meets on a quarterly basis and reports directly to the Board of Directors. 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 overseeing 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.

Treasury Policy, Fuel, Currency and Interest Risk Management

The Audit Committee of the Board of Directors has responsibility for setting the treasury policies and objectives of the group which include controls over procedures used to manage the main financial risks arising from the group's operations: commodity price, foreign exchange and interest rate risks. The group uses financial instruments to manage exposures arising from these risks. These instruments include borrowings, cash and liquid resources and derivatives (principally jet fuel derivatives, cross currency interest rate swaps, forward foreign exchange contracts and interest rate swaps). It is group policy that no speculative trading in financial instruments shall take place.

The group's fuel risk management policy is to hedge between 70% and 90% of the forecasted rolling annual volumes 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. At March 31, 2003 the company had hedged approximately 393,000 metric tonnes of its estimated fuel requirement for the period to March 31, 2004. Further details of year end fuel derivatives are set out in note 16.

Operating & Financial Review

(Continued)

Treasury Policy, Fuel, Currency and Interest Risk Management (continued)

Foreign currency risk in relation to the group's trading operations largely arises in relation to non-euro currencies. These currencies are primarily sterling pounds and the U.S. dollar. The group manages this risk by matching sterling revenues against sterling costs. Any unmatched sterling revenues are primarily used to fund forward foreign exchange contracts to hedge U.S. dollar currency exposures that arise in relation to fuel, maintenance, aviation insurance, and capital expenditure costs - including advance aircraft deposit payments to Boeing.

The group's objectives for interest rate risk management are to reduce interest risk through a combination of financial instruments which lock in interest rates on debt and by matching a proportion of floating rate assets with floating rate liabilities. In addition, the group aims to achieve the best available return on long-term investments of surplus cash – subject to credit risk and liquidity constraints. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty based on third party market based ratings.

In line with the above interest rate risk management strategy the group has entered into a series of forward starting interest rate swap agreements to manage interest rate risk in relation to the financing of new Boeing 737-800 next generation aircraft. The objective of these swap agreements is to hedge the group's exposure to movements in fixed interest rates in relation to forecasted draw-downs of debt. The group has also recently entered into floating rate financing which is matched with floating rate deposits. Numerical information on these swaps and on other derivatives held by the group is set out in notes 13 to 17 of the financial statements.

Directors' Report

for the year ended March 31, 2003

The directors present their annual report together with the audited consolidated financial statements of the group for the year ended March 31, 2003.

Review of Business Activities and Future Developments in the Business

The group operates a low fares airline business and plans to continue to develop this activity by expanding its successful low fares formula on new and existing routes. A review of the group's operations for the year is set out on pages 10 to 14.

Results for the Year

Profit for the financial year amounted to €239.4m. Details of the results are set out in the consolidated profit and loss account on page 28 and in the related notes.

Share Capital

The number of shares in issue at March 31, 2003 was 755,130,716.

Accounting Policies

The accounting policies followed in the preparation of these consolidated financial statements for the year ended March 31, 2003 are consistent with those followed in the previous financial year .

Accounting Records

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing financial personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the company are maintained at its registered office Corporate Headquarters, Dublin Airport, Co. Dublin.

Substantial Interests in the Share Capital

As at August 27 2003 the directors are aware of the following substantial interests in the share capital of the company (excluding those of the directors)* which represent more than 3% of the issued share capital. At March 31, 2003 the free float in shares was 89%.

NAME	SHARES HELD	% OF ISSUED SHARED CAPITAL
Fidelity Investments	101,552,762	13.45%
Gilder Gagnon Howe & Co LCC	69,315,000	9.18%
Capital Group Companies Inc.	46,010,310	6.09%
Wellington Management Co.	37,275,050	4.94%
Janus	32,595,000	4.32%
Putnam Investments	26,956,507	3.57%

* See note 22 (d) to the financial statements

Staff

At March 31, 2003, the group employed 1,897 people. This compares to 1,531 staff at March 31, 2002. The increase in staff levels consisted mainly of pilots and cabin crew recruited and arose due to the expansion of the aircraft fleet and the continued growth of the group.

Air Safety

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

Directors' Report

for the year ended March 31, 2003
(Continued)

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.

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 December 31 1998. This statement, together with the report of the Remuneration and Compensation Committee, set out on page 23 and in note 22 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 group 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

At the financial year end the Board of Ryanair comprises 11 non-executive directors and 1 executive director. Biographies of these directors are set out on page 21. Each director has extensive business experience, which they bring to bear in governing the group. The group has a chairman with an extensive background in this industry, and significant public company experience. Historically, the group 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 Board's strategy and policy.

The Board meets at least on a quarterly basis and full attendance is usual. In the year to March 31, 2003 the Board met on four 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 €635,000, and key strategic decisions. The holding of detailed regular Board meetings and the fact that many matters require Board approval, indicate that the running of the group is firmly in the hands of the Board.

The Board regards 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 group's expense.

New non-executive directors are encouraged to meet the executive director and senior management for briefing on the group's developments and plans. During the year, Emmanuel Faber and Klaus Kirchberger were appionted as non-executive directors of the board and their appiontment must be approved at the AGM on September 24, 2003. Directors can only be appointed following selection by

Directors' Report

for the year ended March 31, 2003
(Continued)

Corporate Goverance (continued)

the Nomination Committee and approval by the Board and by the shareholders at the Annual General Meeting.

Ryanair's Articles of Association require that all of the directors retire and offer themselves for re-election within a three-year period. Accordingly Richard P. Schifter, Mr. Michael O' Leary and Mr. Raymond MacSharry will be retiring, and Mr. Michael O'Leary and Mr. Raymond MacSharry being eligible will offer themselves for re-election at the AGM on September 24, 2003. Mr. Richard P. Schifter although eligible, will not be seeking re-election at the fortcoming Annual General Meeting. Mr.. Jeffrey A. Shaw and Mr. Cathal M. Ryan retired from the board on September 25, 2002 and Mr. Declan F. Ryan retired from the board on June 24, 2003.

In accordance with the recommendations of the Combined Code, a senior independent non executive director, Mr. James R. Osborne is Chairman of both the Audit Committee and the Remuneration Committee.

Board Committees

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

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." Its members are Mr. James R. Osborne, Mr. Raymond MacSharry and Mr. Kyran McLaughlin.

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. David Bonderman, Mr. Michael O'Leary and Mr.James R. Osborne.

The Remuneration Committee

The members of the Remuneration Committee are Mr. Raymond MacSharry, Mr. James R. Osborne and Mr. Kyran McLaughlin. The Remuneration Committee determines the remuneration of senior executives and administers the group's share option plans. The Committee makes recommendations to the Board on the group's policy framework for executive director remuneration in accordance with the provisions contained in Schedule A to the combined code.

The Nomination Committee

The members of the Nomination Committee are Mr. James R.Osborne and Mr. Kyran McLaughlin. 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 is a matter for the Board as a whole.

The Air Safety Committee

The Air Safety Committee comprises of a board director, Mr. Michael Horgan and senior management, comprising of the Chief Pilot, the Director of Flight and Ground Operations, the Flight Safety Officer and the Director 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 group 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 to the highest levels.

The report of the Remuneration and Compensation committee is contained on page 23.

Directors' Report

for the year ended March 31, 2003
(Continued)

Corporate Goverance (continued)

Relations with Shareholders

Ryanair communicates with institutional shareholders following the release of quarterly and annual results directly via road shows and/or by conference calls. The Chief Executive, senior financial, operational, and commercial management participate in these events. During the year ended March 31, 2003 the group 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. Financial, operational and other information on the group is provided on our website at www.ryanair.com.

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 and Remuneration 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 24. They also considered the going concern of the group and their conclusion is set out on page 19. The Board has 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, meets at least quarterly to review the financial statements of the group, to consider internal control procedures and to liaise with internal and external auditors. In the year ended March 31, 2003 the Audit Committee met on 6 occasions. On a semi annual basis the Audit Committee receives an extensive report from the internal auditor detailing the reviews performed in the year, and a risk assessment of the group. This report is used by the Committee and the Board, as a basis for determining the effectiveness of internal control. The Audit Committee regularly considers the performance of internal audit and how best financial reporting and internal control principles should be applied.

Internal Control

The directors acknowledge their responsibility for the system of internal control which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material mis-statement or loss.

The Combined Code introduced a new requirement for the directors to review the effectiveness of the group's system of internal control. This expands the previous requirement in respect of internal financial controls to cover all controls including:

- Financial
- Operational
- Compliance
- Risk
- Management

The Board is ultimately responsible for the group's system of internal controls and for monitoring its effectiveness. Formal guidance for directors on the implementation of the new requirements entitled "Internal Control: Guidance for Directors on the Combined Code", was published in September, 1999 ("the Turnbull guidance"). The Board established the procedures necessary to implement the Turnbull guidance during 1999.

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

Directors' Report

for the year ended March 31, 2003
(Continued)

Corporate Goverance (continued)

Internal Control (continued)

- a strong and independent Board which meets at least 4 times a year and has separate Chief Executive and Chairman roles;
- a clearly defined organizational structure along functional lines and a clear division of responsibility and authority in the group;
- 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 group;
- quarterly reporting of the financial performance with a management discussion and analysis of results;
- weekly management committee meetings, comprising of heads of departments, to review the performance and activities of each department in the group;
- detailed budgetary process which includes identifying risks and opportunities and which is ultimately approved at Board level;
- Board approved capital expenditure and treasury policies which clearly define authorization 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;
- an Audit Committee which approves audit plans and considers significant control matters raised by management and the internal and external auditors;
- established systems and procedures to identify, control and report on key risks. Exposure to these risks is monitored by the Audit Committee and the Management Committee; and
- a risk management programme in place throughout the group whereby executive management reviews and monitors the controls in place, both financial and non financial, to manage the risks facing the business.

On behalf of the Board, the Audit Committee has reviewed the effectiveness of the group's system of internal control and has reported thereon to the Board.

The Board has delegated to executive management the planning and implementation of the systems of internal control within an established framework which applies throughout the group.

Going Concern

After making enquiries the directors consider that the group has adequate resources to continue operating for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

Statement of Compliance

The directors have fully adopted the provisions of the Combined Code.

Subsidiary Companies

Details of the principal subsidiary undertakings are disclosed on page 59 of the financial statements.

Directors and their Interests

A list of the directors who held office in the period is set out on page 72. One third (rounded up 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. The directors who held office at March 31, 2003 had no interests other than those outlined in note 22 in the shares of the company or group companies.

Directors' Report

for the year ended March 31, 2003
(Continued)

Dividend Policy

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

Political Contributions

During the financial year ended March 31, 2003 the group made no political contributions which require disclosure under the Electoral Act, 1997.

Post balance sheet events

Post balance sheet events have been set out in notes 27 and 29 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 September 24, 2003 at 11am in the Holiday Inn Hotel, Dublin Airport, Co. Dublin.

On behalf of the Board

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

May 29, 2003

Directors

David Bonderman (Chairman)

A director of Ryanair Holdings since August 1996 and Chairman of the Board since December 1996. He also serves as a director of Continental Airlines, ProQuest Company, Ducati Motorcycles S.p.A., Co-Star Group, Inc; Denbury Resources, Inc; ON Semiconductor Corporation; Magellan Health Services, Inc; Paradyne Networks, Inc; Korea First Bank and is a principal of Texas Pacific Group.

Michael O'Leary (Chief Executive)

A director of Ryanair Holdings since July 1996 and has been a director of Ryanair Ltd. since 1988. Mr. O'Leary was appointed Chief Executive of the group on January 1, 1994.

Michael Horgan (Director)

A director of Ryanair Holdings since January 2001 and a former Chief Pilot of Aer Lingus. He is consultant to a number of international airlines, Civil Aviation Authorities and the European Commission. Mr. Horgan chairs the Safety Sub-committee of the Board of Ryanair.

Raymond MacSharry (Director)

A director of Ryanair Holdings since August 1996, and has been a director of Ryanair Ltd. since February 1993. From 1993 to 1995 he served as Chairman of Ryanair Ltd. He also serves as a director of Bank of Ireland Group and is chairman of London City Airport Ltd. He previously served as the European Commissioner for Agriculture (1989-1993) and was the Minister for Finance of Ireland in 1982 and from 1987 to 1988. He also serves as a director of a number of Irish private companies.

Kyran McLaughlin (Director)

A director of Ryanair Holdings since January 2001, and is Head of Equities at Davy Stockbrokers. Mr. McLaughlin also advised Ryanair during its initial flotation on the Dublin and NASDAQ stock markets in 1997. He is also a director of Elan Corporation, and he serves as a director of a number of Irish private companies..

James R. Osborne (Director)

A director of Ryanair Holdings since August 1996, and has been a director of Ryanair Ltd. since April 1995. Mr. Osborne is a former managing partner of A & L Goodbody Solicitors. He also serves as a director of a number of Irish private companies.

Paolo Pietrogrande (Director)

A director of Ryanair Holdings since January 2001, and is also a director of Ducati Motor Holding S.p.A.. Mr. Pietrogrande is a former CEO of Enel Green Power S.p.A (a subsidiary of Enel S.p.A.)

Declan F. Ryan (Director)

A director of Ryanair Holdings since August 1996 and has been a director of Ryanair Ltd since January 1985. He currently runs a private investment company, Irelandia Investments Ltd. Declan resigned as a Director of Ryanair Holdings on June 24, 2003.

T. Anthony Ryan (Director)

A director of Ryanair Holdings since July 1996 and has been a director of Ryanair Ltd. since April 1995. Dr. Ryan served as Chairman of the Board of Ryanair Ltd. during 1996 and Ryanair Holdings from August to December 1996. Dr. Ryan served as chairman of GPA Group plc from 1983 to 1996.

Richard P. Schifter (Director)

A director of Ryanair Holdings since August 1996 and is also a director of America West Holdings Corp. and a principal of Texas Pacific Group.

Emmanuel Faber (Director)

A director of Ryanair Holdings since September 2002 and is also a director of Group Danone. He also serves as a director of a number of French companies.

Klaus Kirchberger (Director)

A director of Ryanair Holdings since September 2002 and is also a director of Thurn and Taxis Group. He also serves as a director of a number of German listed corporations.

Social, Environmental and Ethical report

Social

The group's aim is that employees understand the group's strategy and are committed to Ryanair. The motivation and commitment of our employees is key to our performance. The group's policy is that training, career development and promotion opportunities will be available to all employees. The group remains committed to being an equal opportunities employer regardless of nationality, race, gender, marital status, disability, age and religious or political belief. The group selects personnel on the basis of merit and capability, providing the most effective use of resources. During the year 151 of our people were promoted internally within the group.

The group recognises the importance of effective communication with its employees. Our monthly newsletter "The Limited Release" is distributed to all staff ensuring that employees are kept up to-date on the plans, success and challenges facing our industry, and daily news bulletins are also issued on our internal TV network. Our Employee Representative Committee for each department and our European Works Council provides a forum which ensures all department representatives can consult on current issues. Our IT department has developed an Intranet site which gives added value to our communication network.

In 1998 the group launched its employee share option scheme. The first tranche of options became exercisable on June 24, 2003 and 639 employees are entitled to exercise options under the scheme. The group obtained revenue approval on July 4, 2003 for the new 2003 group scheme under which shares will become exercisable in 2008.

All staff benefit from extensive travel concessions in Ryanair and discounted travel with other carriers.

Safety

Safety in the airline remains an absolute priority. This is Ryanair's 19th year of safe operations. The group remains committed to taking care of the health, safety and well-being of its employees and others who may be affected by our operations. Ryanair has extensive safety training programmes to ensure the recruitment of suitably qualified pilots and maintenance personnel. In addition, the group operates and maintains all of its aircraft in accordance with the highest European Aviation Industry Standards which are regulated by the Irish Aviation Authority and the U.K. Civil Aviation Authority for the Buzz Stansted Ltd aircraft.

At each Board Meeting a report prepared by the Air Safety Committee is circulated in advance and is reviewed by the Board. The Safety Committee, which comprises Michael Horgan (chairperson) a director, the Director of Flight and Ground Operations, the Chief Pilot, the Flight Safety Officer and the Director of Engineering, meets on a quarterly basis and reports directly to the Board of Directors. 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 overseeing 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.

Environmental

Ryanair's current fleet replacement programme of Boeing 737-800 next generation aircraft significantly reduces the impact of the airline's activities on the environment by employing the latest technology in terms of engine noise reduction and reduced levels of fuel consumption. The group plans to have an all Boeing 737-800 fleet by the end of March 2006 which is expected to positively impact on the environment.

Report of the Remuneration & Compensation Committee to the Board

In forming the group's remuneration policy, the Board has complied with the Combined Code.

The Remuneration and Compensation Committee

The Remuneration and Compensation Committee comprises Mr. Raymond MacSharry, Mr. James R. Osborne and Mr. Kyran McLaughlin, all of whom are non executive directors. The Committee determines the remuneration of senior executives of Ryanair and administers the group'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, other than Mr. Michael Horgan who is renumerated on a consultancy basis on safety issues, full details of which are disclosed in note 22(b) on page 48 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 are set out in note 22(a) on page 48 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. Michael O'Leary on July 1, 2002, for a one year period to June 30, 2003. Thereafter, the agreement will continue in full but may be terminated with twelve months notice by either party. Mr. O'Leary's employment agreement does not contain provisions providing for compensation on its termination.

Statement of Directors' Responsibilities

The directors are responsible for preparing financial statements for each financial year which, in accordance with applicable Irish law and accounting standards, 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 of the group and to enable them to ensure that the financial statements comply with the Companies Acts 1963 to 2001 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

Independent Auditors' Report to the Members of Ryanair Holdings plc

We have audited the financial statements on pages 24 to 58

This report is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors.

The directors are responsible for preparing the Annual Report. As described above, this includes responsibility for preparing the financial statements in accordance with applicable Irish law and accounting standards.

Our responsibilities, as independent auditors, are established in Ireland by statute, the Auditing Practices Board, the Listing Rules of the Irish 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

Independent Auditors' Report to the Members of Ryanair Holdings plc

(Continued)

the information and explanations we require for our audit, whether the company's balance sheet is in agreement 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 group is not disclosed.

We review whether the statement on pages 16 to 19 reflects the group's compliance with the seven provisions of the Combined Code specified for our review by the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the 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 audit 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 group and the company at March 31, 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2001 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 is in agreement with the books of account.

In our opinion, the information given in the directors' report on pages 15 to 20 is consistent with the financial statements.

The net assets of the company as stated on the balance sheet on page 33 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 March 31, 2003 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, Dublin, Ireland
May 29, 2003

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. 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 also been presented in accordance with the presentation and terminology of United States (US) GAAP except where such presentation is not consistent with UK and Irish GAAP. A summary of the significant differences between UK and Irish GAAP and US GAAP as applicable to the group is set out on pages 61 to 71.

Basis of preparation

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

The consolidated financial statements are prepared in Euro.

Basis of consolidation

The group's consolidated financial statements comprise the financial statements of Ryanair Holdings plc and its subsidiary undertakings for the year ended March 31, 2003.

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

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

A separate profit and loss account for the company is not presented, as provided by Section 3(2) of the Companies (Amendment) Act 1986. The retained profit for the year attributable to the company was €Nil (2002: €Nil).

Operating revenues

Operating revenues comprise the invoiced value of airline and other services, net of government 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. It is released to the profit & loss account as passengers fly. Unused tickets are recognised as revenue on a systematic basis.

Statement of Accounting Policies

(Continued)

Tangible fixed assets and depreciation

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

Aircraft are depreciated over their estimated useful lives to estimated residual values.

Rates of depreciation	
Plant and equipment	20 - 33.3%
Fixtures and fittings	20%
Motor vehicles	33.3%
Buildings	5%

The current estimates of useful lives and residual values are:

AIRCRAFT TYPE	*NO. OF AIRCRAFT	USEFUL LIFE	RESIDUAL VALUE
Boeing 737-200	21	20 years from date of manufacture	US$1 million
Boeing 737-800	33	23 years from date of manufacture	15% of original cost

* At March 31, 2003

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, which can equate to a substantial element of the total aircraft cost, is amortised over the shorter of the period to the next check (usually between 8 and 12 years for 737-800 aircraft) 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 and option payments made in respect of aircraft purchase commitments and options are recorded at cost and separately disclosed. On acquisition of the related aircraft these payments are included as part of the cost of aircraft and are depreciated from that date.

Financial fixed assets

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

Inventories

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

Statement of Accounting Policies

(Continued)

Derivative financial instruments

The group enters into transactions in the normal course of business using a variety of financial instruments in order to hedge against exposures to fluctuating aircraft fuel prices, foreign exchange and interest rates. Derivative financial instruments are utilised to cap aircraft fuel prices, foreign exchange and interest rate exposures. 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, and the group does not enter into any such transactions for speculative purposes.

Taxation

Corporation tax is provided on taxable profits at current rates. Full provision is made for all timing differences at the balance sheet date in accordance with Financial Reporting Standard No. 19 "Deferred Tax". Provision is made at tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

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

All other maintenance costs are expensed as incurred.

Pension costs

The group operates both defined benefit and contribution schemes.

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

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

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

Statement of cash flows

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

Liquid resources are current asset investments (other than cash) than are readily convertible into known amounts of cash. Liquid resources include investments in commercial paper, certificates of deposit and cash deposits of less than one year.

Consolidated Balance Sheet

at March 31, 2003

	Note	2003 €000	2002 €000
Fixed assets			
Tangible assets	1	**1,352,361**	951,806
Current assets			
Cash and liquid resources	3	**1,060,218**	899,275
Accounts receivable	4	**14,970**	10,331
Other assets	5	**16,370**	11,035
Inventories	6	**22,788**	17,125
Total current assets		**1,114,346**	937,766
Total assets		**2,466,707**	1,889,572
Current liabilities			
Accounts payable	7	**61,604**	46,779
Accrued expenses and other liabilities	8	**251,328**	217,108
Current maturities of long term debt	9	**63,291**	38,800
Short term borrowings	10	**1,316**	5,505
Total current liabilities		**377,539**	308,192
Other liabilities			
Provisions for liabilities and charges	12	**67,833**	49,317
Accounts payable due after one year	7	**5,673**	18,086
Long term debt	9	**773,934**	511,703
Total other liabilities		**847,440**	579,106
Shareholders’ funds - equity			
Called-up share capital	13	**9,588**	9,587
Share premium account	13	**553,512**	553,457
Profit and loss account		**678,628**	439,230
Shareholders’ funds - equity		**1,241,728**	1,002,274
Total liabilities and shareholders’ funds		**2,466,707**	1,889,572

On behalf of the Board

M. O’ Leary
Director

D. Bonderman
Director

May 29, 2003

Consolidated Profit & Loss Account

for the year ended March 31, 2003

	Note	2003 €000	2002 €000
Operating revenues			
Scheduled revenues		**731,951**	550,991
Ancillary revenues	19	**110,557**	73,059
Total operating revenues			
- continuing operations	19	**842,508**	624,050
Operating expenses			
Staff costs	20	**(93,073)**	(78,240)
Depreciation & amortisation	1	**(76,865)**	(59,010)
Other operating expenses	21	**(409,096)**	(323,867)
Total operating expenses		**(579,034)**	(461,117)
Operating profit - continuing operations		**263,474**	162,933
Other income/(expenses)			
Foreign exchange gains		**628**	975
(Losses)/gains on disposal of fixed and financial assets	2	**(29)**	527
Interest receivable and similar income		**31,363**	27,548
Interest payable and similar charges	23	**(30,886)**	(19,609)
Total other income/(expenses)		**1,076**	9,441
Profit on ordinary activities before tax	22	**264,550**	172,374
Tax on profit on ordinary activities	24	**(25,152)**	(21,999)
Profit for the financial year		**239,398**	150,375
Profit and loss account at beginning of year		**439,230**	288,855
Profit and loss account at end of year		**678,628**	439,230
Earnings per ordinary share (€cent)			
- Basic	26	**31.71**	20.64
- Diluted	26	**31.24**	20.32
Number of ordinary shares (in 000's)			
- Basic	26	**755,055**	728,726
- Diluted	26	**766,279**	739,961

The company had no recognised gains and losses in the financial year or preceding financial year other than those dealt within the profit and loss account and accordingly, no statement of total recognised gains and losses is presented.

On behalf of the Board

M. O' Leary
Director

D. Bonderman
Director

May 29, 2003

Consolidated Cash Flow Statement

for the year ended March 31, 2003

	Note	2003 €000	2002 €000
Net cash inflow from operating activities	28(a)	**351,003**	309,109
Returns on investments and servicing of finance			
Interest received		**30,171**	30,193
Interest paid		**(29,563)**	(19,830)
Interest paid on finance leases		**-**	(3)
Net cash inflow from returns on investments and servicing of finance		**608**	10,360
Taxation			
Corporation tax paid		**(3,410)**	(5,071)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		**(469,878)**	(372,587)
Sales of financial and tangible fixed assets		**31**	563
Net cash (outflow) from capital expenditure and financial investment		**(469,847)**	(372,024)
Net cash (outflow) before financing and management of liquid resources		**(121,646)**	(57,626)
Financing and management of liquid resources			
Loans raised		**331,502**	175,746
Debt repaid		**(44,779)**	(27,886)
Issue of share capital		**56**	188,331
Share issue costs		**-**	(6,330)
Capital element of finance leases		**(1)**	(107)
Financing		**286,778**	329,754
(Increase) in liquid resources	28(c)	**(166,329)**	(251,241)
Net cash inflow from financing and management of liquid resources		**120,449**	78,513
(Decrease)/increase in cash	28(d)	**(1,197)**	20,887

Consolidated Statement of Changes in Shareholders' Funds-equity

for the year ended March 31, 2003

	Called-up share capital €000	Share premium account €000	Profit and loss account €000	Total €000
Balance at April 1, 2002	9,587	553,457	439,230	1,002,274
Issue of ordinary equity shares (net of issue costs) (note 13)	1	55	-	56
Profit for the financial year	-	-	239,398	239,398
Balance at March 31, 2003	**9,588**	**553,512**	**678,628**	**1,241,728**

The accumulated balance on the profit & loss account is stated after write off of goodwill on acquisition of €4.1 million which arose in the year ended March 31, 1997.

Company Balance Sheet

at March 31, 2003

	Note	2003 €000	2002 €000
Fixed assets			
Financial assets	2	**71,994**	71,994
Current assets			
Other assets	5	**526,910**	528,628
Total assets		**598,904**	600,622
Current liabilities			
Accrued expenses and other liabilities		**-**	1,774
Other liabilities			
Amounts due to group undertakings	11	**35,172**	35,172
Shareholders' funds - equity			
Called-up share capital	13	**9,588**	9,587
Share premium account	13	**553,512**	553,457
Profit and loss account		**632**	632
Shareholders' funds - equity		**563,732**	563,676
Total liabilities and shareholders' funds		**598,904**	600,622

On behalf of the Board

M. O' Leary *Director*

D. Bonderman *Director*

May 29, 2003

Notes

forming part of the consolidated financial statements

1 TANGIBLE FIXED ASSETS

GROUP	Aircraft €000	Hangar & Buildings €000	Plant & Equipment €000	Fixtures & Fittings €000	Motor Vehicles €000	Total €000
Cost						
At beginning of year	1,163,694	6,558	2,727	7,541	986	1,181,506
Additions in year	474,757	156	663	1,559	345	477,480
Disposals in year	(42)	(13)	-	-	(635)	(690)
At end of year	**1,638,409**	**6,701**	**3,390**	**9,100**	**696**	**1,658,296**
Depreciation						
At beginning of year	219,852	1,641	1,751	5,511	945	229,700
Charge for year	74,683	404	436	1,182	160	76,865
Eliminated on disposals	(42)	(4)	-	-	(584)	(630)
At end of year	**294,493**	**2,041**	**2,187**	**6,693**	**521**	**305,935**
Net book value						
At March 31, 2003	**1,343,916**	**4,660**	**1,203**	**2,407**	**175**	**1,352,361**
At March 31, 2002	943,842	4,917	976	2,030	41	951,806

At March 31, 2003, aircraft with a net book value of €1,002,841,729 (2002: €631,833,409) were mortgaged to lenders as security for loans. Under the security arrangements for the group's new 737-800 "next generation" aircraft, the group does not hold legal title to those aircraft while loan amounts remain outstanding.

At March 31, 2003, the net book value of fixed assets held under finance leases was nil (2002: €164,590). Depreciation on these assets for the year ended March 31, 2003 amounted to €164,590 (2002: €198,723).

At March 31, 2003, the cost and net book value of aircraft includes €259,358,902 (2002: €199,044,581) in respect of advance payments on aircraft. This amount is not depreciated.

At March 31, 2003 fixed asset additions of €477,480,246 (2002:€397,224,883) was comprised of assets paid for of €469,878,312 (2002: €372,587,175) and the balance represented unpaid additions.

Notes

(Continued)

2 FINANCIAL FIXED ASSETS

	GROUP 2003 €000	GROUP 2002 €000	COMPANY 2003 €000	COMPANY 2002 €000
Investment in subsidiary undertakings	**-**	-	**71,994**	71,994

In the year ended March 31, 2003, the group disposed of equity shares with a book value of €nil (2002: €36,000). The profit on disposal of €nil (2002: €519,000) is included in gains on disposal of fixed and financial assets in the profit and loss account. In the opinion of the directors the fair value of investments in subsidiary undertakings is at least equal to cost as stated above.

3 CASH AND LIQUID RESOURCES

Cash and liquid resources, net of overdrafts March 31, 2003 amounted to €1,058.9 million (2002: €893.8 million). This includes €120.9 million held on deposit as collateral for certain derivative financial instruments entered into by the group.

4 ACCOUNTS RECEIVABLE

GROUP	2003 €000	2002 €000
Trade receivables	**15,316**	10,690
Provision for doubtful debts	**(346)**	(359)
	14,970	10,331

All amounts fall due within one year.

5 OTHER ASSETS

	GROUP 2003 €000	GROUP 2002 €000	COMPANY 2003 €000	COMPANY 2002 €000
Prepayments	**5,679**	3,456	**-**	-
Interest receivable	**7,013**	6,117	**-**	-
Value Added Tax recoverable	**3,678**	1,462	**-**	-
Due from Ryanair Limited	**-**	-	**526,910**	528,628
	16,370	11,035	**526,910**	528,628

Notes
(Continued)

6 INVENTORIES

GROUP	2003 €000	2002 €000
Aircraft spares	**21,596**	15,712
Duty free and other inventories	**1,192**	1,413
	22,788	17,125

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

7 ACCOUNTS PAYABLE

Accounts payable: - represents trade creditors payable within one year.

Accounts payable falling due after one year: - consists entirely of the long term obligations arising from an engine maintenance contract.

8 ACCRUED EXPENSES AND OTHER LIABILITIES

GROUP	2003 €000	2002 €000
Current		
Accruals	**48,196**	48,398
Taxation	**58,907**	53,341
Unearned revenue	**144,225**	115,369
	251,328	217,108
Taxation above comprises		
PAYE (payroll taxes)	**3,370**	3,144
Corporation tax	**9,789**	6,563
Other tax (including air passenger duty)	**45,748**	43,664
	58,907	53,341

Notes
(Continued)

9 MATURITY ANALYSIS OF LONG TERM DEBT

GROUP	2003 €000	2002 €000
Due within one year:		
Secured debt	63,291	38,799
Obligations under finance leases	-	1
	63,291	38,800
Due between one and two years:		
Secured debt	66,480	40,499
Due between two and five years:		
Secured debt	220,869	136,545
Due after five years:		
Secured debt	486,585	334,659
	773,934	511,703
Total	837,225	550,503

Notes on long term debt other than finance leases.

(i) Aircraft facility.

At March 31, 2003, the group had borrowings equivalent to €828.2 million (2002: €540.5 million) from various financial institutions provided on the basis of guarantees issued by the Export-Import Bank of the United States to finance the acquisition of thirty six Boeing 737-800 "next generation" aircraft. The guarantees are secured with a first fixed mortgage on the delivered aircraft. At March 31, 2003, the group had taken delivery of thirty three of these aircraft. The remaining balance of long term debt relates to debt drawn down to fund the acquisition of an aircraft simulator. Details of the interest rates and terms of such debt are set out in note 15.

(ii) Maturity of long-term debt

		2003 €000
Years ending March 31	2004	63,291
	2005	66,480
	2006	70,020
	2007	73,551
	2008-2016	563,883
		837,225

Notes
(Continued)

9 MATURITY ANALYSIS OF LONG TERM DEBT (CONTINUED)

(iii) Analysis of changes in borrowings during the year

	Bank Loans €000	Finance Leases €000	Total 2003 €000	Total 2002 €000
Opening balance at start of year	550,502	1	**550,503**	402,750
Loans raised to finance aircraft/simulator purchases	331,502	-	**331,502**	175,746
Repayments of amounts borrowed	(44,779)	(1)	**(44,780)**	(27,993)
Closing balance at end of year	837,225	-	**837,225**	550,503

10 SHORT TERM BORROWINGS

GROUP	2003 €000	2002 €000
Bank overdrafts (represented by unpresented cheques)	**1,316**	5,505

11 AMOUNTS DUE TO GROUP COMPANIES

COMPANY	2003 €000	2002 €000
Due to Ryanair Limited	**35,172**	35,172

At March 31, 2003, Ryanair Holdings plc had borrowings of €35,171,745 (2002: €35,171,745) from Ryanair Limited. The loan is interest free and is repayable on demand..

Notes
(Continued)

12 PROVISIONS FOR LIABILITIES AND CHARGES

GROUP	2003 €000	2002 €000
Deferred taxation: (see note 24)		
At beginning of year	49,317	30,122
Charge for year	18,516	19,195
At end of year	**67,833**	49,317

13 SHARE CAPITAL AND SHARE PREMIUM ACCOUNT

GROUP AND COMPANY	2003 €000	2002 €000
Authorised		
840,000,000 ordinary equity shares of €1.27 cents each	10,668	10,668
Allotted, called up and fully paid		
755,130,716 ordinary equity shares of €1.27 cents each at March 31, 2003	9,588	-
and 755,030,716 ordinary equity shares of €1.27 cents each at March 31, 2002	-	9,587

In February 2002 the company raised €187,500,000, before deduction of issue costs, from the issue of 30,000,000 ordinary shares. The purpose of the 2002 share issue was to raise finance for general corporate purposes including the group's aircraft fleet purchase programme.

SHARE PREMIUM ACCOUNT	2003 €000	2002 €000
At beginning of year	553,457	371,849
Share premium arising on issue of 30,000,000 ordinary shares of €1.27 cents each	-	187,119
Share premium arising from the exercise of 100,000 options	55	-
Share premium arising from the exercise of 923,988 options	-	819
Cost of share issue	-	(6,330)
At end of year	**553,512**	553,457

Notes
(Continued)

13 SHARE CAPITAL AND SHARE PREMIUM ACCOUNT (CONTINUED)

Share options and share purchase arrangements

On May 21, 1997 the company granted seven senior managers options over ordinary shares with an equivalent value of IR£200,000 (€253,948) each at the Initial Public Offering (the "IPO") strike price of IR£1.95 (€2.48) less a discount of 10% resulting in the issue of 717,948 options (equivalent to 2,871,792 after stock splits in both December, 2001 and February, 2000). Since May 2000, the equivalent of 2,751,460 of these options have been exercised. The remaining options must be exercised within seven years of the date of their grant.

In addition, the group adopted a stock option plan (the "stock option plan") following 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 Ryanair at an exercise price equal to the market price of the ordinary shares at the time options are granted. Options were granted each year between 1998 and 2003 . The terms of the stock option plan, and the number of ordinary shares subject to options granted under the stock option plan, may be changed from time to time. At March 31, 2003, 26,453,855 options had been issued under these plans. Options issued under the 1998 plan became exercisable in June 2003. The options outstanding under the stock option plans have been set out below:

	2003		2002	
SHARE OPTIONS	SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE	SHARE OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at start of year	20,936,631	3.09	21,855,302	2.92
Exercised	(100,000)	0.56	(923,988)	0.56
Granted	5,763,407	5.65	1,018,259	5.88
Expired	(146,183)	5.00	(1,012,942)	4.55
Outstanding at end of year	26,453,855	3.62	20,936,631	3.09

The mid market price of Ryanair Holdings plc ordinary shares on the Irish Stock Exchange at March 31, 2003 was €6.19. The highest and lowest prices at which the group's shares traded on the Irish Stock Exchange in the year ended March 31, 2003 were €8.20 and €4.95 respectively.

14 FINANCIAL INSTRUMENTS

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

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

Notes 15 to 17, below, give details as to the group's financial instruments held, in accordance with the requirements of Financial Reporting Standard No. 13 "Derivatives and Other Financial Instruments: Disclosures" (the "Standard"). As permitted by this Standard, short term debtors and creditors have been excluded from all numerical disclosures shown in notes 15 to 17.

For a further understanding of the impact of financial instruments on the group's financial position please refer to page 14 which should be read in conjunction with notes 15 to 17.

Notes

(Continued)

15 INTEREST RATE RISK

Financial liabilities

The interest rate risk profile of Ryanair's financial liabilities at March 31, 2003 and March 31, 2002 was as follows:

PRINCIPAL CURRENCY - EURO	2003 Fixed €000	2003 Floating €000	2003 Total €000	2002 Fixed €000	2002 Floating €000	2002 Total €000
Short-term borrowings	-	1,316	1,316	-	5,505	5,505
Current maturities of long term debt	63,291	-	63,291	38,799	-	38,799
Non-current maturities of long term debt	773,934	-	773,934	511,703	-	511,703
Finance leases	-	-	-	1	-	1
	837,225	1,316	838,541	550,503	5,505	556,008

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

	Weighted average years remaining for which rate is fixed	Weighted average interest rate	2003 Total €000	Weighted average years remaining for which rate is fixed	Weighted average interest rate	2002 Total €000
Fixed Euro denominated long term debt	9.7	5.28%	828,233	10.3	5.06%	540,511
Other debt	9.0	5.81%	8,992	10.0	5.81%	9,991
Finance leases	-	-	-	<1 yr	4.50%	1
			837,225			550,503

All long term euro fixed rate debt shown above matures between 2011 and 2015 (2002: 2011 and 2014) and attracts interest rates of between 4.88% and 5.60% (2002: 4.88% and 5.16%).

Floating interest rates on financial liabilities are generally referenced to inter-bank interest rates (Euribor, Sterling LIBOR, or US$ LIBOR).

Financial assets

The group holds significant cash balances that are invested on a short-term basis. At March 31, 2003 all of the group's cash and liquid resources had a maturity of one year or less and attracted a weighted average rate of 2.79% (2002: 3.50%).

Interest rates on financial assets are generally based on the appropriate Euribor or Euribor-based bank offered rates.

Notes

(Continued)

15 INTEREST RATE RISK (CONTINUED)

Other financial instruments

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

	Notional amount €000	Debt commencement dates	Debt termination dates	Rate payable
2003 - Foward starting interest rate swaps	875,000	2003-2005	2015-2017	5.63-5.75%
2002 - Foward starting interest rate swaps	1,242,573	2002-2005	2014-2017	5.03-5.68%

16 CURRENCY RATE RISK AND AIRCRAFT FUEL PRICE RISK

Currency rate risk

Ryanair has exposure to various reporting currencies (principally sterling pounds and US dollars) due to the international nature of its operations. The following table shows the net amount of monetary assets of Ryanair that are not denominated in Euro at March 31, 2003 and March 31, 2002:

	2003			2002		
MONETARY ASSETS	GBP £000	US$ $000	Euro Equiv €000	GBP £000	US$ $000	Euro Equiv €000
GBP cash and liquid resources	43,344	-	66,464	24,840	-	40,648
USD cash and liquid resources	-	7,240	6,645	-	11,697	13,286

Notes

(Continued)

16 CURRENCY RATE RISK AND AIRCRAFT FUEL PRICE RISK (CONTINUED)

Currency rate risk (continued)

Ryanair also enters into US dollar and sterling currency forward contracts in order to manage functional currency risk which arises on its forecasted aircraft deposit payments, aircraft loan repayments, fuel, maintenance and aviation insurance costs, which are primarily denominated in US dollars and certain of its revenue income streams, which arise in Sterling. The following table gives details of Ryanair's currency forward contracts as at March 31, 2003 and at March 31, 2002:

CURRENCY FORWARD CONTRACTS	2003 GBP £000	2003 US$ $000	2003 Euro Equiv €000	2002 GBP £000	2002 US$ $000	2002 Euro Equiv €000
US dollar currency forward contracts for aircraft purchases	-	203,500	189,417	-	47,498	54,195
US dollar currency forward contracts for fuel and other purchases	-	169,000	156,526	-	78,032	89,058
Sterling currency forward contracts for sterling revenues	7,000	-	10,124	46,500	-	74,772

Aircraft fuel price risk

Ryanair enters into derivative contracts to fix the price of its forecasted aircraft fuel purchases. At March 31, 2003 and 2002, the following fuel price contracts were outstanding:

METRIC TONNES	2003 000s	2002 000s
Aircraft fuel fixed price contracts	393	381

Notes

(Continued)

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

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

- **Cash and liquid resources, current portions of bank loans and overdrafts:** carrying amount approximates to fair value due to the short term nature of these instruments.

- **Bank loans and finance leases carrying fixed rates of interest:** the repayments which Ryanair is committed to make have been discounted at the relevant rates of interest applicable at March 31, 2003 and March 31, 2002.

- **Off balance sheet interest rate contracts:** discounted cash flow analyses have been used to determine the estimated amount Ryanair would receive or pay to terminate the contracts. Discounted cash flow analyses are based on estimated future interest rates.

- **Off balance sheet currency forward and aircraft fuel contracts:** a comparison of the contracted rate to the market rate for contracts providing a similar risk management profile at March 31, 2003 and at March 31, 2002 has been made.

Notes

(Continued)

17 FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of Ryanair's financial intruments at March 31, 2003 and at March 31, 2002 was as follows:

CURRENCY FORWARD CONTRACTS	2003 Carrying amount €000	2003 Fair value €000	2002 Carrying amount €000	2002 Fair value €000
On balance sheet instruments				
Cash on hand	**77,866**	**77,866**	83,252	83,252
Liquid resources	**982,352**	**982,352**	816,023	816,023
Short term borrowings	**(1,316)**	**(1,316)**	(5,505)	(5,505)
Long term debt	**(837,225)**	**(912,576)**	(550,502)	(616,852)
Finance leases	**-**	**-**	(1)	(1)
Off balance intruments				
Forward starting interest rate swaps (loss)/gain	**-**	**(81,024)**	-	3,110
US dollar currency forward contracts (loss)/ gain	**-**	**(9,045)**	-	379
Sterling currency forward contracts (loss)/ gain	**-**	**(925)**	-	1,086
Aircraft fuel price contracts gain	**-**	**3,306**	-	5,918

All of the off balance sheet instruments shown above were held for hedging purposes. The fair value of the off balance sheet instruments in the table above equates to the net unrealised gains and losses on these instruments which were unrecognised at March 31, 2003 and March 31, 2002. On the basis of no movement in fuel prices and exchange rates, these unrealised gains and losses would impact on Ryanair's profit and loss account in the following years:

Off balance intruments	Maturing in 2004 €000	2003 Total €000	Maturing in 2003 €000	Maturing in 2004 €000	2002 Total €000
US dollar currency forward contacts loss	(9,045)	(9,045)	379	-	379
Sterling currency forward contracts loss	(925)	(925)	1,086	-	1,086
Aircraft fuel price contracts gain	3,306	3,306	3,900	2,018	5,918
	(6,664)	(6,664)	5,365	2,018	7,383

Unrealised losses on the group's forward starting interest rate swaps of €81.0 million (2002: €3.1 million gain) will be amortised to the profit and loss account over the eleven year period from the date of draw-down of the long term debt, as an offset to the related interest expense.

Notes

(Continued)

18 CONCENTRATIONS OF CREDIT RISK

The group's revenues derive principally from airline travel 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.

19 ANALYSIS OF OPERATING REVENUES

All revenues derive from the group's principal activity as an airline and include scheduled and charter services, car hire, inflight and related sales.

Revenue is analysed by geographical area (by country of origin) as follows:	2003 €000	2002 €000
United Kingdom	**466,749**	355,708
Other European countries	**375,759**	268,342
	842,508	624,050

Ancillary revenues included in total revenue above comprise:	2003 €000	2002 €000
Car hire	**27,615**	18,905
Inflight	**23,142**	18,030
Internet income	**12,159**	4,831
Non-flight scheduled	**35,291**	16,662
Charter	**12,350**	14,631
	110,557	73,059

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

Notes
(Continued)

20 STAFF NUMBERS AND COSTS

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

	2003	2002
Flight and cabin crew	983	792
Sales, operations and administration	763	755
	1,746	1,547

The aggregate payroll costs of these persons were as follows:

	2003 €000	2002 €000
Wages, salaries and related costs	82,633	70,551
Social welfare costs	7,835	6,462
Other pension costs	2,605	1,227
	93,073	78,240

21 OTHER OPERATING EXPENSES

	2003 €000	2002 €000
Fuel and oil	128,842	103,918
Maintenance, materials and repairs (excluding major maintenance checks)	29,709	26,373
Marketing and distribution costs	14,623	12,356
Aircraft rentals	-	4,021
Route charges	68,406	46,701
Airport & handling charges	107,994	84,897
Other costs	59,522	45,601
	409,096	323,867

Fuel and oil

Fuel and oil costs include fuel costs for scheduled services 2003 €126,711,235 (2002: €101,390,040).

Notes
(Continued)

22 STATUTORY AND OTHER INFORMATION

	2003 €000	2002 €000
Directors		
Fees	**198**	160
Other emoluments, including consultancy fees, bonus and pension contributions	**822**	694
Depreciation of tangible fixed assets	**76,865**	59,010
Auditors' remuneration (including expenses)	**121**	121
Operating lease charges - aircraft (note 27(c))	**-**	4,021

DIRECTORS' EMOLUMENTS

(a) Fees and emoluments - Executive Director

	2003 €000	2002 €000
Basic salary	**505**	474
Performance related bonus	**228**	180
Pension contributions	**49**	40
	782	694

During the years ended March 31, 2003 and 2002 Michael O'Leary was the only executive director.

(b) Fees and emoluments - Non Executive Directors

DIRECTORS' FEES	Fees €000	Emoluments €000	2003 €000	2002 €000
Michael Horgan	32	40	**72**	32
Raymonnd MacSharry	36	-	**36**	32
Kyran McLaughlin	36	-	**36**	32
James R. Osborne	36	-	**36**	32
Paolo Pietrogrande	32	-	**32**	32
Klaus Kirchberger	13	-	**13**	-
Emmanuel Faber	13	-	**13**	-
	198	40	**238**	160

During the year ended March 31, 2003 there were 11 non-executive directors. Non executive directors not referred to above received no fees or emoluments during the year.

Notes

(Continued)

22 STATUTORY AND OTHER INFORMATION (CONTINUED)

DIRECTORS' EMOLUMENTS (CONTINUED)

(c) Pension benefits

Directors	Increase in Accrued Benefit		Transfer Value Equivalent of Increase in Accrued Benefit		Total Accumulated Accrued Benefit	
	2003 €	2002 €	**2003 €**	2002 €	**2003 €**	2002 €
Michael O'Leary	**11,216**	15,648	**43,919**	53,848	**70,394**	57,097

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

(d) Shares and share options

(i) Shares

Ryanair Holdings plc is listed on the Irish, London and Nasdaq Stock Exchange.

The beneficial interests of the directors and of their spouses and minor children are as follows:

	March 31, 2003 Number of shares	March 31, 2002 Number of shares
David Bonderman	**7,056,680**	7,056,680
Raymond MacSharry	**7,280**	7,280
Michael O'Leary	**45,000,008**	52,000,008
James R. Osborne	**705,128**	705,128
Declan F. Ryan	**19,408,273**	21,922,600
T. Anthony Ryan	**10,758,535**	13,272,878
Richard P. Schifter	**104,820**	104,820

Non executive directors not referred to above hold no shares.

On 10 June, 2003, Michael O'Leary and Declan F. Ryan each sold 4 million shares at €5.95 per share.

On September 25, 2002 Jeffrey A. Shaw and Cathal M. Ryan retired from the board of directors. Declan F. Ryan resigned from the board of directors on June 24, 2003.

Notes

(Continued)

22 STATUTORY AND OTHER INFORMATION (CONTINUED)

DIRECTORS' EMOLUMENTS (CONTINUED)

(d) Shares and share options *(continued)*

(ii) Shares options

The number of share options held by the directors at the year end were:.

	March 31, 2003 Number of shares	March 31, 2002 Number of shares
*David Bonderman	**50,000**	50,000
*Raymond MacSharry	**50,000**	50,000
*Michael O'Leary	**50,000**	50,000
*James R. Osborne	**50,000**	50,000
*Cathal M. Ryan	**-**	50,000
*Declan F. Ryan	**50,000**	50,000
*T. Anthony Ryan	**50,000**	50,000
*Richard P. Schifter	**50,000**	50,000
*Jeffrey A. Shaw	**-**	50,000
*Kyran McLaughlin	**50,000**	50,000
**Emmanuel Faber	**25,000**	-
**Klaus Kirchberger	**25,000**	-

*The share options were granted to these directors at €3.70 (the market value at date of grant) during the year ended March 31, 2001 and are exercisable between June 2005 and June 2007.

**Emmanuel Faber and Klaus Kirchberger have been appointed to the Board of Directors on September 25, 2002 and the appointments are subject to shareholder approval at the AGM to be held on September 24, 2003. Both directors were granted 25,000 share options at €5.65 each, which are exercisable between June 2008 and June 2010.

Both Cathal M. Ryan and Jeffrey A. Shaw retired as directors at the AGM on September 25, 2002 and did not seek re-election. Accordingly the share options granted to them have lapsed.

Notes
(Continued)

23 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 €000	2002 €000
Interest payable on bank loans wholly repayable after five years	**30,886**	19,608
Finance lease and hire purchase charges	**-**	1
	30,886	19,609

24 TAXATION

The components of the corporation tax expense were as follows:	2003 €000	2002 €000
Current corporation tax	**6,636**	2,804
Deferred tax charge (see note 12)	**18,516**	19,195
	25,152	21,999

All of the deferred tax charge above arose from the orignation and reversal of timing differences.

The following table reconciles the statutory rate of Irish corporation tax to the group's effective current corporation tax rate:	2003 %	2002 %
Statutory rate of Irish corporation tax	**15.0**	19.0
Adjustments for earnings taxed at higher rates	**1.0**	1.0
Adjustments for earnings taxed at lower rates (including those qualifying for relief under section 448,TCA 1997)	**(5.0)**	(7.5)
Capital allowances in excess of depreciation	**(7.5)**	(7.5)
Other timing differences	**(1.0)**	(3.4)
Current effective rate of taxation	**2.5**	1.6

At March 31, 2003 and 2002 the group had no unused net operating losses carried forward. In fiscal 2004 the Irish headline corporation tax rate has fallen to 12.5%.

Ryanair.com Limited is engaged in international data processing and reservation servicesIn these circumstances, Ryanair.com Limited is entitled to claim an effective 10% corporation tax rate on profits derived from qualifying activities in accordance with Section 448 of the Taxes Consolidation Act, 1997. This legislation provides for the continuation of the 10% effective corporation tax rate until 2010.

Notes
(Continued)

24 TAXATION (CONTINUED)

The principal components of deferred tax liabilities were as follows:	2003 €000	2002 €000
Aircraft including maintenance provisions, property, fixtures and fittings	**67,833**	49,063
Other reversing timing differences principally in relation to unearned revenue and foreign exchange adjustments	**-**	254
	67,833	49,317

At March 31, 2003 and 2002, the group had fully provided for deferred tax liabilities. As explained above, profits from certain qualifying activities are levied at an effective 10% rate in Ireland until 2010.

25 PENSIONS

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

The group has continued to account for pensions in accordance with the accounting standard SSAP 24 "Accounting for Pension Costs" and the disclosures given in (a) below are those required by that standard. A new accounting standard on pensions (Financial Reporting Standard No.17 "Retirement Benefits" ("FRS 17")) was issued in November 2000. In July 2002, the Accounting Standards Board deferred the requirement for the full adoption of FRS 17 until the International Accounting Standards Board has reconsidered its international standard, IAS 19 "Employee Benefits". FRS 17 has, accordingly not been adopted in the profit and loss account or the balance sheet, however the phased disclosures required by FRS 17 have been outlined at (b) below.

(a) SSAP 24 disclosures.

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 December 31, 2000 and used the projected unit method. The principal actuarial assumptions used were as follows:

THE PRINCIPAL ACTUARIAL ASSUMPTIONS USED WERE AS FOLLOWS:	
Rate of long term investment returns will exceed rates of pensionable increases by	2%
Rate of long term investment returns will exceed the rate of post retirement pension increases by	5%

The actuarial report showed that at the valuation date the market value of the scheme's assets was €10.3 million, which was sufficient to cover more than 100% of the accrued liabilities, based on current earnings and 113% of the accrued liabilities allowing for expected future increases in earnings. The actuarial report recommends payment of contributions at 10% of staff and 12.8% of pilots' pensionable salaries respectively.

The total pension charge for the group for the year to March 31, 2003 was €2,605,000 of which €1,394,000 relates to defined benefit pension schemes. While the actuarial report is not available for public inspection, the results are advised to the members of the scheme.

Notes
(Continued)

25 PENSIONS (CONTINUED)

(b) FRS 17 disclosures

The valuation of Ryanair's defined benefit scheme used for the purposes of the FRS 17 disclosures has been based on the most recent triennial actuarial valuation of the scheme identified above and updated to March 31, 2003 by an independent qualified actuary.

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

	2003	2002
Rate of general increase in salaries	**3.50%**	4.25%
Discount rate	**5.25%**	6.25%
Rate of price inflation	**2.50%**	3.25%

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

	Expected rate of return %	Value at March 31, 2003 €000	Expected rate of return %	Value at March 31, 2002 €000
Equities	**8.50**	**5,430**	8.50	7,337
Properites	**7.50**	**458**	7.50	713
Bonds	**5.50**	**1,878**	5.50	1,834
Cash	**3.25**	**400**	3.25	306
Outstanding contributions at year end (paid subsequent to year end)		**112**		91
Total market value of scheme assets		**8,278**		10,281
Actuarial value of scheme liabilities		**(13,343)**		(9,209)
Recoverable (deficit)/surplus in scheme		**(5,065)**		1,072
Related deferred tax assets/(liability)		**633**		(134)
Net pension (liability)/asset		**(4,432)**		938

If these amounts had been recognised in the financial statements, the group's net assets and revenue reserves would be as follows:

Net assets	**2003 €000**	**2002 €000**
Net assets excluding pension asset	**1,241,728**	1,002,274
Net pension asset	**(4,432)**	938
Net assets including pension asset	**1,237,296**	1,003,212

Revenue reserve	**2003 €000**	**2002 €000**
Revenue reserves per balance sheet	**678,628**	439,230
Net FRS 17 pension (liability)/asset	**(4,432)**	938
Net reserves including pension assets	**674,196**	440,168

Notes

(Continued)

25 PENSIONS (CONTINUED)

(b) FRS 17 disclosures

The following tables set out the components of the defined benefit costs which would have been included in the profit and loss account for the year ended March 31, 2003 if FRS 17 had been applied:

Included in finance costs	**2003** **€000**
Expected return on pension scheme assets	(795)
Interest on pension scheme liabilities	509
Net finance costs	(286)

Included in payroll costs	**2003** **€000**
Current service costs	960
Total costs in accordance with FRS 17	674

The analysis of the amounts that would have been recognised in Statement of Total Recognised Gains and Losses (STRGL) is as follows:

	2003 **€000**
Actual return less expected return on pension schemes assets	(2,910)
Experience losses on scheme liabilities	(784)
Changes in financial and demographic assumptions underlying present value of scheme liabilities	(1,992)
Actuarial losses recognised in the STRGL	(5,686)

Notes
(Continued)

25 PENSIONS (CONTINUED)

(b) FRS 17 disclosures

Movement in surplus/(deficit) during the year is as follows

	2003 €000
Surplus in scheme at beginning of year	1,072
Movement in year	
Current service costs	(960)
Contributions	795
Other finance income/investment return	(286)
Actuarial losses	(5,686)
Deficit in scheme at end of year	(5,065)

History of actuarial gains and losses

	2003 €000
Difference between expected and actual return on assets	(2,910)
Expressed as a percentage of scheme assets	(35%)
Experience Losses on scheme liabilities	(784)
Expressed as a percentage of scheme liabilities	(6%)
Total actuarial Losses	(5,686)
Expressed as a percentage of scheme liabilities	(43%)

Notes

(Continued)

26 EARNINGS PER SHARE AND ADJUSTED EARNINGS PER SHARE

Basic earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 2002 and March 31, 2003 has been computed by dividing the profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

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 the weighted average number of shares in issue of 766,278,569 (2002:739,960,901), including weighted average share options assumed to be converted of 11,223,195 at March 31, 2003 (2002:11,234,417).

Details of share options in issue have been described more fully in note 13.

27 COMMITMENTS AND CONTINGENCIES

Commitments

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

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

On January 31,2003 the company entered into an agreement for the delivery of an additional 22 new Boeing 737-800 series aircraft and exercised 3 options of the orginal 50 options granted in January 2002. This in turn brings the total firm orders with Boeing for 737-800 series aircraft to 125 aircraft and as part of the agreement the number of options remaining was increased from 47 to 125. The same commercial terms apply to the additional firm aircraft ordered and to the additional options granted.

Notes

(Continued)

27 COMMITMENTS AND CONTINGENCIES (CONTINUED)

(b) Under the terms of an aircraft purchase contract dated March 9, 1998 with Boeing "the 1998 Boeing Contract", the group committed to purchase 25 new 737-800 aircraft and has options to purchase up to an additional 20 such aircraft. The gross price for each aircraft was to be US$46,631,900 including certain equipment purchased and fitted by Boeing on Ryanair's behalf, subject to increase to take into account an "Escalation Factor" reflecting the changes in the US Employment Cost and Producer Price indices and to decrease to take into account certain concessions granted to the group by Boeing. The total amount committed by Ryanair over the period to January 2003 in respect of the 25 new aircraft, not taking into account any such increases or decreases, was approximately US$1.2 billion. The group took delivery of the first twenty 737-800 aircraft from fiscal 1999 to 2002, and a further five aircraft were delivered during fiscal 2003. Three options were converted to firm purchases during the year. All additional option aircraft have now been cancelled at no cost to Ryanair.

(c) The group incurred expenses of €nil in respect of operating lease rentals for the year ended March 31, 2003 (2002: €4,020,678) which are included in the profit and loss account. Such expenses consisted entirely of short term leases of aircraft.

(d) Commitments resulting from the use of derivative financial instruments by the group are described in notes 14 to 17.

Contingencies

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

(f) The company has provided €51.3 million in letters of guarantee to secure obligations of subsidiary undertakings in respect of loans and bank advances.

(g) In order to avail of the exemption contained in Section 17 of the Companies (Amendment) Act, 1986, the holding company, Ryanair Holdings plc, 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. Details of the group's principal subsidiaries have been included at note 30. The Irish subsidiaries of the group covered by the Section 17 exemption are listed at note 30 also. One additional Irish subsidiary covered by this exemption which is not listed as a principal subsidiary at note 30 is Airport Marketing Services Limited.

(h) Ryanair Holdings plc has given a guarantee to the Civil Aviation Authority regarding the payment and discharge of all liabilities of Buzz Stansted Ltd, a subsidiary of the group. The guarantee amounts to Stg£12m and is required by the Civil Aviation Authority (CAA) for Buzz Stansted Ltd to obtain and maintain an operating, licence in the United Kingdom.

(i) As part of the "Buzz" acquisition 6 Boeing 737-300's which were leased by KLM UK Ltd from International Lease Finance Corporation were novated to Buzz Stansted Ltd, a subsidiary of the company. The leases on the aircraft expire between 2010 and 2011, however the leases can be terminated 48 months prior to the expiry date by the exercise of an early termination option. Also as part of the "Buzz" acquisition Buzz Stansted Ltd has entered into an agreement with KLM-Royal Dutch airlines to sub-lease 4 BAE-146 aircraft that were previously operated by Buzz for a period from April 11, 2003 to March 31, 2004.

(j) The group has €120.9m held on deposit as collateral for certain deratives financial instruments.

Notes
(Continued)

28 NOTES TO CASH FLOW STATEMENT

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

	2003 €000	2002 €000
Operating profit	**263,474**	162,933
Foreign exchange gains	**628**	975
Depreciation of tangible fixed assets	**76,865**	59,010
(Increase) in inventories	**(5,663)**	(1,150)
(Increase) in accounts receivable	**(4,639)**	(1,636)
(Increase) in other assets	**(4.143)**	(1,445)
Increase in accounts payable	**14,825**	16,781
Increase in accrued expenses and other liabilities	**9,656**	73,641
Net cash inflow from operating activities	**351,003**	309,109

(b) Analysis of cash and liquid resources balances

	2003 €000	2002 €000
Cash at bank, net of overdraft	**76,550**	77,747
Liquid resources	**982,352**	816,023
Total cash and liquid resources	**1,058,902**	893,770

(c) Analysis of movements in liquid resources

	2003 €000	2002 €000
Liquid resources at beginning of year	**816,023**	564,782
Increase in year	**166,329**	251,241
Liquid resources at end of year	**982,352**	816,023

(d) Analysis of movements in cash

	Cash at bank €000	Bank overdraft €000	Total €000
At beginning of year	83,252	(5,505)	77,747
Net cash (outflow) / inflow during the year	(5,386)	4,189	(1,197)
At end of year	**77,866**	**(1,316)**	**76,550**

Notes

(Continued)

28 NOTES TO CASH FLOW STATEMENT (CONTINUED)

(e) Reconciliation of net cash flow to movement in net funds	2003 €000	2002 €000
(Decrease)/increase in cash in the year	**(1,197)**	20,887
Movement in liquid resources	**166,329**	251,241
Cash flow from (increase) in debt	**(286,723)**	(147,860)
Movement in net (debt)/funds resulting from cash flows	**(121,591)**	124,268
Movement in finance leases	**1**	107
Movement in net (debt)/funds in year	**(121,590)**	124,375
Net funds at beginning of year	**343,267**	218,892
Net funds at end of year	**221,677**	343,267

Net funds arise when cash and liquid resources exceed debt.

29 POST BALANCE SHEET EVENTS

On April 10, 2003 Ryanair Holdings plc acquired certain assets of KLM UK Ltd ("Buzz") for the sum of €20.1m. These assets comprised leases on six Boeing 737-300's, four BAE 146-200's, up to 110 employees, and the transfer of certain landing and take off slots at Stansted Airport.

30 SUBSIDIARY UNDERTAKINGS

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

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

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

Notes
(Continued)

30 SUBSIDIARY UNDERTAKINGS (CONTINUED)

All of the above subsidiaries are 100% owned by the group. The shares owned by the group comprise one class (ordinary shares) in respect of each subsidiary.

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

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 for the years ended March 31, 2003 and March 31, 2002.

31 DATE OF APPROVAL

The financial statements were approved by the Board on May 29, 2003.

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

(a) Significant differences

The financial statements of Ryanair Holdings plc are prepared in accordance with generally accepted accounting principles ("GAAP") applicable in 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 Holdings plc provides for deferred taxation using the full liability method on all material timing differences to the extent that it is probable that liabilities will 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) Accounting for derivatives

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

Under US GAAP, SFAS No. 133 became effective during 2001. This standard requires that all derivatives are recognised as either assets or liabilities and are measured at fair value. Changes in the fair value of derivatives are recorded in each reporting period within the profit and loss account (earnings) or within other comprehensive income, depending on whether the derivative is designated as part of a hedge transaction, and if it is, the type and effectiveness of that hedge.

(iii) Darley Investments Limited

Under UK and Irish GAAP, the acquisition of Darley Investments Limited ("Darley") at March 31, 1996 has been treated as an acquisition and the acquired assets and liabilities have been recorded in the consolidated financial statements of Ryanair Limited at their fair values. Under UK and Irish GAAP, the assets acquired were recorded at their fair values and a fair value adjustment of €844,915 arose on the headquarters building. Under US GAAP, the assets are presented at historical cost and consequently, additional depreciation on the fair value adjustment on the headquarters building is not recorded.

(iv) Pensions

Under UK and Irish GAAP, plan assets are valued on the basis of discounted present value of expected future income. US GAAP requires that plan assets are valued by reference to their market value. Under UK and Irish GAAP, pension costs for defined benefit plans are assessed in accordance with the advice of independent actuaries using assumptions and methods which produce the actuaries' best estimates of the cost of providing the relevant pension benefits. US GAAP requires the use of the projected unit credit method and the matching of the projected benefit obligation against the fair value of the plan's assets, as adjusted to reflect any unrecognised obligations or assets. Under UK and Irish GAAP, the measurement of plan assets and obligations may be based on the most recent actuarial valuation. Under US GAAP, calculations must be made as of the date of the financial statements or a date not more than three months prior to that date. Under US GAAP, where the accumulated benefit obligation (being the actuarial present value of benefits attributed by the pension to employee service rendered, based on current and past compensation levels) exceeds the fair value of plan assets, a liability must be recognised in the statement of financial position. Under Irish GAAP, such deficiencies are usually recognised over the remaining average service lives of the employees by way of increased contribution rates except where a major event or transaction has occurred which has not been allowed for in the acturial assumptions, giving rise to a material deficit necessitating significant additional contributions to the scheme. In such circumstances, a material deficit so arising may be recoginised over a shorter period.

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

(Continued)

(iv) Pensions (continued)

Under UK and Irish GAAP, pension credits are not recognised in the financial statements unless a refund of, or reduction in, contributions is likely. Under US GAAP, a negative pension cost may arise where a significant unrecognised net asset or gain exists at the time of implementation. This is required to be amortised on a straight line basis over the average remaining service period of employees. Note 25 to the financial statements gives the group pension disclosures under UK and Irish GAAP.

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

	2003 €000	2002 €000
Projected benefit obligation at beginning of year	**10,819**	8,782
Service cost	**797**	951
Interest cost	**655**	443
Employee contributions	**558**	485
Actuarial loss	**1,576**	826
Benefits paid	**(138)**	(668)
Projected benefit obligation at end of year	**14,267**	10,819
Change in plan assets		
Fair value of scheme assets at beginning of year	**9,927**	10,273
Actual return on assets	**(2,853)**	(758)
Employer contributions paid	**672**	595
Employee contributions paid	**558**	485
Benefits paid	**(138)**	(668)
Fair value of scheme assets at end of year	**8,166**	9,927

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

(Continued)

(iv) Pensions (continued)

The funded status of the group's retirement plan under SFAS No. 132 is as follows:	**2003 €000**	2002 €000
Actuarial present value of vested benefit obligations	**12,390**	8,777
Accumulated benefit obligations	**12,390**	8,777
Projected benefit obligations	**(14,267)**	(10,819)
Plan assets at fair value	**8,166**	9,927
Benefit obligations in exccess of Plan assets	**(6,101)**	(892)
Unrecognised net gain	**7,436**	2,261
Unrecognised net obligation on implementation	**208**	238
Prepaid pension cost	**1,543**	1,607

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

The principal assumptions used in the plan for SFAS No.132 purposes were as follows:	**2003 %**	2002 %
Discount rate	**6.25**	6.25
Rate of increase in remuneration	**4.25**	4.25
Expected long term rate of return on assets	**7.75**	9.00

The net periodic pension cost in accordance with SFAS No.132 for the years ended March 31, 2003 and 2002 comprised:	**2003 €000**	2002 €000
Service cost - present value of benefits earned during the year	**797**	951
Interest cost on projected benefit obligations	**655**	443
Expected (loss)/return on assets	**(2,115)**	737
Deferrals and amortisation	**1,360**	(1,655)
Net periodic pension cost	**697**	476

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

(Continued)

(v) 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.

(vi) Share option compensation expense

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

Under US GAAP, the group applies Accounting Principles Board Opinion No. 25 (APB 25) in accounting for its stock option plans and, accordingly, except for the grant in May 1997, no compensation cost has been recognised for its stock option grants. Had Ryanair Holdings plc determined compensation cost based on the fair value of the options at the grant date for its stock options under Statement of Financial Accounting Standard No. 123 (SFAS 123), its U.S. GAAP net income and earnings per share would have been reduced by €15,099,003 and €2,222,730 for the years ended March 31, 2003, and March 31, 2002, and by €1.99 cent and €0.30 cent per share for each year, respectively.

The weighted average fair value of the individual options granted during the year ended March 31, 2003 is estimated based on the following assumptions.

OPTIONS GRANTED

Date Granted	July 3, 2002
Date of earliest exercise	June 23, 2003
Date of expiration	June 30,2009
Fair Value	€2.61
Assumptions:	
Risk-free interest rate	4.11%
Volatility	40%
Dividend Yield	Nil
Maximum Life (years)	7

(vii) Capitalised interest

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

Under UK and Irish GAAP there is no mandatory requirement to capitalise interest costs in such circumstances. It is, however, optional to do so.

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

(Continued)

(b) Net income under US GAAP

	March 31, 2003 €000	March 31, 2002 €000
Profit for the financial year as reported in the consolidated profit and loss account and in accordance with UK and Irish GAAP	**239,398**	150,375
Adjustments		
Pensions	**697**	751
Derivative financial instruments (net of tax)	**(4,189)**	-
Employment grants	**469**	464
Capitalised interest re aircraft acquisition programme	**5,262**	5,027
Darley Investments Limited	**88**	88
Taxation - effect of above adjustments	**85**	(1,156)
Net income accordance with U.S. GAAP	**241,810**	155,549

(c) Shareholders' equity

	March 31, 2003 €000	March 31, 2002 €000
Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)	**1,241,728**	1,002,274
Adjustments		
Pension	**3,111**	2,414
Employment grants	**-**	(469)
Capitalised interest regarding aircraft acquisition programme	**10,289**	5,027
Darley Investments Limited	**(239)**	(327)
Unrealised pension deficit (net of tax)	**(2,656)**	-
Unrealised (losses)/ gains on derivative financial instruments	**(73,371)**	12,448
Tax effect of adjustments	**(1,675)**	(1,760)
Shareholders' equity as adjusted to accord with US GAAP	**1,177,187**	1,019,607
Opening shareholders' equity under U.S. GAAP	**1,019,607**	674,386
Comprehensive income		
Investments	**-**	(588)
Unrealised pension deficit (net of tax)	**(2,656)**	-
Unrealised (losses)/ gains on derivative financial instruments	**(81,630)**	8,259
Net income in accordance with U.S. GAAP	**241,810**	155,549
	157,524	163,220
Stock issued for cash	**56**	182,001
Closing shareholders' equity under U.S. GAAP	**1,177,187**	1,019,607

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

(Continued)

(d) Total assets

	March 31, 2003 €000	March 31, 2002 €000
Total assets as reported in the consolidated balance sheets (UK and Irish GAAP)	**2,466,707**	1,889,572
Adjustments		
Pension	**3,111**	2,414
Capitalised interest regarding aircraft acquition programme	**10,289**	5,027
Darley Investments Limited	**(239)**	(327)
Total assets as adjusted to accord with US GAAP	**2,479,868**	1,896,686

(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.

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. 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.

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

(Continued)

(e) Cash flows (continued)

A summarised consolidated cash flow under US GAAP is as follows:	2003 €000	2002 €000
Cash inflow from operating activities	348,200	314,398
Cash (outflow) from investing activities	(454,916)	(551,146)
Cash inflow from financing activities	282,590	330,181
Increase in cash and cash equivalents	175,874	93,433
Cash and cash equivalents at beginning of year	482,492	389,059
Cash and cash equivalents at end of year	658,366	482,492

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

	2003 €000	2002 €000
Cash and cash equivalents under U.S. GAAP	658,366	482,492
Deposits with a maturity between three and six months	401,852	416,783
Cash and liquid resources under UK and Irish GAAP	1,060,218	899,275

Supplemental schedule of non cash investing and financing activities

The group did not enter into any new capital leases for fixtures and fittings, plant and equipment and motor vehicles during the year or the preceding year.

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

(Continued)

(f) Profit and loss account as presented under US GAAP

	March 31, 2003 €000	March 31, 2002 €000
Operating revenues		
Scheduled revenues	731,951	550,991
Ancillary revenues	110,557	73.059
Total operating revenues		
- continuing operations	842,508	624,050
Operating expenses		
Staff costs	(91,907)	(77,025)
Depreciation & amortisation	(76,865)	(59,010)
Other operating expenses	(409,008)	(323,779)
Total operating expenses	(577,780)	(459,814)
Operating income		
- continuing operations	264,728	164,236
Other income/(expenses)		
Foreign exchange (loss)/gains	(3,561)	975
(Losses)/Gain on disposal of fixed and financial assets	(29)	527
Interest receivable and similar income	31,363	27,548
Interest payable and similar charges	(25,624)	(14,582)
Total other income/(expenses)	2,149	14,468
Income before taxation	266,877	178,704
Taxation	(25,067)	(23,155)
Net income	241,810	155,549

Total comprehensive income amounted to €157.5 million and €163.2 million for years ended March 31, 2003 and 2002 respectively.

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

(Continued)

(f) Profit and loss account as presented per US GAAP (continued)	2003 €000	2002 €000
Earnings per ordinary share (€cent)		
-Basic (€cent)	**32.03**	21.35
-Diluted (€cent)	**31.56**	21.02
Shares used in computing net income per share		
-No. of ordinary shares (in '000's)	**755,055**	728,726
-Diluted no.of ordinary shares (in '000's)	**766,279**	739,961

(g) New US accounting pronouncements

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 142, " Goodwill and Other Intangible Assets" ("SFAS No. 142"), which revises the accounting for purchased goodwill and other intangible assets. SFAS No. 142 is effective for fiscal years beginning after December 15, 2001, with earlier adoption permitted. Under SFAS No. 142, purchased goodwill and intangible assets with indefinite lives are no longer amortised, but instead tested for impairment at least annually.

SFAS No. 142 also requires a two step impairment test for goodwill. The first step is to identify reporting units within the business and compare the carrying amount of the reporting unit's assets to the fair value of the reporting unit. If the carrying amount exceeds the fair value then the second step is required to be completed, which involves the fair value of the reporting unit being allocated to each asset and liability with the excess being implied goodwill. The impairment loss is the amount by which the recorded goodwill exceeds the implied goodwill. A company applying SFAS No. 142 is required to complete a "transitional" impairment test for goodwill as of the beginning of the fiscal year in which the statement is adopted. The adoption of this standard did not have a material impact on Ryanair's financial statements.

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

In August 2001, the FASB issued SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supercedes SFAS No. 121. This statement is effective for financial statements issued for fiscal years beginning after 15 December 2001.

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

(Continued)

(g) New US accounting pronouncements (continued)

Under SFAS No. 144, long lived assets to be held and used should be reviewed for impairment using a two step approach. The first step is to assess whether the carrying amount of a long-lived asset is recoverable from its undiscounted cash flows. If the undiscounted cash flows of the long- lived asset are less than its carrying value then the second step is required. The second step requires the recognition of an impairment loss, measured as the difference between the carrying amount and fair value of the asset. For long-lived assets to be disposed of by sale, the statement requires that the long-lived asset be classified as held for sale at the lower of its carrying amount or fair value less cost to sell and to cease deprecation. Therefore, discontinued operations are no longer measured on a net realizable value basis, and future operating losses are no longer recognized before they occur. The adoption of this standard did not have a material impact on Ryanair's financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB statement No. 13, and Technical Corrections" ("SFAS No. 145"). SFAS No. 145 provides for the rescission of several previously issued accounting standards, new accounting guidance for the accounting for certain lease modifications and various technical corrections that are not substantives in nature to existing pronouncements. The adoption of this standard did not have a material impact on Ryanair's financial statements.

In June 2002, the FASB issued SFAS No. 146 "Accounting for the Costs Associated with Exit or Disposal Activities" ("SFAS No. 146"), which nullifies Emerging Issues Task Force (EITF) Issue 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (Including Certain Costs Incurred in a Restructuring)". SFAS No. 146 requires that a liability for costs associated with exit or disposal activities first be recognised when the liability is irrevocably incurred rather than at the date of management's commitment to an exit or disposal plan. In addition, SFAS No. 146 stipulates that the liability be measured at fair value and adjusted for changes in estimated cash flows. The provisions of the new standard are effective prospectively for exit or disposal activities initiated after December 31, 2002. Since SFAS No. 146 applies to future activities that may not yet be envisaged, the impact of the application of SFAS No. 146 cannot be determined in advance.

In October 2002, the FASB issued SFAS No. 147 "Acquisitions of Certain Financial Institutions – an amendment of FASB Statements No. 72 and 144 and FASB Interpretation No. 9" ("SFAS No. 147"). The provisions of this statement offer interpretive guidance on the application of the purchase method to acquisitions of financial institutions. In addition, this statement amends FASB No. 144 to include in its scope long-term customer-relationship intangible assets of financial institutions. SFAS No. 147 is effective from 1 October 2002. Ryanair does not expect that SFAS No. 147 will have a material impact on its financial statements.

In November 2002, the FASB issued FIN 45. This interpretation addresses the disclosure to be made by a guarantor in its financial statements about its obligation under guarantees. FIN 45 also requires the guarantor to recognize a liability for the non-contingent component of the guarantee, that is, the obligation to stand ready to perform in the event that specified triggering events or conditions occur. The initial measurement of this liability is the fair value of the guarantee at inception. The disclosure requirements in this Interpretation are effective for financial statements of interim and annual periods ending after December 15 2002. The recognition and measurement provisions are applicable on a prospective basis to guarantees issued or modified after December 31, 2002, irrespective of the guarantor's fiscal year end. The group has adopted the disclosure requirements of FIN 45 and has applied the recognition and measurement provisions for all guarantees entered into or modified after December 31, 2002. The adoption of this standard has not had a material impact on the financial statements of the company.

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

(Continued)

(g) New US accounting pronouncements (continued)

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock Based Compensation – Transition and Disclosure – an amendment of FASB statement No. 123" ("SFAS No. 148"). SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, this statement amends the disclosure requirements of SFAS No. 123 to require prominent disclosures in both annual and interim financial statements about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. The transition provisions of SFAS No. 148 are effective for fiscal years ending after December 15, 2002. Ryanair has opted to continue to account for stock options in accordance with APB 25. as permitted by this Standard.

In January 2003, the FASB issued FASB Interpretation No. 46 "Consolidation of Variable Interest Entities" ("FIN 46"), which interprets Accounting Research Bulletin (ARB) No. 51, "Consolidated Financial Statements". FIN 46 clarifies the application of ARB No. 51 with respect to the consolidation of certain entities (variable interest entities – "VIEs") to which the usual condition for consolidation described in ARB No. 51 does not apply because the controlling financial interest in VIEs may be achieved through arrangements that do not involve voting interests. In addition, FIN 46 requires the primary beneficiary of VIEs and the holder of a significant variable interest in VIEs to disclose certain information relating to their involvement with the VIEs. The provisions of FIN 46 apply immediately to VIEs created after January 31, 2003 and to VIEs in which an enterprise obtains an interest after that date. FIN 46 applies to the first fiscal year beginning after June 15, 2003, to VIEs in which an enterprise holds a variable interest that it acquired before February 1, 2003. Ryanair does not expect that the adoption of this standard will have a material impact on its financial statements.

Directors & Other Information

Directors	D. Bonderman	*Chairman*
	M. O'Leary	*Chief Executive*
	M. Horgan	
	R. MacSharry	
	K. McLaughlin	
	J. Osborne	
	P. Pietrogrande	
	D.F. Ryan	
	T.A. Ryan	
	R. Schifter	
	E.Faber	
	K.Kirchberger	
Registered office	Corporate Headquarters Dublin Airport Co. Dublin	
Secretary	J.Callaghan	
Auditors	KPMG Chartered Accountants 1 Stokes Place St. Stephen's Green Dublin 2	
Bankers	Bank of Ireland Dublin Airport Co. Dublin	
	Barclays Bank 47/48 St. Stephens Green Dublin 2	
	Barclays Bank plc Hanover Square London	
Solicitors & Attorneys at Law	A & L Goodbody Solicitors Earlsfort Terrace Dublin 2	
	Cleary, Gottlieb, Steen & Hamilton 1 Liberty Plaza, New York, NY 10006.	