

## **Preliminary results for the year ended 31 December 2009**

**Dublin, London, 30 March 2010:** Aer Lingus Group plc ("Aer Lingus") today announced its preliminary results for the year ended 31 December 2009.

### **Highlights**

- Operating loss, before net exceptional items, of €81.0m (2008: €20.0m)
- Second half operating profit before net exceptional items of €12.0m (2008: €3.4m)
- Total passengers up 3.8% to 10.4m (2008: 10.0m)
- Total revenue declined 11.0% to €1,205.7m (2008: €1,355.0m), with strong performance in ancillary revenues offset by reduced passenger fare and cargo revenues
- Average fare for the year declined by 16.8% on 2008, being a 12.0% fall on average short haul fare and an 15.9% fall on average long haul fare
- Fuel costs down 17.3% to €31.7m (2008: €401.3m)
- Non-fuel operating costs down 1.9% to €55.0m (2008: €73.7m)
- Gross cash of €28.5m (31 December 2008: €1,206.8m); debt of €492.6m (31 December 2008: €52.9m)

### **Demanding trading conditions**

As previously reported, the Group generated an operating loss of €3.0m in the first six months of 2009. This first half loss was driven by:

- Continuation of capacity deployment despite adverse economic conditions.
- Establishment of a new operating base in Gatwick, at a time of heightened competition for passengers.
- Our revenue management model had focused primarily on increasing load factors with a resulting negative impact on yields. In addition, the continued emphasis on low fares did not generate compensating increases in demand in a fully stimulated market.
- The Group's cost base remained too high both for prevailing market conditions and the scale of the Aer Lingus business.

### **Management actions**

We took a number of actions, particularly in the second half of 2009, to address these issues:

- Reduction of capacity by (4.3%) in the second half of 2009 compared to the same period in 2008.
- In particular, long haul capacity was reduced and loss-making routes were closed. Frequencies on remaining long haul routes were adjusted as required.
- Re-focusing of pricing policy on maximising yield per ASK rather than on maximising load factors.
- Agreement with Airbus to defer nine aircraft deliveries at no additional cost to Aer Lingus. The related pre-delivery payment schedules have also been revised.
- As a result of these changes and lower fuel prices, Aer Lingus achieved a small operating profit of €12.0m for the second half of 2009 to generate a full year operating loss of €81.0m. Due to the seasonal nature of the airline industry and with the Group's year end Aer Lingus usually reports stronger second half results. The Group's cost base is unacceptably high and this is being addressed by the Cost Reduction Programme.

### **Management also took the following actions in early 2010**

- Gatwick capacity has been reduced from five to three A320 aircraft with effect from the end of the first quarter of 2010 with Aer Lingus now serving only Dublin, Cork, Knock and Malaga.
- Following staff ballots, the Group has commenced the implementation of the Cost Reduction Programme, which is targeting annualised cost savings of approximately €7m over the period to 2012. The related restructuring costs have been recognised as an exceptional charge against 2009 profits and have a payback period of less than one year.

## 2010 trading update and outlook

- Trading conditions remain extremely challenging and Aer Lingus remains focused on actively managing yields and capacity to enhance its trading performance.
- In the first three months of 2010, the Group prioritised active management of yield per ASK as the primary means to drive performance. This has resulted in higher revenues per passenger than prior year.
- Long haul revenue per passenger in the first three months was above prior year. Long haul operations benefited from a combination of higher yields and better load factors than we had expected at the start of the year.
- Short haul revenue per passenger in the year to date was broadly in line with prior year.
- The combination of slightly higher revenues and lower volume related costs has resulted in the business trading ahead of prior year for the first quarter.
- While the forward revenue profile remains positive, we have limited visibility at the moment over the second half of 2010 and all our primary markets remain in recession, in particular the Group's core Irish market. The air travel tax introduced by the Irish government in 2009 is also likely to have a negative impact on our performance in 2010.
- The Group's full year performance in 2010 is heavily dependent on the successful implementation of the Cost Reduction Programme. The Group has commenced implementation of the Cost Reduction Programme and acknowledges the support shown by all staff unions for the cost saving proposals. Although the Group has experienced a slight delay in commencing certain elements of the Cost Reduction Programme, it nonetheless still expects to achieve staff cost savings of €40m (exit run rate of €50m) in 2010 provided there is no disruption to service over the remainder of 2010.
- Aer Lingus' operating result for the first three months of 2010 is better than prior year. It is too early in the year to comment on the full-year outlook for 2010. Gross cash balances have increased since the beginning of the year.

**Christoph Mueller, Aer Lingus' CEO, commented:** "2009 was a very difficult year for the Group with total revenues declining by 11.0% in the face of recession in each of our major markets. The increase in the operating loss, before exceptional items, to €81.0m reflects the tough markets faced by the Group.

Implementation of the Cost Reduction Programme remains vital to the re-align the cost base of the Group. We recognise that elements of the Cost Reduction Programme will involve significant sacrifices by our staff and we gratefully acknowledge the support of the five trade union groups that voted to support the Cost Reduction Programme. We are pleased that we successfully achieved agreement on the crucial measures required to return the Group to profitability without experiencing any disruption to our passengers.

The outlook for 2010 remains uncertain with limited visibility over the second half of 2010 in particular. However, we are satisfied that we have started the process of improving yields while implementing the necessary Cost Reduction Programme.

Our goal for the remainder of 2010 is to position Aer Lingus for a successful future".

*A presentation for shareholders and analysts will be held on 30 March 2010 at 9am. This will be available on a live audio webcast at [www.aerlingus.com](http://www.aerlingus.com).*

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### ***Note on forward-looking information***

*This Announcement contains forward-looking statements, which are subject to risks and uncertainties because they relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group or the industry in which it operates, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements referred to in this paragraph speak only as at the date of this Announcement. The Group will not undertake any obligation to release publicly any revision or updates to these forward-looking statements to reflect future events, circumstances, unanticipated events, new information or otherwise except as required by law or by any appropriate regulatory authority.*

### ***Note on unaudited operating and financial information***

*This Announcement contains unaudited operating and financial information in relation to the business of Aer Lingus extracted from the following sources: (1) management accounts for the relevant accounting periods; (2) internal financial and operating reporting systems supporting the preparation of financial statements; and (3) internal non-financial operating reporting systems. These management accounts are prepared using information extracted from accounting records used in the preparation of the Group's historical financial information, although they may also include certain other management assumptions and analyses.*

## Financial summary

	Year ended 31 December		% /points change
	2009	2008 <sup>1</sup>	
	€million	€million	
<b>Revenue</b>			
- Passenger revenue			
- Fare revenue	992.7	1,149.2	(13.6%)
- Ancillary revenue	173.9	149.7	16.2%
- <i>Total</i>	<i>1,166.6</i>	<i>1,298.9</i>	<i>(10.2%)</i>
- Cargo revenue	34.3	50.3	(31.8%)
- Other revenue	4.8	5.8	(17.2%)
- <b>Total</b>	<b>1,205.7</b>	<b>1,355.0</b>	<b>(11.0%)</b>
<b>Operating costs</b>			
- Fuel	(331.7)	(401.3)	(17.3%)
- Other operating costs	(955.0)	(973.7)	(1.9%)
- <b>Total</b>	<b>(1,286.7)</b>	<b>(1,375.0)</b>	<b>(6.4%)</b>
<b>Operating loss before net exceptional items</b>	<b>(81.0)</b>	<b>(20.0)</b>	<b>305.0%</b>
Net exceptional items <sup>(i)</sup>	(88.6)	(140.9)	(37.1%)
<b>Operating loss after net exceptional items</b>	<b>(169.6)</b>	<b>(160.9)</b>	<b>5.4%</b>
Net finance income	14.8	38.8	(61.9%)
<b>Loss before tax</b>	<b>(154.8)</b>	<b>(122.1)</b>	<b>26.8%</b>
Income tax credit	24.7	12.2	102.5%
<b>Loss after tax</b>	<b>(130.1)</b>	<b>(109.9)</b>	<b>18.4%</b>
<b>EBITDAR<sup>(ii)</sup></b>	<b>57.5</b>	<b>103.1</b>	<b>(44.2%)</b>
<b>Gross cash</b>	<b>828.5</b>	<b>1,206.8</b>	<b>(31.3%)</b>
Passengers carried ('000)	10,382	10,001	3.8%
Average fare yield (€)	95.62	114.91	(16.8%)
Ancillary revenue per passenger (€)	16.75	14.97	11.9%
Available seat kilometres (ASKs) (million)	21,228	22,370	(5.1%)
Passenger load factor	74.5%	72.8%	1.7pts

<sup>1</sup> 2008 figures have been restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.

- (i) Cost of 2009 Cost Reduction programme and 2008 Early Retirement, Voluntary Severance and Migration Schemes  
(ii) Earnings before interest, tax, depreciation, amortisation, aircraft rentals and net exceptional items

## Financial review

The Group reported an operating loss, before net exceptional items, of €1.0m (2008: €0.0m) for 2009. EBITDAR has reduced by €5.6m to an EBITDAR of €7.5m and the Group recorded a net loss for the year of €30.1m (2008: €109.9m).

### Passenger revenue

Passenger revenue fell by 10.2% to €1,166.6m for the year. An additional 381,000 passengers were carried compared to 2008. Average fare per passenger fell by 16.8%; however, revenue per passenger (fare yield plus ancillary revenue) fell by 13.5% to €12.37. Total passenger load factor increased by 1.7 points to 74.5%.

### Short haul

Total short haul passengers carried increased by 6.5% to 9,305,000, while average short haul fare decreased by 12.0% or €10.47 to €7.10 (2008: €87.57). The reduction in short haul average fare was partly offset by the growth in ancillary revenue per passenger of €1.78 or 11.9%.

Short haul capacity, measured by available seat kilometres (ASKs) grew by 7.2% due to the opening of the new Gatwick base in April 2009 and additional capacity added to the Belfast base offset by a decrease in capacity across Irish short haul routes. Capacity utilisation, measured by revenue passenger kilometres (RPKs) increased by 9.4% resulting in short haul load factor increasing by 1.5 points to 75.4%.

Short haul performance for 2009 is broadly break-even (based on full allocation of fixed overheads), despite significant losses generated by the Gatwick base. These losses were deemed unacceptable by management and resulted in the capacity reduction programme announced in January 2010. Trading at other bases was broadly satisfactory. While Belfast was loss-making in 2009, it is a new base and its trading is on an improving trajectory.

Three A320s were added to the fleet, on operating leases, bringing the total short haul fleet to 36 aircraft. These additional aircraft were based at Gatwick.

As 2009 progressed it became clear that the Group was incurring unacceptable losses at Gatwick and a decision to reduce capacity at Gatwick was announced in January 2010. This is expected to improve the economics of the base from the second quarter of 2010.

### Long haul

Total long haul passengers decreased by 14.8% to 1,077,000 and there was decrease of 15.9% in average long haul fare to €255.70 (2008: €303.87).

There was a significant decrease in long haul capacity in the year, where ASKs fell by 20.3% mainly due to the full year effect of the withdrawal from the Los Angeles and Dubai routes in 2008 and the withdrawal from the San Francisco and Washington routes in the last quarter of 2009. Capacity was also reduced on all other long haul routes, with the exception of Chicago. RPKs decreased by 18.3% resulting in long haul load factor increasing by 1.7 points to 73.1%.

During the year two new A330s were delivered and three other A330s were returned to their lessors. A further A330 will leave the fleet in March 2010, 14 months ahead of schedule. Aer Lingus will take delivery of an A330 in April 2010 as planned, bringing the total long haul fleet at that stage to eight A330 aircraft.

The capacity changes have improved the financial performance of the Group's long haul network but further work is required on the profitability of the winter schedule.

### Ancillary

Ancillary revenue showed another strong performance in 2009, with total ancillary revenues reaching €173.9m, up 16.2% on 2008. This increase was achieved as a result of the additional passengers carried, and, significantly, through the continued increase in per passenger spend, which increased by 11.9% to €16.75. The most significant ancillary revenue products are in-flight sales revenue, baggage fees, online booking fees, seat selection fees and passenger travel insurance.

### Cargo

Aer Lingus' cargo strategy is to carry cargo on both long haul routes and on short haul routes where aircraft turnaround times permit. Total cargo revenue decreased by 31.8% to €34.3m (2008: €50.3m) driven by a decrease in tonnage, a fall in yields and a fall in fuel surcharge revenue. Short haul tonnage increased by 48.1% to 6,718 tonnes; however long haul tonnage decreased by 19.6% to 18,815 tonnes, resulting in total tonnage falling 8.6%. Average yield, excluding the industry fuel surcharge, decreased by 21.7%. Revenue from the fuel surcharge decreased by 51.9%.

### Fleet utilisation

Aer Lingus was able to improve the economics of its long haul network due to tactical cancellations in the second half of 2009. A lower aircraft utilisation rate for the fleet has been accepted as a result.

### Operating costs

Total operating costs, before net exceptional items, decreased by 6.4% to €1,286.7m, primarily as a result of lower fuel prices, a reduction in staff costs and distribution costs and an increase in gains realised on maturing currency contracts in the year. Saving in these areas were offset in part by increases in depreciation, aircraft hire costs, and airport and en-route charges.

Fuel costs decreased by €69.6m (17.3%) to €31.7m due to a decrease in the price of oil, a decrease in the average hedged price per tonne, from \$1,007 to \$867, and a reduction of 2.4% in the total block hours for the year. The decrease was partly offset by the adverse movement in the US dollar, however this in turn was largely offset by gains on currency hedges, which are reflected in other gains/losses - net. Fuel represented 25.8% of total costs in the year, down from 29.2% in 2008. The average cost of fuel, including into plane fees, was \$929 per tonne, compared to \$1,100 per tonne in 2008.

Staff costs, which represent 24.3% of operating costs, decreased by 6.6% to €312.2m, as a result of agreements reached with staff in December 2008 and also the pay freeze in operation across the Group. These savings were somewhat offset by an increase in the amount of certain un-funded retirement benefits. Average numbers employed fell by 4.2% to 3,844 (2008: 4,035) despite the additional staff recruited for our new Gatwick base. Staff costs per passenger fell by 10.1% to €30.07.

Airport charges, which represent 19.6% of operating costs, increased by 3.7% to €252.0m (2008: €242.9m) due, primarily, to increases in the rates charged by, largely regulated, airport authorities and the increase in passenger numbers.

Aircraft operating lease costs increased by 8.9% to €55.8m (2008: €51.3m) due to the full year effect of an A320 taken on an operating lease in June 2008; three additional A320 aircraft taken on operating leases from April 2009 to service the new Gatwick base; and the adverse impact of the movement in the US dollar during the year. These increases were offset by the early return of two A330-300s and one A330-200 to their lessors during the year.

Maintenance costs decreased by 5.3% to €70.5m (2008: €74.4m). Excluding the benefit of the once-off releases made in 2008 due to the termination of onerous contracts, maintenance costs per flight hour decreased by 7.0%, which represents the savings achieved due to the more cost effective contracts agreed as part of the tender process.

Other gains/losses - net, which largely consist of gains from maturing currency contracts used to offset currency losses reflected in other income statement captions, returned a net gain of €4.2m for 2009 versus a net gain of €8.8m for 2008.

#### **Net exceptional items**

Net exceptional items reflect the charges for the Cost Reduction Programme in 2009 and the Early Retirement, Voluntary Severance and Migration Schemes in 2008. The 2009 charge consists of provisions for net redundancy payments of €1.9m and for a deferred payment to staff of €25m both related to the 2009 Cost Reduction Programme and a remeasurement of the 2008 restructuring provision resulting in a charge of €1.7m. The deferred payment will be released over time and only when the Group returns to profitability.

#### **Employee profit share**

There is no provision for an employee profit share for 2009 (2008: nil) as a result of the losses incurred in the period.

#### **Financing income and expense**

Net finance income decreased by 61.9% on 2008 to €14.8m (2008: €38.8m). Finance expense for 2009 increased slightly over 2008, however, finance income fell by 39.4% due to falling interest rates and a decrease in the Group's gross cash balance.

#### **Tax charge**

There was a tax credit for the year of €24.8m (2008: €12.2m) arising from an increase in deferred tax assets due to losses incurred during the year and the remeasurement of existing corporation tax provisions.

#### **Cash flow, cash and debt**

Gross cash (loans and receivables, deposits and cash and cash equivalents) decreased by 31.3% during the year, to €28.5m (31 December 2008: €1,206.8m). During the year the Group made payments totalling €158.8m for the delivery of two A330 aircraft and deposits for future aircraft deliveries. The Group obtained new lease financing of €55.7m. The Group made redundancy payments of €124.2m during the year. Finance lease debt at 31 December 2009 was €92.6m (31 December 2008: €52.7m)

#### **Fuel and currency hedging**

To achieve greater certainty on costs we manage our exposure to fluctuations in the prices of fuel and foreign currency through hedging. At 26 March 2010, our estimated fuel requirements for the remainder of 2010 and for 2011 were hedged as follows:

	<b>Remainder of 2010</b>	<b>Full year 2011</b>
% hedged	75%	28%
Average price per tonne	\$772	\$774

The blended rate for 80% of our total estimated fuel requirements in 2010 is \$762 per tonne based on the combination of the above hedges and fuel already bought on the spot market.

Our major foreign currency exposure is to the US dollar. At 31 December 2009, our forward purchases of US dollars comprised 72% of the estimated trading requirements for 2010 at an average rate of €1=\$1.48.

## Appendix

### Statistics

Year ended 31 December

	2009	2008	%/points change
<b>Passengers carried ('000) *</b>			
Short haul	9,305	8,737	6.5%
Long haul	1,077	1,264	(14.8%)
<b>Total</b>	<b>10,382</b>	<b>10,001</b>	<b>3.8%</b>
<b>Revenue passenger kilometres (RPKs) (million) *</b>			
Short haul	9,965	9,109	9.4%
Long haul	5,854	7,168	(18.3%)
<b>Total</b>	<b>15,819</b>	<b>16,277</b>	<b>(2.8%)</b>
<b>Available seat kilometres (ASKs) (million)</b>			
Short haul	13,220	12,328	7.2%
Long haul	8,008	10,042	(20.3%)
<b>Total</b>	<b>21,228</b>	<b>22,370</b>	<b>(5.1%)</b>
<b>Passenger load factor (%) (flown RPKs per ASKs)*</b>			
Short haul	75.4%	73.9%	1.5pts
Long haul	73.1%	71.4%	1.7pts
<b>Total</b>	<b>74.5%</b>	<b>72.8%</b>	<b>1.7pts</b>
<b>Average fare (€) <sup>1</sup></b>			
Short haul	77.10	87.57	(12.0%)
Long haul	255.70	303.87	(15.9%)
<b>Utilisation</b>			
Short haul utilisation (block hours per day)	10.2	10.4	(1.9)
Long haul utilisation (block hours per day)	11.6	14.3	(18.9)

<sup>1</sup> 2008 figures have been restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.

\* Based on flown passenger numbers

# Consolidated income statement

Year ended 31 December

	Note	2009 €000	2008 <sup>1</sup> €000
<b>Revenue</b>	2	<b>1,205,739</b>	1,354,994
<b>Operating expenses</b>			
Staff costs, pre net exceptional items		312,192	334,300
Depreciation and amortisation		82,674	71,865
Aircraft operating lease costs		55,845	51,270
Fuel and oil costs		331,657	401,341
Maintenance expenses		70,451	74,412
Airport charges		251,993	242,903
En-route charges		59,001	57,298
Distribution charges		45,458	49,421
Ground operations, catering and other operating costs		101,734	100,992
Other (gains)/losses - net	3	(24,248)	(8,796)
		<b>1,286,757</b>	1,375,006
<b>Operating loss before net exceptional items</b>		<b>(81,018)</b>	(20,012)
Net exceptional items	4	(88,630)	(140,888)
<b>Operating loss after net exceptional items</b>		<b>(169,648)</b>	(160,900)
Finance income	5	36,900	60,860
Finance costs	5	(22,098)	(22,018)
<b>Loss before tax</b>		<b>(154,846)</b>	(122,058)
Income tax credit	6	24,765	12,176
<b>Loss for the period</b>		<b>(130,081)</b>	(109,882)
<b>Loss attributable to:</b>			
- equity holders of the parent		(130,081)	(109,882)
<b>Loss per share for loss attributable to the equity holders of the parent</b> (expressed in €cent per share)			
- basic and diluted	7	(24.6)	(20.7)

<sup>1</sup> Comparatives have been restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.



## Consolidated statement of comprehensive income

Year ended 31 December

	Note	2009 €000	2008 <sup>1</sup> €000
<b>Loss for the period</b>		<b>(130,081)</b>	(109,882)
<b>Other comprehensive income/(loss)</b>			
Available-for-sale reserve			
- Fair value gains		-	562
- Deferred tax on fair value gains		-	(70)
- Amortisation of available-for-sale reserve		(2,060)	(1,642)
- Deferred tax on amortisation of available-for-sale reserve		41	439
Cash flow hedges			
- Fair value losses		(2,516)	(68,865)
- Deferred tax on fair value losses		315	8,608
- Transfer to fuel costs		119,936	(9,737)
- Deferred tax on transfer to fuel costs		(14,992)	1,217
- Transfer to other gains/losses - net		(31,365)	6,221
- Deferred tax on transfer to other gains/losses - net		3,921	(777)
<b>Other comprehensive income/(loss) for the period</b>		<b>73,280</b>	(64,044)
<b>Total comprehensive loss for the period</b>		<b>(56,801)</b>	(173,926)
<b>Total comprehensive loss attributable to:</b>			
- equity holders of the parent		<b>(56,801)</b>	(173,926)

<sup>1</sup> Comparatives have been restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.

## Consolidated statement of financial position

As at 31 December

	Note	2009 €000	2008 <sup>1</sup> €000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	790,486	708,961
Intangible assets		5,613	7,109
Loans and receivables	11	71,944	80,983
Derivative financial instruments	9	6,849	39,447
Deferred tax asset	15	4,755	3,352
Deposits	11	101,305	169,279
		<b>980,952</b>	1,009,131
<b>Current assets</b>			
Inventories		816	514
Derivative financial instruments	9	17,699	30,872
Trade and other receivables	10	75,835	88,901
Current income tax receivables		18	25
Loans and receivables	11	5,362	34,126
Deposits	11	636,093	916,298
Cash and cash equivalents	11	13,762	6,081
		<b>749,585</b>	1,076,817
<b>Total assets</b>		<b>1,730,537</b>	2,085,948
<b>EQUITY</b>			
Called-up share capital	16	26,702	26,698
Share premium	17	510,605	506,847
Capital conversion reserve fund		5,048	5,048
Capital redemption reserve fund		343,796	343,516
Other reserves		6,643	(68,408)
Retained earnings		(188,297)	(51,246)
<b>Total equity</b>		<b>704,497</b>	762,455
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Finance lease obligations	13	444,374	447,920
Derivative financial instruments	9	7,303	35,074
Provisions for other liabilities and charges	14	115,050	44,401
		<b>566,727</b>	527,395
<b>Current liabilities</b>			
Trade and other payables	12	340,710	415,838
Finance lease obligations	13	48,247	104,949
Derivative financial instruments	9	11,873	114,206
Provisions for other liabilities and charges	14	58,483	161,105
		<b>459,313</b>	796,098
<b>Total liabilities</b>		<b>1,026,040</b>	1,323,493
<b>Total equity and liabilities</b>		<b>1,730,537</b>	2,085,948

<sup>1</sup> Comparatives have been restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.

## Consolidated statement of changes in equity

	Notes	Called-up share capital €000	Share premium €000	Capital conversion reserve fund €000	Capital redemption reserve fund €000	Cash flow hedging reserve €000	Available- for-sale reserve €000	Treasury shares €000	Share based payment reserve €000	Retained earnings €000	Total equity €000
<b>Balance at 1 January 2008</b>		26,575	502,108	5,048	343,516	(261)	3,953	(4,275)	439	66,809	943,912
Impact of adoption of IFRIC 13		-	-	-	-	-	-	-	-	(8,173)	(8,173)
Restated balance		26,575	502,108	5,048	343,516	(261)	3,953	(4,275)	439	58,636	935,739
Other comprehensive loss for the year ended 31 December 2008 <sup>1</sup>		-	-	-	-	(63,333)	(711)	-	-	(109,882)	(173,926)
Issue of bonus shares	16, 17	3	(3)	-	-	-	-	-	-	-	-
Issue of new shares	16, 17	120	4,742	-	-	-	-	(4,862)	-	-	-
Share based payment reserve		-	-	-	-	-	-	-	735	-	735
Deferred tax impact		-	-	-	-	-	-	-	(93)	-	(93)
		-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2008</b>		26,698	506,847	5,048	343,516	(63,594)	3,242	(9,137)	1,081	(51,246)	762,455
<b>Balance at 1 January 2009 <sup>1</sup></b>		26,698	506,847	5,048	343,516	(63,594)	3,242	(9,137)	1,081	(51,246)	762,455
Other comprehensive income/(loss) for the year ended 31 December 2009		-	-	-	-	75,299	(2,019)	-	-	(130,081)	(56,801)
Issue of new shares	16, 17	284	3,758	-	-	-	-	(4,042)	-	-	-
Cancellation of shares	16	(280)	-	-	280	-	-	6,970	-	(6,970)	-
Purchase of treasury shares		-	-	-	-	-	-	(117)	-	-	(117)
Share based payment reserve		-	-	-	-	-	-	-	(1,189)	-	(1,189)
Deferred tax impact		-	-	-	-	-	-	-	149	-	149
		-	-	-	-	-	-	-	-	-	-
<b>Balance at 31 December 2009</b>		26,702	510,605	5,048	343,796	11,705	1,223	(6,326)	41	(188,297)	704,497

<sup>1</sup> Restated following the adoption of IFRIC 13 *Customer Loyalty Programmes*.

## Consolidated statement of cash flows

Year ended 31 December

	Note	2009 €000	2008 €000
<b>Cash flows from operating activities</b>	20	<b>(168,113)</b>	(8,627)
Income tax (paid)/received		<b>(18)</b>	5,046
Net cash used in operations		<b>(168,131)</b>	(3,581)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		<b>(108,779)</b>	(114,490)
Purchases of intangible assets		<b>(3,889)</b>	(5,619)
Decrease/(increase) in deposits		<b>390,551</b>	(44,099)
Interest received		<b>19,047</b>	46,766
Net cash generated from/(used in) investing activities		<b>296,930</b>	(117,442)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	186,135
Repayments of borrowings		<b>(113,513)</b>	(38,695)
Interest paid		<b>(8,905)</b>	(17,684)
Net cash (used in)/generated from financing activities		<b>(122,418)</b>	129,756
<b>Net increase in cash and cash equivalents</b>		<b>6,381</b>	8,733
Cash and cash equivalents at 1 January		<b>6,081</b>	(12,185)
Exchange gains on cash and cash equivalents		<b>1,300</b>	9,533
<b>Cash and cash equivalents at 31 December</b>		<b>13,762</b>	6,081

## Basis of preparation

This financial information has been derived from the information to be used to prepare the Group's consolidated financial statements for the year ended 31 December 2009 in accordance with European Union (EU) adopted International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and those parts of the Companies Acts 1963 – 2009 applicable to companies reporting under IFRS. The financial information set out in this document does not constitute full statutory consolidated financial statements for the year ended 31 December 2009 and is unaudited. The financial information for the years ended 31 December 2009 and 31 December 2008 has been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and the revaluation of available-for-sale financial assets. The financial information has been prepared in accordance with the accounting policies disclosed in the prior year annual report with the exception of the adoption of IAS 1 (revised) *Presentation of Financial Statements*, IFRS 8 *Operating Segments* and IFRIC 13 *Customer Loyalty Programmes*. The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates.

The financial information set out in this preliminary announcement does not constitute the statutory consolidated financial statements of the Group, a copy of which is required to be annexed to the annual return to the Companies Registration Office in Ireland. A copy of the statutory consolidated financial statements required to be annexed to the annual return in respect of the year ended 31 December 2008 has been so annexed. A copy of the statutory consolidated financial statements in respect of the year ended 31 December 2009 will be annexed to the Group's annual return for 2009. The Directors expect to approve the consolidated financial statements for the year ended 31 December 2009 in April 2010. The independent auditors' report on the full statutory consolidated financial statements for the year ended 31 December 2009 has yet to be completed.

### Critical accounting estimates and judgements

The Group believes that of its significant accounting policies and estimates, the following may involve a higher degree of judgement and complexity:

#### (a) Provisions

The Group makes provisions for legal and constructive obligations, which it knows to be outstanding at the period-end date. These provisions are generally made based on historical or other pertinent information, adjusted for recent trends where relevant. However, they are estimates of the financial costs of events that may not occur for some years. The actual outturn may differ significantly from that estimated.

#### (b) Post retirement benefits

As the provisions of trust deeds governing the Irish Pension Schemes are such that no changes to the contribution rates are possible without the prior consent of the Group, the Group has concluded that it has no obligation, legal or constructive, to increase its contributions beyond those levels. As such, it has accounted for the Irish Pension Schemes as defined contribution schemes under the provisions of IAS 19 *Employee Benefits*, and, as a result, does not recognise any surplus or deficit in the schemes on the statement of financial position.

If any legal or constructive obligation to vary the Group's contributions based on the funding status of the Irish Pension Schemes arises, IAS 19 requires the Group to include any pension fund surplus or deficit on its statement of financial position and reflect any period on period movements in its income statement or the statement of comprehensive income.

### Significant accounting policies

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements for the year ended 31 December 2008, except for the adoption of the new standards, amendments to standards and interpretations described below:

- **IAS 1 (revised) *Presentation of Financial Statements***  
The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition the standard introduces the statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements: an income statement and a statement of comprehensive income. The revised standard also introduced a number of terminology changes including revised titles for the financial statements. The consolidated financial statements have been prepared using the revised titles.
- **IFRS 8 *Operating Segments***  
IFRS 8 replaces IAS 14 *Segment Reporting*, which required identification of two sets of segments – one based on related products and services, and the other on geographical areas. IAS 14 regarded one set as primary segments and the other as secondary segments. IFRS 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in a redesignation of the Group's reportable segments (see note 1), but has had no impact on the reported results or financial position of the Group.
- **IFRIC 13 *Customer Loyalty Programmes***  
This interpretation requires customer loyalty credits to be accounted for as a separate component of the sales transaction in which they are granted. A portion of the fair value of the consideration received is allocated to the award credits and deferred. This is then recognised as revenue over the period that the award credits are redeemed. The Group maintains a loyalty points programme, the Gold Circle Club, which allows customers to accumulate points when they purchase flights. The points can then be redeemed for free flights, products and services with Aer Lingus and its partners, subject to a minimum number of points being obtained. The Group has historically recorded a liability at the time of sale based on the costs expected to be incurred to supply free flights, products and services in the future. IFRIC 13 has no specific provisions on transition, therefore, the Group has followed IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and applied the changes retrospectively. The prior period financial information has therefore been restated.

Under the new policy, consideration received is allocated between the flights sold and the points issued, with the consideration allocated to the points being equal to their fair value. The fair value of the points is determined by applying statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

As a result of the adoption of IFRIC 13, the following adjustments were made to the 2008 financial information:

As of 1 January 2008:

Increase in deferred tax asset	€1,168,000
Increase in provisions	€9,341,000
Decrease in opening retained earnings	€8,173,000

As of 31 December 2008:

Increase in deferred tax asset	€1,463,000
Increase in provisions	€1,703,000
Decrease in opening retained earnings	€10,240,000

For the year ended 31 December 2008:

Decrease in revenues	€2,362,000
Decrease in tax expense	€295,000
Increase in loss after tax	€2,067,000
Increase in loss per share	0.3 €cent per share

## Notes to the financial information

### 1 Segment information

IFRS 8 *Operating Segments* requires us to disclose certain information about our operating segments. An operating segment is defined as a component of an entity that engages in business activities from which it earns revenues and incurs expenses, with discrete financial information, which is evaluated regularly by the chief operating decision maker and used in resource allocation and to assess performance.

The Group is managed as a single business unit that provides air transportation for passengers and cargo, which allows the Group to benefit from an integrated revenue pricing and route network. Our flight equipment forms one fleet, which is deployed through a single route scheduling system. When making resource allocation decisions, the chief operating decision maker evaluates flight profitability data, which considers aircraft type and route economics. Based on the way the Group treats the network and the manner in which resource allocation decisions are made, the Group only has one operating segment for financial reporting purposes. In prior years, segment information reported externally was analysed on the basis of the types of service supplied by the Group, i.e. passenger travel and cargo transportation, however information reported to the executive management team is more specifically focused on flight profitability data.

The chief operating decision maker assesses the performance of the operating segment based on a measure of adjusted operating profit before net exceptional items, interest and tax. This measure excludes the effects of non-recurring expenditure and revenue from the operating segment, such as restructuring costs and provision remeasurements, when the remeasurements are the result of an isolated, non-recurring event. These are aggregated in the 'miscellaneous group level adjustments' caption below. Interest income and expenditure are not included in the result of the operating segment that is reviewed by the chief operating decision maker.

Total segment assets exclude deferred tax assets, loans and receivables, deposits and cash and cash equivalents, all of which are managed on a central basis. These are part of the reconciliation to total assets.

Segment revenue of €1,205.7m (2008: €1,355.0) is wholly derived from external customers.

	2009	2008
	€000	€000
<b>Adjusted operating loss before net exceptional items, interest and tax for the reportable segment</b>	<b>(70,834)</b>	<b>(26,972)</b>
Miscellaneous group level adjustments	(10,184)	6,960
Net exceptional items	<b>(88,630)</b>	<b>(140,888)</b>
<b>Operating loss after net exceptional items</b>	<b>(169,648)</b>	<b>(160,900)</b>
Finance income	<b>36,900</b>	60,860
Finance costs	<b>(22,098)</b>	<b>(22,018)</b>
<b>Loss before tax</b>	<b>(154,846)</b>	<b>(122,058)</b>

The reportable segment's assets are reconciled to total assets as follows:

	2009	2008
	€000	€000
Total segment assets	<b>897,316</b>	875,829
Deferred tax asset	<b>4,755</b>	3,352
Loans and receivables	<b>77,306</b>	115,109
Deposits	<b>737,398</b>	1,085,577
Cash and cash equivalents	<b>13,762</b>	6,081
<b>Total assets</b>	<b>1,730,537</b>	<b>2,085,948</b>

2	<b>Revenue</b>	<b>2009</b>	2008
		<b>€000</b>	€000
	Passenger revenue	<b>992,683</b>	1,149,210
	Ancillary revenue	<b>173,907</b>	149,748
	Cargo revenue	<b>34,338</b>	50,273
	Other revenue	<b>4,811</b>	5,763
		<b>1,205,739</b>	1,354,994
	<hr/>		
3	<b>Other (gains)/losses - net</b>	<b>2009</b>	2008
		<b>€000</b>	€000
	Fair value losses on cross-currency interest rate swap	<b>1,018</b>	33
	Net foreign exchange gains on operating activities	<b>(25,266)</b>	(8,829)
		<b>(24,248)</b>	(8,796)
	<hr/>		
4	<b>Net exceptional items</b>	<b>2009</b>	2008
		<b>€000</b>	€000
	Takeover defence costs (a)	-	5,845
	Compensation under PCI (b)	-	17,543
	Restructuring (c)	<b>88,630</b>	117,500
		<b>88,630</b>	140,888
	<hr/>		
	(a) Provision for costs incurred in the defence of takeover bids.		
	(b) Costs incurred as a result of compensation due to staff under the Programme for Continuous Improvement.		
	(c) Provision for 2009 Cost Reduction Programme and 2008 Early Retirement, Voluntary Severance and Migration Schemes. The 2009 charge consists of a provision for net redundancy payments of €51.9m and a provision for a deferred payment to staff of €25.0m for the 2009 Cost Reduction Programme and a remeasurement of the 2008 restructuring charge of €1.7m.		
5	<b>Finance income and expense</b>	<b>2009</b>	2008
		<b>€000</b>	€000
	<i>Finance income</i>		
	Interest on cash and term deposits	<b>30,690</b>	54,798
	Interest income on loans and receivables	<b>4,150</b>	4,420
	Amortisation of available-for-sale reserve	<b>2,060</b>	1,642
		<b>36,900</b>	60,860
	<hr/>		
	<i>Finance expense</i>		
	On bank loans and overdrafts	-	57
	Finance lease interest	<b>22,098</b>	21,508
	Finance charge on discounted provision	-	453
		<b>22,098</b>	22,018
	<hr/>		

**6 Income tax credit**

	<b>2009</b>	2008
	<b>€000</b>	€000
<b>Current taxation</b>		
Irish corporation tax	-	-
Remeasurment of income tax provisions	<b>12,796</b>	-
	<b>12,796</b>	-
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<b>24,765</b>	12,176
Write-down of deferred tax asset	<b>(12,796)</b>	-
	<b>11,969</b>	12,176
<b>Total income tax credit</b>	<b>24,765</b>	12,176

**7 Basic and diluted loss per share**

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the parent by the weighted average number of shares in issue during the year, excluding shares issued under the Long Term Incentive Plan, which are classified as treasury shares.

There were no dilutive potential ordinary shares in existence in 2009 and 2008. Therefore, there was no difference, in both periods, between basic and diluted earnings per share.

	<b>2009</b>	2008
Loss attributable to equity holders of the parent (€000s)	<b>(130,081)</b>	(109,882)
Weighted average number of ordinary shares in issue (000s)	<b>529,746</b>	529,731
Basic and diluted loss per share (€cent per share)	<b>(24.6)</b>	(20.7)



**8 Property, plant and equipment**

	<b>Flight equipment</b>	<b>Property</b>	<b>Ground equipment</b>	<b>Other equipment</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Cost</b>					
1 January 2008	893,821	38,286	50,490	31,229	1,013,826
Additions	109,136	727	3,511	2,045	115,419
Disposals	-	(473)	(10,450)	(50)	(10,973)
Transfer to intangible assets	-	-	-	(10,301)	(10,301)
<b>31 December 2008</b>	<b>1,002,957</b>	<b>38,540</b>	<b>43,551</b>	<b>22,923</b>	<b>1,107,971</b>
<b>Accumulated depreciation</b>					
1 January 2008	258,227	30,480	35,851	26,168	350,726
Depreciation charge for the period	58,485	1,740	5,680	3,653	69,558
Disposals	-	(473)	(10,450)	(50)	(10,973)
Transfer to intangible assets	-	-	-	(10,301)	(10,301)
<b>31 December 2008</b>	<b>316,712</b>	<b>31,747</b>	<b>31,081</b>	<b>19,470</b>	<b>399,010</b>
<b>Cost</b>					
1 January 2009	1,002,957	38,540	43,551	22,923	1,107,971
Additions	151,677	425	5,939	773	158,814
Disposals	(10,122)	-	(1,099)	(234)	(11,455)
<b>31 December 2009</b>	<b>1,144,512</b>	<b>38,965</b>	<b>48,391</b>	<b>23,462</b>	<b>1,255,330</b>
<b>Accumulated depreciation</b>					
1 January 2009	316,712	31,747	31,081	19,470	399,010
Depreciation charge for the period	71,237	1,132	3,654	1,266	77,289
Disposals	(10,122)	-	(1,099)	(234)	(11,455)
<b>31 December 2009</b>	<b>377,827</b>	<b>32,879</b>	<b>33,636</b>	<b>20,502</b>	<b>464,844</b>
<b>Net book value</b>					
31 December 2009	<b>766,685</b>	<b>6,086</b>	<b>14,755</b>	<b>2,960</b>	<b>790,486</b>
31 December 2008	686,245	6,793	12,470	3,453	708,961
<b>Leased assets included above (net book value)</b>					
31 December 2009	<b>514,988</b>	-	-	-	<b>514,988</b>
31 December 2008	472,076	-	-	-	472,076

9 Derivative financial instruments

	2009		2008	
	€000	€000	€000	€000
	Assets	Liabilities	Assets	Liabilities
Cross-currency interest rate swap	-	7,303	-	6,285
Forward foreign exchange contracts	19,831	-	70,319	-
Forward fuel price contracts	4,717	11,873	-	142,995
<b>Total</b>	<b>24,548</b>	<b>19,176</b>	70,319	149,280
<b>Less non-current portion:</b>				
Cross-currency interest rate swap	-	7,303	-	6,285
Forward foreign exchange contracts	5,348	-	39,447	-
Forward fuel price contracts	1,501	-	-	28,789
<b>Total non-current portion</b>	<b>6,849</b>	<b>7,303</b>	39,447	35,074
<b>Current portion</b>	<b>17,699</b>	<b>11,873</b>	30,872	114,206

10 Trade and other receivables

	2009	2008
	€000	€000
Trade and other receivables	32,022	33,049
Other amounts receivable	38,374	50,395
Prepayments and accrued income	3,440	4,120
Value Added Tax	1,999	1,337
	<b>75,835</b>	<b>88,901</b>

11 Gross cash balances

	2009	2008
	€000	€000
<b>Non-current</b>		
Loans and receivables	71,944	80,983
Deposits	101,305	169,279
	<b>173,249</b>	<b>250,262</b>
<b>Current</b>		
Loans and receivables	5,362	34,126
Deposits	636,093	916,298
Cash and cash equivalents	13,762	6,081
	<b>655,217</b>	<b>956,505</b>
<b>Total gross cash</b>	<b>828,466</b>	<b>1,206,767</b>

At 31 December 2009 the Group held deposits of €8.9m (31 December 2008: €16.4m), which were not available for immediate use by the Group.

## 12 Trade and other payables

	2009	2008
	€000	€000
Trade payables	66,415	67,066
Accruals and deferred income	72,643	91,334
Ticket sales in advance	118,451	146,779
Employment related taxes	12,986	15,561
Other amounts payable	70,215	95,098
	<b>340,710</b>	<b>415,838</b>

## 13 Finance lease obligations

	2009	2008
	€000	€000
Current portion	48,247	104,949
Non-current portion	444,374	447,920
	<b>492,621</b>	<b>552,869</b>

## 14 Provisions for liabilities and charges

	Business repositioning €000	Aircraft maintenance €000	Maintenance contracts €000	Other €000	Total €000
At 1 January 2008	8,646	57,369	8,263	26,056	100,334
Provided during the period	129,207	18,777	-	3,396	151,380
Written back during the period	-	(4,497)	(8,716)	(2,001)	(15,214)
Finance charge on discounted provisions	-	-	453	-	453
Utilised during the period	(9,887)	(20,054)	-	(1,506)	(31,447)
Reclassifications	1,532	-	-	(1,532)	-
At 31 December 2008	129,498	51,595	-	24,413	205,506
At 1 January 2009	129,498	51,595	-	24,413	205,506
Provided during the period <sup>(i)</sup>	89,979	13,838	-	18,370	122,187
Written back during the period	-	(13,413)	-	-	(13,413)
Utilised during the period	(124,173)	(15,957)	-	(617)	(140,747)
At 31 December 2009	95,304	36,063	-	42,166	173,533

(i) The amount provided during the period for business repositioning included €83.2m related to the 2009 Cost Reduction Programme; the balance related to the 2008 Early Retirement, Voluntary Severance and Migration Schemes.

### Analysed as current liabilities

31 December 2009	46,579	6,794	-	5,110	58,483
31 December 2008	129,498	27,501	-	4,106	161,105

### Analysed as non-current liabilities

31 December 2009	48,725	29,269	-	37,056	115,050
31 December 2008	-	24,094	-	20,307	44,401

### Total provision

31 December 2009	95,304	36,063	-	42,166	173,533
31 December 2008	129,498	51,595	-	24,413	205,506

15 **Deferred tax**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred taxes relate to the same fiscal authority. The offset amounts are as follows:

	<b>2009</b>	2008
	<b>€000</b>	€000
Deferred tax asset to be recovered after more than 12 months	<b>52,080</b>	43,071
Deferred tax liability to be recovered after more than 12 months	<b>(47,325)</b>	(39,719)
<b>Deferred tax asset</b>	<b>4,755</b>	3,352

The gross movement on the deferred tax account is as follows:

	<b>2009</b>	2008
	<b>€000</b>	€000
Deferred asset/(liability) at 1 January	<b>3,352</b>	(18,148)
Income statement credit	<b>11,969</b>	12,176
Tax credited/(charged) directly to equity	<b>(10,566)</b>	9,324
Deferred tax asset at 31 December	<b>4,755</b>	3,352

The movement in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<b>Deferred tax assets</b>	<b>Provisions</b>	<b>Tax losses</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>At 1 January 2008</b>	4,401	21,417	25,818
Credited to the income statement	6,014	2,156	8,170
<b>At 31 December 2008</b>	10,415	23,573	33,988
Credited to the income statement	5,527	12,565	18,092
<b>At 31 December 2009</b>	<b>15,942</b>	<b>36,138</b>	<b>52,080</b>

<b>Deferred tax liabilities</b>	<b>Accelerated tax depreciation</b>	<b>Derivative financial instruments</b>	<b>Available-for-sale reserve</b>	<b>Other</b>	<b>Total</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>At 1 January 2008</b>	37,889	(2,641)	564	8,154	43,966
Charged/(credited) to the income statement	1,481	2,606	-	(8,093)	(4,006)
(Credited)/charged directly to equity	-	(9,048)	(369)	93	(9,324)
<b>At 31 December 2008</b>	39,370	(9,083)	195	154	30,636
Charged to the income statement	6,123	-	-	-	6,123
Charged/(credited) directly to equity	-	10,756	(41)	(149)	10,566
<b>At 31 December 2009</b>	<b>45,493</b>	<b>1,673</b>	<b>154</b>	<b>5</b>	<b>47,325</b>

Deferred tax (charged)/credited to equity during the period is as follows:

	<b>2009</b>	2008
	<b>€000</b>	€000
Fair value reserves in shareholders' equity		
- Cash flow hedging reserve	<b>(10,756)</b>	9,048
- Revaluation reserve on available-for-sale financial assets	<b>41</b>	369
Share based payment reserve	<b>149</b>	(93)
	<b>(10,566)</b>	9,324

## 16 Called-up share capital

	2009	2008
	€000	€000
<b>Authorised</b>		
900,000,000 ordinary shares of €0.05 each	<b>45,000</b>	45,000
<b>Issued and fully paid</b>		
At 1 January	<b>26,698</b>	26,575
Issued during the period: 5,690,969 @ €0.05 (2008: 2,449,097 @ €0.05)	<b>284</b>	123
Cancelled during the period: 5,605,347 @ 0.05 (2008: nil)	<b>(280)</b>	-
<b>At 31 December</b>	<b>26,702</b>	26,698

In May 2009 5,690,969 shares were issued in respect of the Group's Long Term Incentive Plan (LTIP), for the vesting period ending 31 December 2011. In September 2009 the Company acquired 5,605,347 shares from ALG Trustee Limited, the trustee of the Group's LTIP, and subsequently cancelled the acquired shares.

The total number of ordinary shares of €0.05 each in issue at 31 December 2009 was 534,040,090 (31 December 2008: 533,954,468) of which 4,446,658 (31 December 2008: 4,208,327) were treasury shares.

## 17 Share premium

	2009	2008
	€000	€000
At 1 January	<b>506,847</b>	502,108
Shares issued at premium	<b>3,758</b>	4,742
Issue of bonus shares	-	(3)
<b>At 31 December</b>	<b>510,605</b>	506,847

## 18 Financial commitments

### (a) Capital commitments

At 31 December the Group had capital commitments as follows:

	2009	2008
	€000	€000
Contracted for but not provided		
- Aircraft and equipment	<b>889,012</b>	1,070,761
- Other	<b>1,830</b>	2,162
	<b>890,842</b>	1,072,923

### (b) Lease commitments

At 31 December 2009 the Group had commitments, under non-cancellable operating leases, which fall due as follows:

	Property	Aircraft	Plant and machinery
	€000	€000	€000
No later than one year	8,484	45,690	74
Later than one year but no later than five years	26,292	93,428	-
Later than five years	64,142	10,598	-
	98,918	149,716	74

At 31 December 2008 the Group had commitments, under non-cancellable operating leases, which fall due as follows:

	Property	Aircraft	Plant and machinery
	€000	€000	€000
No later than one year	5,360	49,428	73
Later than one year but no later than five years	16,356	97,437	-
Later than five years	29,493	5,619	-
	51,209	152,484	73

**19 Employee profit sharing scheme**

At the time of the IPO a new profit sharing scheme was established whereby the Group agreed to make available to the ESOT, depending on the return on average shareholders' funds, between 0% and 7.5% of the Group's profit before taxation and net exceptional items annually, commencing on 1 January 2006. No provision has been made for the year ended 31 December 2009 (2008: nil) as the return on average shareholders' funds did not meet the minimum threshold specified.

**20 Cash used in operations**

	<b>2009</b>	2008
	<b>€000</b>	€000
Loss before tax	<b>(154,846)</b>	(122,058)
<i>Adjustments for:</i>		
- Depreciation and amortisation	<b>82,674</b>	71,865
- Net movements in provisions for liabilities and charges	<b>(116,907)</b>	(10,722)
- Net fair value losses on derivative financial instruments	<b>704</b>	945
- Share options and awards expense	<b>46</b>	-
- Gain recognised on assets received in-kind	<b>(1,500)</b>	-
- Finance income	<b>(36,900)</b>	(60,860)
- Finance expense	<b>22,098</b>	22,018
- Net exceptional items	<b>88,630</b>	140,888
- Other losses/(gains) – net	<b>177</b>	(8,796)
<i>Changes in working capital</i>		
- Inventories	<b>(302)</b>	360
- Trade and other receivables	<b>3,265</b>	(16,329)
- Trade and other payables	<b>(55,252)</b>	(25,938)
Cash used in operations	<b>(168,113)</b>	(8,627)