WILLIAMS COMPANIES INC
Form 10-Q
August 04, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

or

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission file number 1-4174

THE WILLIAMS COMPANIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	73-0569878
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
ONE WILLIAMS CENTER, TULSA, OKLAHOMA	74172
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: (918) 573-2000

NO CHANGE

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). þ Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer þ	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes o No þ

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at August 1, 2011**
Common Stock, $1 par value	588,895,011 Shares

The Williams Companies, Inc.
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Certain matters contained in this report include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements relate to anticipated financial performance, management s plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under the Private Securities Litigation Reform Act of 1995.

All statements, other than statements of historical facts, included in this report that address activities, events or developments that we expect, believe or anticipate will exist or may occur in the future, are forward-looking statements. Forward-looking statements can be identified by various forms of words such as anticipates, believes, seeks, could, may, should, continues, estimates, expects, forecasts, intends, might, goals, obj potential, projects, scheduled, will or other similar expressions. These forward-looking statements are based on management s beliefs and assumptions and on information currently available to management and include, among others, statements regarding:

Amounts and nature of future capital expenditures;

Expansion and growth of our business and operations;

Financial condition and liquidity;

Business strategy;

Estimates of proved gas and oil reserves;

Reserve potential;

Development drilling potential;

Cash flow from operations or results of operations;

Seasonality of certain business segments;

- Natural gas, natural gas liquids, and crude oil prices and demand.

Forward-looking statements are based on numerous assumptions, uncertainties and risks that could cause future events or results to be materially different from those stated or implied in this report. Many of the factors that will determine these results are beyond our ability to control or predict. Specific factors that could cause actual results to differ from results contemplated by the forward-looking statements include, among others, the following:

- Availability of supplies (including the uncertainties inherent in assessing, estimating, acquiring and developing future natural gas and oil reserves), market demand, volatility of prices, and the availability and cost of capital;
- Inflation, interest rates, fluctuation in foreign exchange, and general economic conditions (including future disruptions and volatility in the global credit markets and the impact of these events on our customers and suppliers);
- The strength and financial resources of our competitors;
- Development of alternative energy sources;
- The impact of operational and development hazards;
- Costs of, changes in, or the results of laws, government regulations (including climate change regulation and/or potential additional regulation of drilling and completion of wells), environmental liabilities, litigation, and rate proceedings;
- Our costs and funding obligations for defined benefit pension plans and other postretirement benefit plans;
- Changes in maintenance and construction costs;
- Changes in the current geopolitical situation;
- Our exposure to the credit risk of our customers;
- Risks related to strategy and financing, including restrictions stemming from our debt agreements, future changes in our credit ratings and the availability and cost of credit;
- Risks associated with future weather conditions;
- Acts of terrorism;
- Additional risks described in our filings with the Securities and Exchange Commission (SEC).

Given the uncertainties and risk factors that could cause our actual results to differ materially from those contained in any forward-looking statement, we caution investors not to unduly rely on our forward-looking statements. We disclaim any obligations to and do not intend to update the above list or to announce publicly the result of any revisions to any of the forward-looking statements to reflect future events or developments.

In addition to causing our actual results to differ, the factors listed above and referred to below may cause our intentions to change from those statements of intention set forth in this report. Such changes in our intentions may also cause our results to differ. We may change our intentions, at any time and without notice, based upon changes in such factors, our assumptions, or otherwise.

Because forward-looking statements involve risks and uncertainties, we caution that there are important factors, in addition to those listed above, that may cause actual results to differ materially from those contained in the forward-looking statements. For a detailed discussion of those factors, see Part I, Item 1A. Risk Factors in our Annual

Report on Form 10-K for the year ended December 31, 2010, and Part II, Item 1A. Risk Factors of this Form 10-Q.

The Williams Companies, Inc.
Consolidated Statement of Operations
(Unaudited)

(Millions, except per-share amounts)	Three months ended June 30, 2011	Three months ended June 30, 2010	Six months ended June 30, 2011	Six months ended June 30, 2010
Revenues:				
Williams Partners	$ 1,671	$ 1,400	$ 3,250	$ 2,890
Exploration & Production	981	901	1,970	2,058
Midstream Canada & Olefins	347	257	663	529
Other	7	5	13	11
Intercompany eliminations	(337)	(274)	(652)	(608)
Total revenues	2,669	2,289	5,244	4,880
Segment costs and expenses:				
Costs and operating expenses	1,938	1,717	3,846	3,634
Selling, general, and administrative expenses	134	123	271	234
Other (income) expense net	3	(12)	2	(13)
Total segment costs and expenses	2,075	1,828	4,119	3,855
General corporate expenses	47	45	98	130
Operating income (loss):				
Williams Partners	435	334	847	732
Exploration & Production	89	68	134	216
Midstream Canada & Olefins	72	61	146	81
Other	(2)	(2)	(2)	(4)
General corporate expenses	(47)	(45)	(98)	(130)
Total operating income (loss)	547	416	1,027	895
Interest accrued	(156)	(154)	(314)	(318)
Interest capitalized	9	13	18	30
Investing income net	45	55	96	94
Early debt retirement costs				(606)
Other income (expense) net		(1)	4	(8)
Income (loss) from continuing operations before income taxes	445	329	831	87
Provision (benefit) for income taxes	145	104	139	10
Income (loss) from continuing operations	300	225	692	77
Income (loss) from discontinued operations	(3)	(3)	(11)	(1)
Net income (loss)	297	222	681	76
Less: Net income attributable to noncontrolling interests	70	37	133	84

Net income (loss) attributable to The Williams Companies, Inc.	$ 227	$ 185	$ 548	$ (8)
Amounts attributable to The Williams Companies, Inc.:				
Income (loss) from continuing operations	$ 230	$ 188	$ 559	$ (7)
Income (loss) from discontinued operations	(3)	(3)	(11)	(1)
Net income (loss)	$ 227	$ 185	$ 548	$ (8)
Basic earnings (loss) per common share:				
Income (loss) from continuing operations	$ .39	$ .32	$ .95	$ (.01)
Income (loss) from discontinued operations			(.02)	
Net income (loss)	$ .39	$ .32	$ .93	$ (.01)
Weighted-average shares (thousands)	588,310	584,414	587,641	584,173
Diluted earnings (loss) per common share:				
Income (loss) from continuing operations	$ .38	$ .31	$ .94	$ (.01)
Income (loss) from discontinued operations			(.02)	
Net income (loss)	$ .38	$ .31	$ .92	$ (.01)
Weighted-average shares (thousands)	597,633	592,498	597,097	584,173
Cash dividends declared per common share	$ .200	$ .125	$ .325	$ .235

See accompanying notes.

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The Williams Companies, Inc.
Consolidated Balance Sheet
(Unaudited)

(Dollars in millions, except per-share amounts)	June 30, 2011	December 31, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,166	$ 795
Accounts and notes receivable (net of allowance of $17 at June 30, 2011 and $15 at December 31, 2010)	913	859
Inventories	282	302
Derivative assets	263	400
Other current assets and deferred charges	206	174
Total current assets	2,830	2,530
Investments	1,463	1,344
Property, plant, and equipment, at cost	31,442	30,365
Accumulated depreciation, depletion, and amortization	(10,842)	(10,144)
Property, plant, and equipment net	20,600	20,221
Derivative assets	138	173
Other assets and deferred charges	674	704
Total assets	$ 25,705	$ 24,972
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 988	$ 918
Accrued liabilities	915	1,002
Derivative liabilities	104	146
Long-term debt due within one year	383	508
Total current liabilities	2,390	2,574
Long-term debt	8,927	8,600
Deferred income taxes	3,572	3,448
Derivative liabilities	112	143
Other liabilities and deferred income	1,659	1,588
Contingent liabilities and commitments (Note 12)		
Equity:		
Stockholders equity:		
Common stock (960 million shares authorized at $1 par value; 623 million shares issued at June 30, 2011 and 620 million shares issued at December 31, 2010)	623	620

Capital in excess of par value	8,351	8,269
Retained earnings (deficit)	(122)	(478)
Accumulated other comprehensive income (loss)	(95)	(82)
Treasury stock, at cost (35 million shares of common stock)	(1,041)	(1,041)
Total stockholders equity	7,716	7,288
Noncontrolling interests in consolidated subsidiaries	1,329	1,331
Total equity	9,045	8,619
Total liabilities and equity	$ 25,705	$ 24,972

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Changes in Equity
(Unaudited)

	Three months ended June 30,					
	2011			**2010**		
(Millions)	**The Williams Companies, Inc.**	**Noncontrolling Interests**	**Total**	**The Williams Companies, Inc.**	**Noncontrolling Interests**	**Total**
Beginning balance	$ 7,537	$ 1,342	$ 8,879	$ 7,919	$ 1,043	$ 8,962
Comprehensive income (loss):						
Net income (loss)	227	70	297	185	37	222
Other comprehensive income (loss), net of tax:						
Net change in cash flow hedges	8		8	(42)	1	(41)
Foreign currency translation adjustments	5		5	(29)		(29)
Pension and other postretirement benefits net	5		5	5		5
Unrealized gain (loss) on equity securities	3		3			
Total other comprehensive income (loss)	21		21	(66)	1	(65)
Total comprehensive income (loss)	248	70	318	119	38	157
Cash dividends common stock	(118)		(118)	(73)		(73)
Dividends and distributions to noncontrolling interests		(53)	(53)		(34)	(34)
Stock-based compensation, net of tax	17		17	13		13
Issuance of common stock from 5.5% debentures conversion	2		2			
Changes in Williams Partners L.P. ownership interest (Note 2)	30	(30)				
Other				1		1
Ending balance	$ 7,716	$ 1,329	$ 9,045	$ 7,979	$ 1,047	$ 9,026

	Six months ended June 30,					
	2011			**2010**		

(Millions)	The Williams Companies, Inc.	Noncontrolling Interests	Total	The Williams Companies, Inc.	Noncontrolling Interests	Total
Beginning balance	$ 7,288	$ 1,331	$ 8,619	$ 8,447	$ 572	$ 9,019
Comprehensive income (loss):						
Net income (loss)	548	133	681	(8)	84	76
Other comprehensive income (loss), net of tax:						
Net change in cash flow hedges	(54)		(54)	105	3	108
Foreign currency translation adjustments	27		27	(10)		(10)
Pension and other postretirement benefits net	11		11	10		10
Unrealized gain (loss) on equity securities	3		3			
Total other comprehensive income (loss)	(13)		(13)	105	3	108
Total comprehensive income (loss)	535	133	668	97	87	184
Cash dividends common stock	(191)		(191)	(137)		(137)
Dividends and distributions to noncontrolling interests		(105)	(105)		(66)	(66)
Stock-based compensation, net of tax	52		52	25		25
Issuance of common stock from 5.5% debentures conversion	2		2			
Changes in Williams Partners L.P. ownership interest (Note 2)	30	(30)		(454)	454	
Other				1		1
Ending balance	$ 7,716	$ 1,329	$ 9,045	$ 7,979	$ 1,047	$ 9,026

See accompanying notes.

The Williams Companies, Inc.
Consolidated Statement of Cash Flows
(Unaudited)

(Millions)	Six months ended June 30, 2011	2010
OPERATING ACTIVITIES:		
Net income (loss)	$ 681	$ 76
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion, and amortization	784	727
Provision (benefit) for deferred income taxes	87	50
Provision for loss on investments, property and other assets	51	10
Amortization of stock-based awards	25	26
Early debt retirement costs		606
Cash provided (used) by changes in current assets and liabilities:		
Accounts and notes receivable	(56)	115
Inventories	20	(57)
Margin deposits and customer margin deposits payable	(30	

Basic	10	5.42	6.86
Diluted	10	5.40	6.83
Weighted average no. of ordinary shares (in Ms)			
Basic	10	1,440.5	1,440.7
Diluted	10	1,446.6	1,445.7

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Statement of Comprehensive Income for the quarter ended June 30, 2013 (unaudited)

	Quarter Ended Jun 30, 2013	Quarter Ended Jun 30, 2012

	€M	€M
Profit for the quarter	78.1	98.8
Other comprehensive income:		
Cash flow hedge reserve movements:		
Net movement out of cash flow hedge reserve	(77.8)	(168.6)
Available for sale financial asset:		
Net increase in fair value of available for sale financial asset	20.0	11.1
Other comprehensive loss for the quarter, net of income tax	(57.8)	(157.5)
Total comprehensive income for the quarter - all attributable to equity holders of Parent	20.3	(58.7)

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows for the quarter ended June 30, 2013 (unaudited)

		Quarter Ended Jun 30, 2013 €M	Quarter Ended Jun 30, 2012 €M
Operating activities			
	Profit before tax	88.5	112.5
Adjustments to reconcile profit before tax to net cash provided by operating activities			
	Depreciation	90.5	84.8
	(Increase) in inventories	(0.1)	(0.2)
	(Increase) in trade receivables	(11.3)	(13.1)
	Decrease in other current assets	2.3	9.4
	Increase in trade payables	55.9	58.2
	Increase in accrued expenses	313.1	217.1
	(Decrease) in other creditors	(9.5)	(12.8)
	Increase in provisions	3.3	3.3
	Increase in finance expense	2.4	2.7
	(Increase) in finance income	(0.4)	(1.1)
	Share based payments	0.5	0.5
	Income tax refunded	-	0.2
Net cash provided by operating activities		535.2	461.5
Investing activities			
	Capital expenditure (purchase of property, plant and equipment)	(237.3)	(101.5)
	Decrease in restricted cash	2.9	2.6

(Increase) in financial assets: cash > 3months		(37.0)	(993.6)
Net cash used in investing activities		(271.4)	(1,092.5)
Financing activities			
Net proceeds from shares issued		1.8	0.2
Proceeds from long term borrowings		-	82.8
Repayments of long term borrowings		(89.4)	(83.5)
Shares purchased under share buy-back programme	12	(176.6)	(67.5)
Net cash used in financing activities		(264.2)	(68.0)
(Decrease) in cash and cash equivalents		(0.4)	(699.0)
Cash and cash equivalents at beginning of the period		1,240.9	2,708.3
Cash and cash equivalents at end of the period		1,240.5	2,009.3

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the quarter ended June 30, 2013 (unaudited)

						Other Reserves			
	Ordinary Shares	Issued Share Capital	Share Premium Account	Retained Earnings	Capital Redemption Reserve	Hedging	Other Reserves	Total
	M	€M	€M	€M	€M	€M	€M	€M
Balance at March 31, 2012	1,445.6	9.3	666.4	2,400.1	0.7	138.6	91.6	3,306.7
Profit for the year	-	-	-	569.3	-	-	-	569.3
Other comprehensive income								
Net actuarial losses from retirement benefits plan	-	-	-	(1.1)	-	-	-	(1.1)
Net movements into cash flow reserve	-	-	-	-	-	(138.1)	-	(138.1)
Net change in fair value of available for sale financial asset	-	-	-	-	-	-	71.5	71.5
Total other comprehensive income	-	-	-	(1.1)	-	(138.1)	71.5	(67.7)
Total comprehensive income	-	-	-	568.2	-	(138.1)	71.5	501.6
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary equity shares	6.5	-	21.4	-	-	-	-	21.4
Repurchase of ordinary equity shares	-	-	-	(67.5)	-	-	-	(67.5)

Cancellation of repurchased ordinary shares	(15.0)	(0.1)	-	-	0.1	-	-	-
Share-based payments	-	-	-	-	-	-	1.9	1.9
Dividend paid	-	-	-	(491.5)	-	-	-	(491.5)
Transfer of exercised and expired share based awards	-	-	-	9.3	-	-	(9.3)	-
Balance at March 31, 2013	1,447.1	9.2	687.8	2,418.6	0.8	0.5	155.7	3,272.6
Profit for the period	-	-	-	78.1	-	-	-	78.1
Other comprehensive income								
Net movements into cash flow reserve	-	-	-	-	-	(77.8)	-	(77.8)
Net change in fair value of available for sale financial asset	-	-	-	-	-	-	20.0	20.0
Total other comprehensive income	-	-	-	-	-	(77.8)	20.0	(57.8)
Total comprehensive income/(expense)	-	-	-	78.1	-	(77.8)	20.0	20.3
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary equity shares	0.3	-	1.8	-	-	-	-	1.8
Repurchase of ordinary equity shares	-	-	-	(176.6)	-	-	-	(176.6)
Cancellation of repurchased ordinary shares	(24.1)	(0.2)	-	-	0.2	-	-	-
Share-based payments	-	-	-	-	-	-	0.5	0.5
Transfer of exercised and expired share based awards	-	-	-	0.8	-	-	(0.8)	-
Balance at June 30, 2013	1,423.3	9.0	689.6	2,320.9	1.0	(77.3)	175.4	3,118.6

Ryanair Holdings plc and Subsidiaries
Operating and Financial Overview

Summary quarter ended June 30, 2013

Profit after tax decreased by 21% to €78.1m compared to €98.8m in the quarter ended June 30, 2012 primarily due to a 4% reduction in average fares and an 8% increase in total operating expenses, offset by strong ancillary revenues. Total operating revenues increased by 5% to €1,342.2m, primarily due to strong ancillary revenues which grew by 25%, significantly faster than the 3% increase in passenger numbers, to €356.5m, offset by a 4% reduction in average fare. Total revenue per passenger, as a result, increased by 1% whilst Load Factor remained flat at 82% compared to the quarter ended June 30, 2012.

Total operating expenses increased by 8% to €1,238.9m, due to an increase in fuel prices, the higher level of activity and operating costs associated with the growth of the airline. Fuel, which represents 47% of total operating costs in both the current and comparative period, increased by 6% to €576.6m due to the higher price per gallon paid and increased activity in the period. Unit costs excluding fuel increased by 6%, however, including fuel unit costs only rose by 4%. Operating margin decreased by 2 points to 8% whilst operating profit decreased by 22% to €103.3m.

Net margin was down 2 points to 6%, compared to June 30, 2012.

Basic earnings per share for the period were 5.42 euro cent compared to basic earnings per share of 6.86 euro cent at June 30, 2012.

Balance sheet
ross cash increased by €33.7m since March 31, 2013 to €3,592.7m and Gross debt fell by €96.8m to €3,401.5m. The Group generated cash from operating activities of €535.2m which funded net capital expenditure of €237.3m, a €176.6m share buy-back programme and debt repayments. As a result the Group had a stronger net cash position of €191.2m at period end (March 31, 2013 €60.7m).

Detailed Discussion and Analysis for the quarter ended June 30, 2013

Profit after tax decreased by 21% to €78.1m primarily due to a 4% reduction in average fares, offset by strong ancillary revenues, and an 8% increase in total operating expenses. Total operating revenues increased by 5% to €1,342.2m primarily due to a 3% rise in passenger numbers and strong ancillary revenue offset by the 4% reduction in average fares. Fuel, which represents 47% of total operating costs in both the current and comparative period, increased by 6% to €576.6m due to a higher price per gallon paid and increased activity in the period. Unit costs excluding fuel rose by 6%, however, including fuel unit costs only rose by 4%. Operating margin, as a result of the above, decreased by 2 points to 8% whilst operating profit decreased by 22% to €103.3m.

Total operating revenues increased by 5% to €1,342.2m primarily due to strong ancillary revenues and a 3% increase in passenger numbers to 23.2m, offset by a 4% drop in average fares, partially due to the timing of Easter, the weakening of sterling to the euro, and the adverse impact of the French ATC strike in June 2013.

Total revenue per passenger rose by 1%, primarily due to the strong growth in ancillary revenues.
Scheduled passenger revenues decreased by 1% to €985.7m due to a 4% fall in average fares, partially due to the timing of Easter, the weakening of sterling to the euro and the adverse impact of the French ATC strike in June 2013, offset by the 3% increase in passenger numbers. Load factor remained flat at 82%.

Ancillary revenues increased by 25% to €356.5m, faster than the 3% increase in passenger numbers, due to a combination of an improved product mix, the roll out of reserved seating across the network, higher admin/ credit card fees and internet related revenues.

Total operating expenses increased by 8% to €1,238.9m due to the 6% rise in fuel costs and increased costs associated with the growth of the airline, partially offset by the weakening of the sterling to the euro.

Staff costs increased by 13% to €130.4m due to a 9% increase in flight hours and a 2% pay increase granted in April 2013.

Depreciation and amortisation increased by 7% to €90.5m due to a combination of the increased level of activity and more 'owned' aircraft in the fleet this year (June 30, 2013: 246) compared to the prior year (June 30, 2012: 239).

Fuel & oil costs increased by 6% to €576.6m due to higher fuel prices and the increased activity in the quarter.

Maintenance costs increased by 7% to €29.8m, due to the higher level of activity and line maintenance costs arising from the launch of new bases.

Aircraft rental costs increased by 9% to €26.4m, reflecting the negative impact of higher lessor financing costs and the higher number of leased aircraft in the quarter (June 30, 2013: 57) compared to the prior year (June 30, 2012: 55).

Route charges rose by 13% to €155.2m due to the increased number of sectors flown and higher charges.

Airport & handling charges increased by 6% to €176.3m, due to the 3% increase in sectors flown, increased charges in Spain, a quadrupling of ATC charges in Italy and the mix of new routes and bases launched, partially offset by the weakening of sterling to the euro.

Marketing, distribution & other costs, which include ancillary costs, increased by 4% to €53.7m, primarily due to higher marketing spend per passenger due to the launch of new bases and routes and costs associated with higher ancillary sales.

Operating margin decreased by 2 points to 8% due to the reasons outlined above and operating profits have decreased by 22% to €103.3m.

Finance income increased by 18% to €9.1m due to the receipt of dividend income in the quarter, offset by lower interest rates on deposits.

Finance expense decreased by 18% to €21.7m primarily due to lower interest rates and lower gross debt this quarter compared to the quarter ended June 30, 2012.

Balance sheet

Gross cash increased by €33.7m since March 31, 2013 to €3,592.7m and Gross debt fell by €96.8m to €3,401.5m. The Group generated cash from operating activities of €535.2m which funded net capital expenditure of €237.3m, a €176.6m share buy-back programme and debt repayments. As a result the Group had a stronger net cash position of €191.2m at period end (March 31, 2013 €60.7m).

Shareholders' equity decreased by €154.0m in the period to €3,118.6m primarily due to a €176.6m share buy-back and the impact of IFRS accounting treatment for derivatives, offset by the net profit after tax of €78.1m.

Ryanair Holdings plc
Notes forming Part of the Condensed Consolidated
Interim Financial Statements

1. Basis of preparation and significant accounting policies

Ryanair Holdings plc (the "Company") is a company domiciled in Ireland. The unaudited condensed consolidated interim financial statements of the Company for the three months ended June 30, 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

These unaudited condensed consolidated interim financial statements ("the interim financial statements"), which should be read in conjunction with our 2012 Annual Report for the year ended March 31, 2012, have been prepared in accordance with International Accounting Standard No. 34 "Interim Financial Reporting" as adopted by the EU ("IAS 34"). They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent published consolidated financial statements of the Group. The consolidated financial statements of the Group as at and for the year ended March 31, 2012, are available at www.ryanair.com.

The comparative figures included for the year ended March 31, 2013 do not constitute statutory financial statements of the Group within the meaning of Regulation 40 of the European Communities (Companies, Group Accounts) Regulations, 1992. The consolidated financial statements of the Group for the year ended March 31, 2012, together with the independent auditor's report thereon, have been filed with the Irish Registrar of Companies following the Company's Annual General Meeting and are also available on the Company's Website. The auditor's report on those financial statements was unqualified.

The Audit Committee, upon delegation of authority by the Board of Directors, approved the interim financial statements for the quarter ended June 30, 2013 on July 26, 2013.

Except as stated otherwise below, this period's financial information has been prepared in accordance with the accounting policies set out in the Group's most recent published consolidated financial statements, which were prepared in accordance with IFRS as adopted by the EU and in compliance with IFRS as issued by the International Accounting Standards Board.

There were no new standards, interpretations or amendments to existing standards adopted for the first time in the period ended June 30, 2013, which would have a material impact on our financial position or results from operations.

The following new or revised IFRS standards and IFRIC interpretations will be adopted for purposes of the preparation of future financial statements, where applicable. We do not anticipate that the adoption of these new or revised standards and interpretations will have a material impact on our financial position or results from operations.

- IAS 1 (amendment 2011) "Presentation of Items of Other Comprehensive Income" (effective for fiscal periods beginning on or after July 1, 2012).*

- IAS 19 (amendment 2011) "Employee Benefits" (effective for fiscal periods beginning on or after January 1, 2013).*

- IAS 27 (amended 2011), "Separate Financial Statements" (effective for fiscal periods beginning on or after January 1, 2013).*

- IAS 28 (amended 2011), "Investments in Associates and Joint Ventures" (effective for fiscal periods beginning on or after January 1, 2013).*

- IFRS 10, "Consolidated Financial Statements" (effective for fiscal periods beginning on or after January 1, 2013).*

- IFRS 11, "Joint Arrangements" (effective for fiscal periods beginning on or after January 1, 2013).*

- IFRS 12, "Disclosure of Interests in other Entities" (effective for fiscal periods beginning on or after January 1, 2013).*

- IFRS 13, "Fair Value Measurement" (effective for fiscal periods beginning on or after January 1, 2013).*

- Amendments to IFRS 7: "Disclosures - Offsetting Financial Assets and Financial Liabilities" (effective for fiscal periods beginning on or after January 1, 2013).*

- IAS 32 (amendment) "Offsetting Financial Assets and Financial Liabilities" (effective for fiscal periods beginning on or after January 1, 2014).

- IAS 36 (amendment) "Recoverable Amount Disclosures for Non-Financial Assets" (effective for fiscal periods beginning on or after January 1, 2014)

- IAS 39 (amendment) "Novation of Derivatives and Continuation of Hedge Accounting" (effective for fiscal periods beginning on or after January 1, 2014).

- IFRIC 21 "Levies" (effective for fiscal periods beginning on or after January 1, 2014).

- IFRS 9 "Financial Instruments" (IFRS 9 (2010)) (effective for fiscal periods beginning on or after January 1, 2015).

- "Annual Improvements to IFRSs" (issued May 2012) (effective for fiscal periods beginning on or after January 1, 2013)

*Endorsed by the EU (IASB effective date in brackets).

2. Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the most recent published consolidated financial statements.

3. Seasonality of operations

The Group's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Accordingly the first half-year typically results in higher revenues and results.

4. Income tax expense

The Group's consolidated effective tax rate in respect of operations for the quarter ended June 30, 2013 was 11.7% (June 30, 2012: 12.2%). The tax charge for the quarter ended June 30, 2013 of €10.4m (June 30, 2012: €13.7m) comprises a deferred tax charge relating to the temporary differences for property, plant and equipment recognised in the income statement.

5. Share based payments

The terms and conditions of the share option programme are disclosed in the most recent, published, consolidated financial statements. The charge of €0.5m is the fair value of various share options granted in prior periods, which are being recognised within the income statement in accordance with employee services rendered.

6. Contingencies

The Group is engaged in litigation arising in the ordinary course of its business. The Group 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.

7. Capital commitments

At June 30, 2013 Ryanair had an operating fleet of 303 (2012: 294) Boeing 737-800NG aircraft. Following shareholder approval at an EGM on June 18, 2013, The Group has agreed to purchase 175 new Boeing 737 800NG aircraft during the periods Fiscal 2015 to Fiscal 2019.

8. Available for sale financial assets (Aer Lingus)

The movement on the available for sale financial asset from €221.2m at March 31, 2013 to €241.2m at June 30, 2013 is comprised of a gain of €20.0m, recognised through other comprehensive income, reflecting the increase in the Aer Lingus share price from approximately €1.39 per share at March 31, 2013 to approximately €1.52 per share at June 30, 2013.

9. Analysis of operating segment

The Company is managed as a single business unit that provides low fares airline-related activities, including scheduled services, car hire, internet income and related sales to third parties. The Company operates a single fleet of aircraft that is deployed through a single route scheduling system.

The Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's Chief Operating Decision Maker (CODM). When making resource allocation decisions the CODM evaluates route revenue and yield data, however resource allocation decisions are made based on the entire route network and the deployment of the entire aircraft fleet, which are uniform in type. The objective in making resource allocation decisions is to maximise consolidated financial results, rather than individual routes within the network.

The CODM assesses the performance of the business based on the consolidated profit/ (loss) after tax of the Company for the period.

All segment revenue is derived wholly from external customers and as the Company has a single reportable segment, intersegment revenue is zero.

The Company's major revenue-generating asset comprises its aircraft fleet, which is flexibly employed across the Company's integrated route network and is directly attributable to its reportable segment operations. In addition, as the Company is managed as a single business unit, all other assets and liabilities have been allocated to the Company's single reportable segment.

Reportable segment information is presented as follows:

	Quarter Ended Jun 30, 2013 €M	Quarter Ended Jun 30, 2012 €'M
External revenues	1,342.2	1,283.9
Reportable segment profit after income tax	78.1	98.8
	At Jun 30, 2013 €M	At Mar 31, 2013 €M
Reportable segment assets (excludes the available for sale financial asset)	8,852.3	8,721.8

10. Earnings per share

	Quarter Ended Jun-30 2013	Quarter Ended Jun-30 2012
Basic earnings per ordinary share (€ cent)	5.42	6.86
Diluted earnings per ordinary share (€ cent)	5.40	6.83
Weighted average number of ordinary shares (in M's) - basic	1,440.5	1,440.7
Weighted average number of ordinary shares (in M's) - diluted	1,446.6	1,445.7

Diluted earnings per share takes account solely of the potential future exercises of share options granted under the Company's share option schemes and the weighted average number of shares includes weighted average share options assumed to be converted of 6.1m (2012: 5.0m).

11. Property, plant and equipment

Acquisitions and disposals
Capital expenditure in the year amounted to €237.3m and is primarily aircraft pre delivery payments.

12. Share buy-back

In June 2013 the Company bought back 24.1m ordinary shares at a total cost of €176.6m. This is equivalent to approximately 1.7% of the Company's issued share capital. All ordinary shares repurchased have been cancelled. Accordingly, share capital decreased by 24.1m ordinary shares with a nominal value of €0.2m and the capital redemption reserve increased by a corresponding €0.2m. The capital redemption reserve is required to be created under Irish law to preserve permanent capital in the Parent Company.

On June 20, 2013 the Company detailed plans to return up to €1 billion to shareholders over the next two years (subject to shareholder approval) with at least €400 million in share buybacks to be completed in the fiscal year to March 31, 2014 and up to a further €600 million in either special dividends or share buybacks in the fiscal year to March 31, 2015.

13. Related party transactions

We have related party relationships with our subsidiaries, directors and senior key management personnel. All transactions with subsidiaries eliminate on consolidation and are not disclosed.

There were no related party transactions in the quarter ended June 30, 2013 that materially affected the financial position or the performance of the Company during that period and there were no changes in the related party transactions described in the 2012 Annual Report that could have a material effect on the financial position or performance of the Company in the same period.

14. Post balance sheet events

There were no significant post balance sheet events.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

RYANAIR HOLDINGS PLC

Date: 29 July, 2013

By:___/s/ Juliusz Komorek____

Juliusz Komorek
Company Secretary