CONTENTS

2	Financial Highlights
4	Chairman's Report
5	Chief Executive's Report
8	Operating & Financial Review
16	Directors' Report
22	Directors
23	Social, Environmental and Ethical Report
25	Report of the Remuneration Committee to the Board
26	Statement of Directors' Responsibilities
26	Independent Auditors' Report to the Members of Ryanair Holdings plc
28	Statement of Accounting Policies
35	Consolidated Balance Sheet
36	Consolidated Income Statement
37	Consolidated Cash Flow Statement
38	Consolidated Statement of Recognised Income and Expense
39	Company Balance Sheet
40	Company Cash Flow Statement and Statement of Changes in Shareholders' Equity
41	Notes Forming Part of the Consolidated Financial Statements
75	Directors and Other Information

Certain information included in these statements are forward looking and are subject to important risks and uncertainties that could cause actual results to differ materially. It is not reasonably possible to itemise all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy. Among the factors that are subject to change and could significantly impact the group's expected results are the airline pricing environment, the availability and cost of fuel, competition from new and existing carriers, market prices for replacement aircraft, costs of compliance with environmental issues and emission standards, safety and security measures, actions of the Irish, UK, European Union ("EU") and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, airport access and charges, labour relations, terrorist acts, the economic environment of the airline industry, the general economic environment in Ireland, the UK and Continental Europe, the general willingness of passengers to travel and other economic, social and political factors.

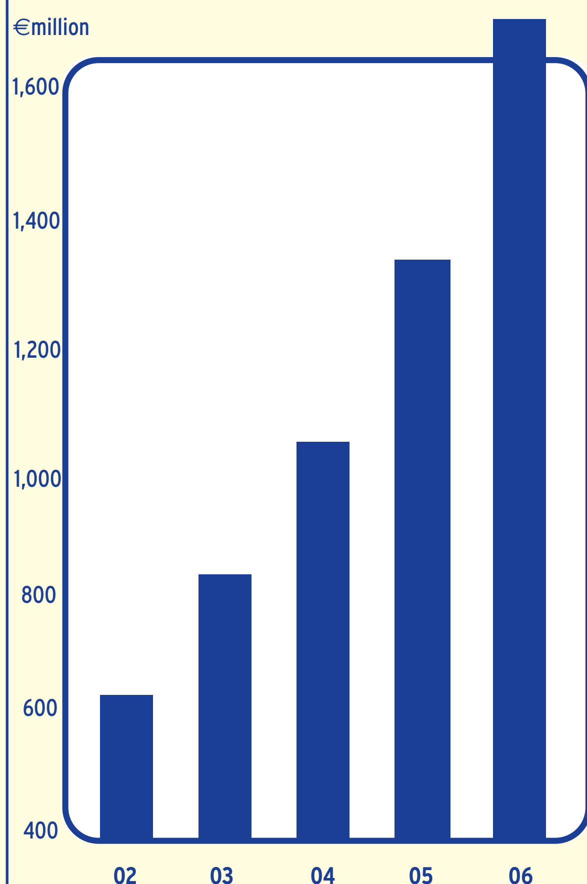
Financial Highlights

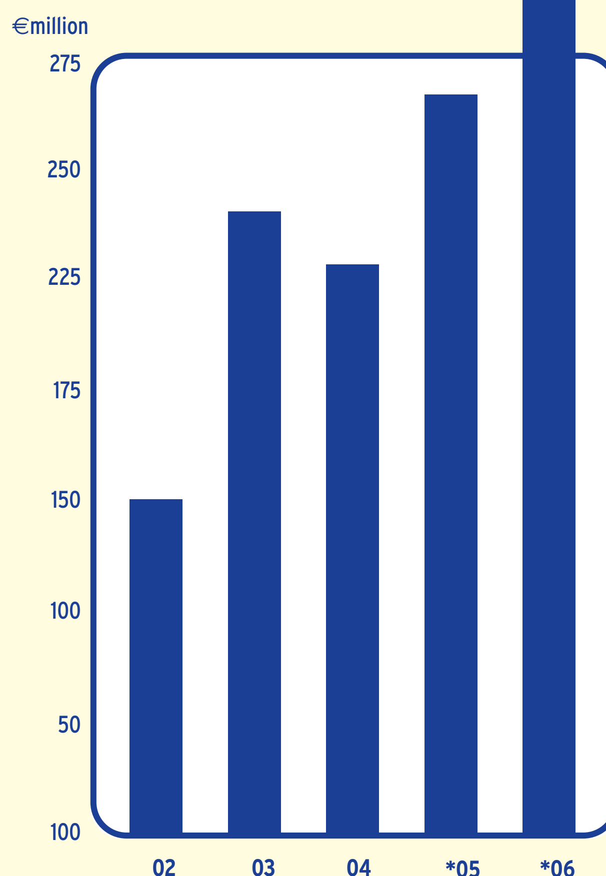
for the year ended March 31, 2006

Summarised Consolidated Income Statement in accordance with IFRS**	2006 €m	2005 €m	Change
Operating revenue	1,692.5	1,319.0	+28%
Net profit	306.7	280.1	+10%
*Adjusted net profit	301.5	268.1	+12%
*Adjusted Basic EPS (in Euro cent)	39.32	35.28	+11%

*The 2006 adjusted net profit includes a receipt of €5.2m (net of tax) arising from the settlement of an insurance claim for the scribing of 6 Boeing 737-200 aircraft. The 2005 adjusted net profit is stated after a release of €11.9m due to a change in the accounting treatment for business combinations following the adoption of IFRS.

** Throughout this document "IFRS" refers to International Financial Reporting Standards as adopted in the EU and as adopted by Ryanair for the first time in the year to March 31, 2006.





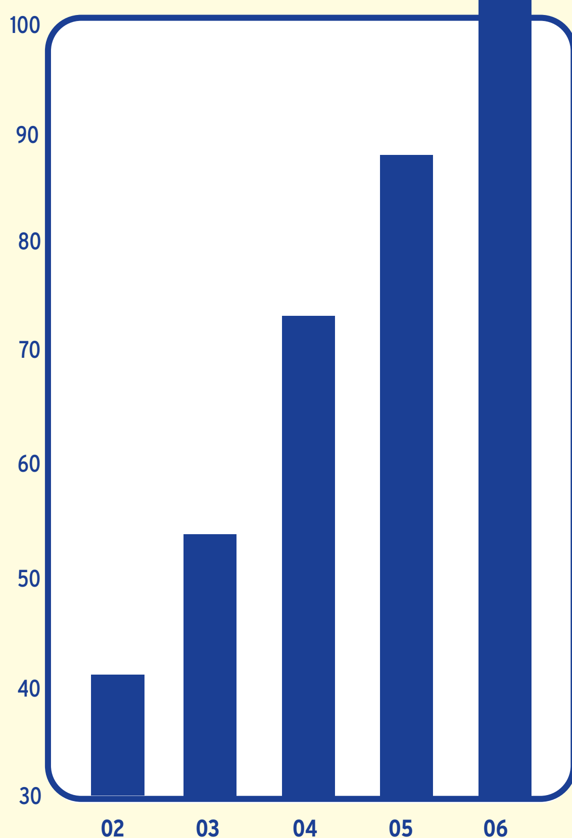
NOTE: This data refers to the financial year ending March 31 of the relevant years.

Financial Highlights

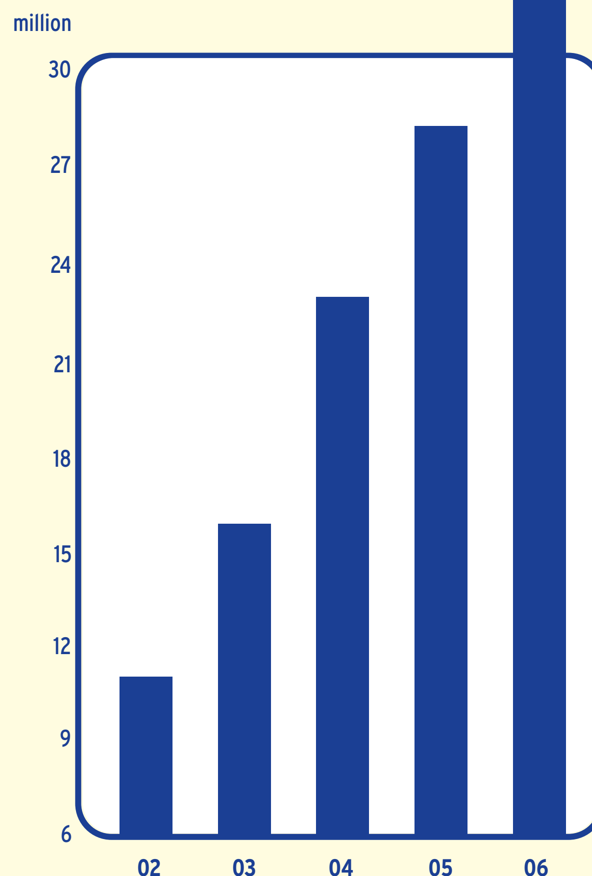
for the year ended March 31, 2006

Key Statistics	2006	2005	Change
Scheduled passengers	34.8m	27.6m	+26%
Fleet at period end	103	87	+18%
Average number of employees	3,063	2,604	+18%
Passengers per average no. of employees	11,351	10,596	+7%

FLEET



TRAFFIC GROWTH



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

Chairman's Report

Dear Shareholders,

I am proud of our achievements during a year that was very challenging due to the impact on our business of higher fuel prices. I am therefore pleased that Ryanair has delivered a 12% increase in adjusted net profit after tax to €302m despite a 74% increase in our fuel costs. This demonstrates the fundamental strength of our business model which can deliver rising profits even during periods of difficult trading conditions.

During this year we also achieved a number of significant milestones:

- We increased our passengers carried by 26% to 35m passengers.
- Our cash balances at the year end increased by €367m to €1.97bn
- We retired the remainder of our Boeing 737-200 fleet which reduced the average age of Ryanair's fleet to just 2.4 years. We now have the youngest fleet of any major airline in Europe.
- We opened 5 new bases at East Midlands, Pisa, Liverpool, Cork and Shannon and launched 75 new routes during the year bringing our total routes operated to 262 and extended our operations to 3 new countries, Poland, Slovakia and Hungary.
- We took delivery of 25 new Boeing 737-800's bringing the total fleet to 103 aircraft.

Oil prices continue to be high and volatile. Fuel costs now represent 35% of our total operating costs compared to 27% last year. Excluding fuel, unit costs fell by 7% (including fuel they rose by 5%) as we continue to make further significant reductions in our cost base. Since 2000 our unit operating costs excluding fuel have fallen by 40%, an enormous achievement during a period of rapid passenger growth. We continue to aggressively focus on reducing our cost base and anticipate further unit cost reductions over the coming year.

The airline's highest priority remains the safety of our passengers, crew and aircraft, and the Board is focused on extending our 21 year unblemished safety record. Customer service performance continues to improve thanks to the efforts of our staff as we maintained our number 1 position in Europe with the best on time performance, fewest cancellations, and the lowest level of lost bags. This achievement reflects the enormous commitment of the people of Ryanair and their dedication to serving our passengers.

The multiple fuel surcharges imposed by the flag carriers have resulted in many more passengers flocking to Ryanair to avail of our lowest fares and our "no fuel surcharge" guarantee which has in turn enabled us to grow, and increase profitability. We also believe that continuing high fuel prices will impact some of our competitors in Europe and we anticipate that there will be further consolidation and other carriers will depart from the industry. We re-affirm our "no fuel surcharge" guarantee for all our passengers and we will continue to absorb these higher fuel charges through a combination of cost reductions and further increasing the efficiency of our operations.

Raymond MacSharry is retiring as a director of Ryanair at the forthcoming Annual General Meeting. I would like to take this opportunity to thank Raymond on behalf of, the shareholders, the board, and myself for his outstanding contribution as a director and former chairman to the success of Ryanair over a period of almost 14 years. All of us wish Raymond the very best for the future.

We look forward with confidence that Ryanair will continue to successfully roll out its lowest-fares model, so that many more Europeans can benefit from Ryanair's low fares whilst we, at the same time, deliver increasing returns for our shareholders.

Yours sincerely

David Bonderman
Chairman

Chief Executive's Report

for the year ended March 31, 2006

Dear Shareholders

These financial statements reflect another year of significant growth by Ryanair despite the challenges of higher oil prices and intensely competitive markets. What makes Ryanair different is that we don't just offer "low" fares - we offer the lowest fares in every market, and we continue to guarantee our customers "no fuel surcharges" not today, not tomorrow, not ever. As our competitors increase fares and levy unjustified fuel surcharges, passengers are flocking to Ryanair for our prices, our unmatched range of destinations, our frequencies, and our unbeatable customer service. The strength of the Ryanair model is reflected in these results with traffic growing by 26% to 35 million passengers, and adjusted profits rising 12% to €302 million, a new record, despite substantially higher oil prices.

Ryanair's balance sheet at the year end includes 86 new Boeing 737-800 series aircraft and almost €2 billion in cash. No airline is in a stronger position or better financed to continue to offer Europe's air travellers the lowest fares and the best customer service and a guarantee of no fuel surcharges.

These financial statements demonstrate the outstanding job by the Ryanair team performed last year. When the airline floated in May 1997 we carried just 3 million passengers p.a. Nine years later that figure has grown more than eleven fold to 35 million passengers. Over the next twelve months we expect it to rise again to 42 million passengers. With the aircraft orders we have placed up to 2012, we expect Ryanair's traffic to double again to more than 80 million passengers which will make Ryanair - by some considerable distance - the largest airline in Europe.

Customer Service

Ryanair's customer service consists of offering our passengers the lowest air fares, a no fuel surcharge guarantee, the youngest fleet of aircraft in Europe, the best punctuality, the fewest cancellations and the fewest lost bags. No other airline in Europe comes close to matching this unbeatable customer service package which is why Ryanair continues to grow so successfully.

Many airlines talk about customer service, yet when it comes to actual delivery, none of them can match Ryanair. Over the past year Ryanair has maintained its customer service "triple crown" by beating every other major European airline for on time flights, fewest cancellations and fewest lost bags. The UK Civil Aviation Authority, which publishes independent airline punctuality tables, consistently ranks Ryanair as the No. 1 on time major airline.

During the year to March 31, 2006 we finished way ahead of our principal competitors British Airways, Air France, Lufthansa and Easyjet. The European Union figures for flight cancellations and lost bags also confirms that Ryanair cancels fewer flights than any other major European airline and loses significantly fewer bags than British Airways, Lufthansa or Air France.

RYANAIR NO. 1 for punctuality % flights on time*	
Ryanair	81%
KLM	77%
BMI	76%
Air France	74%
Easyjet	73%
Aer Lingus	72%
British Airways	67%

* Source: CAA Statistics: Jan to Dec 2005

Having retired the last nine of our older Boeing 737-200 series aircraft in December 2005, Ryanair now offers our customers the youngest fleet in Europe. At year end our 103 aircraft fleet had an average age of just over 2 years, and thanks to our new agreement with Boeing all of these aircraft will be fitted with all leather slimline seats giving passengers a roomy 30 inches of leg room, and the aircraft will be also fitted with winglets which improves aircraft and airfield performance as well as reducing greenhouse gas emissions.

Lowest Level of Complaints*

Year	Complaints per '000 passengers
03/04	0.54
04/05	0.43
05/06	0.35

* Source: Ryanair internal statistics reports

Chief Executive's Report

for the year ended March 31, 2006

Our People

Over the past year Ryanair's employment, at period end, has grown from 2,717 to over 3,450. During the year we have created over 700 new jobs, and are proud that more than 340 men and women have been promoted internally as our expansion creates new opportunities for career development. Ryanair's average pay (including cabin crew commissions) rose to €49,612, a higher figure than any other major European airline. Our average pay is amongst the highest in Europe, and we continue to tailor our rosters to maximise our productivity while simultaneously maximising our people's time off.

All pilots in Ryanair are subject to an annual limit of 900 flying hours which equates to approximately 18 hours per week. All of our pilots operate a roster which guarantees them 5 days off in every fourteen day cycle and we have agreed improved rosters at certain bases and for new recruits which guarantees them four days off after every block of five days worked. The attractive package of pay and conditions available to all Ryanair pilots has seen us recruit more than 300 new pilots over the past six months, with some of these joining directly from competitor airlines where the pay and rosters are less attractive. I am delighted to welcome these new members to the Ryanair team and look forward to working with them.

Average Pay*	
Ryanair	€49,612
Air France	€45,957
British Airways	€45,863
Iberia	€44,726
Lufthansa	€43,078

*Source: Based on most recently published annual reports .

There are a number of areas where we continue to campaign for change in the interests of our passengers and the travelling public generally as follows:

The Environment

There is a lot of nonsense being spun by some environmentalists and uninformed politicians who mistakenly suggest that aviation is responsible for, or is one of the major contributors to global warming. These claims are false. It is a fact that aviation accounts for about 2% of global greenhouse gas emissions, yet it is responsible for 8% of the world economic activity.

Within the European Union air transport accounts for just 3% of CO_2 emissions, whereas road travel accounts for over 22%, and power generation almost 40%. Yet again, air transport is being wrongly blamed as either the cause of, or a significant contributor to, CO_2 emissions when it is not.

The suggestion from many of these uninformed commentators - that air transport should pay even greater taxes in order to reduce its impact on the environment - is misguided. Taxation has repeatedly proven ineffective in reducing emissions. Motor vehicles are heavily taxed both at the point of purchase and in terms of fuel, yet the surge in car ownership across Europe and the world continues unabated. Taxing air transport will not have any effect whatsoever on reducing global greenhouse gas emissions.

Air transport is vital to the health of the European and world economy. Its impact on the environment is small and the arguments for subjecting it to environmental taxes or emissions trading are completely misplaced. Conversely the air transport industry in Europe can continue to grow whilst reducing its emissions by copying the Ryanair model. Despite the small detrimental effect of aviation Ryanair, as a responsible corporate citizen, accepts that even within that context it must minimise its contribution to global warming. Therefore over the last five years we have replaced a fleet of old aircraft with a fleet of new and much more environmentally friendly aircraft. Our new Boeing 737 aircraft produce 50% less emissions, 45% less fuel burn and 45% lower noise emissions on a per seat basis. With this new fleet we expect to double our traffic over the coming five years whilst halving our emissions on a per seat basis. This is the way forward. If Governments and environmentalists are serious about tackling the limited impact of aviation on the world's environment, then they should aim at;

- eliminating the old, noisy fuel guzzling aircraft;
- penalising the airlines operating with low load factors i.e. which generate high fuel consumption and emissions per passenger; and
- taxing those airlines who offer connecting flights which force passengers to waste two flights to get to a destination instead of one direct flight.

Stansted Second Runway

The BAA airport monopoly continues to pursue its plan to waste £4bn building a second runway and second terminal at Stansted when these facilities could and should be built for one quarter of that figure. The recent Ferrovial takeover has exposed the feather bedding in the BAA's accounts. Just months after the BAA was telling the Regulator that it couldn't pay for a second runway at Stansted without doubling passenger charges (many years in advance of its delivery) they were able to find a "spare" £1bn of cash which were offered in special dividends to shareholders if they rejected the Ferrovial bid. The BAA clearly has the money to build these facilities at Stansted in a low cost, efficient manner which would have the support of all users at Stansted, yet they persist in trying to waste £4bn so that they can boost their capital expenditure and future income under a regulatory regime that has patently failed to meet the reasonable requirements of users.

Ryanair continues to call on the Civil Aviation Authority (the regulator of the BAA) to put a stop to this profligate madness. The BAA airport monopoly has been delivering abject airport facilities, at excessive cost, for many years. At Stansted they continue to ignore the expressed views of their airline users. Yet because of the cowardice of the regulator, the BAA continues to treat the Stansted airlines with derision and contempt. Since regulation has failed, we believe that the BAA airport monopoly should be broken up, in a manner which would encourage the three London airports Gatwick, Heathrow and Stansted to compete against each other. This competition would bring about improved facilities and lower costs for the travelling public as well as the development of airports that the airlines actually want and are willing to pay for. In this regard, we welcome the investigation recently announced in OFT into this monopoly ownership of airports in London. In the meantime we hope that the CAA - which has been captured for many years by the BAA - will begin firstly to tackle this over-charging monopoly and secondly to comply with its legal obligation to meet the reasonable requirements of users, an obligation it has repeatedly ignored over recent years.

Conclusion

Ryanair has over the past nine years as a public company seen its traffic mushroom from 3 million to over 35 million passengers per annum. During that time our route network has grown from 19 in 1998 to 262 routes at March 31, 2006. Our employee numbers over that period have more than tripled from just under 1,000 to over 3,450 today. Most importantly however, our average fare has fallen by almost 20% from €50 in 1997 to just over €40 today. Ryanair will continue to pursue lower costs, and pass on these savings in the form of lower fares to the travelling public of Europe. Ryanair is the only airline in Europe which commits to offer the lowest fares in every market in which we operate, and it is this commitment to lowest fares and our guarantee of no fuel surcharges that will enable us to grow successfully, safely and profitably for the benefit of our passengers, our people and our shareholders.

Michael O'Leary
Chief Executive

Operating & Financial Review

for the year ended March 31, 2006

Consolidated income statement

	2006 €000	2005 €000
Operating revenues		
Scheduled revenues	1,433,377	1,128,116
Ancillary revenues	259,153	190,921
Total operating revenues - continuing operations	1,692,530	1,319,037
Operating expenses		
Staff costs	(171,412)	(141,673)
Depreciation	(124,405)	(110,357)
Fuel & oil	(462,466)	(265,276)
Maintenance, materials & repairs	(37,417)	(26,280)
Marketing & distribution costs	(13,912)	(19,622)
Aircraft rentals	(47,376)	(21,546)
Route charges	(164,577)	(135,672)
Airport & handling charges	(216,301)	(178,384)
Other	(79,618)	(79,489)
Total operating expenses	(1,317,484)	(978,299)
Operating profit - continuing operations	375,046	340,738
Other (expenses)/income		
Foreign exchange (losses)	(1,234)	(2,302)
Gain on disposal of property, plant and equipment	815	47
Finance income	38,219	28,342
Finance expense	(73,958)	(57,629)
Total other (expenses)/income	(36,158)	(31,542)
Profit before taxation	338,888	309,196
Tax on profit on ordinary activities	(32,176)	(29,153)
Profit for the financial year	306,712	280,043

Consolidated income statement (Continued)	2006 €000	2005 €000
Earnings per ordinary share (in € cent)		
- Basic	40.00	36.85
- Diluted	39.74	36.65
Adjusted earnings per ordinary share (in € cent)*		
- Basic	39.32	35.28
- Diluted	39.07	35.09
Weighted average number of ordinary shares (in 000's)		
- Basic	766,833	759,911
- Diluted	771,781	764,003
*Calculated on profit for the year before items set out in table below		

Reconciliation of profit for the year to adjusted profit for the year	2006 €000	2005 €000
Profit for the financial year	306,712	280,043
Adjustments		
Purchase accounting adjustment	-	(11,925)
Aircraft insurance claim	(5,939)	-
Taxation adjustment for above	742	-
Adjusted profit for the year	301,515	268,118

Items described above in the year ended March 31, 2006 consist of a receipt of €5.2m (net of tax) arising from the settlement of an insurance claim for the scribing of 6 Boeing 737-200 aircraft. Additionally, on adoption of IFRS (International Financial Reporting Standards) the company opted to change its accounting treatment for business combinations. This has resulted in a one-off, non cash, release to the income statement of €11.9m in the year ended March 31, 2005.

Operating & Financial Review

for the year ended March 31, 2006

Profit after tax for the year increased by 10% to €306.7m compared to €280.1m in the previous year, whilst adjusted profit after tax increased by 12% to €301.5m. For the purpose of the Operating and Financial Review all figures and comments are by reference to the adjusted income statement which excludes certain items as detailed on page 9.

Adjusted Profit for the Year

Profit after tax increased by 12% to €301.5m, compared to €268.1m in the previous year ended March 31, 2005. Total operating revenues increased by 28% to €1,692.5m, which was faster than the 26% growth in passenger volumes, as average fares rose by 1% and ancillary revenues grew by 36% to €259.2m. Total revenue per passenger as a result increased by 2%, whilst passenger load factor decreased by 1 point to 83%.

Operating Revenues

Total operating revenues increased by 28% to €1,692.5m whilst passenger volumes increased by 26% to 34.8m. Total revenue per passenger increased by 2% in the year due to a combination of slightly higher average fares and strong ancillary revenue growth.

Scheduled passenger revenues increased by 27% to €1,433.4m due to a combination of increased passenger volumes on existing routes, the successful launch of new bases at Liverpool, Shannon, East Midlands, Pisa and Cork and a 1% increase in average fares.

Ancillary revenues increased by 36% to €259.2m, a faster growth rate than passenger volumes, reflecting a strong performance in non-flight scheduled revenues (primarily car hire, hotels and travel insurance), on board sales and other ancillary products. Ancillary revenues continue to grow at a significantly faster rate than passenger volumes.

Adjusted Operating Expenses

Total adjusted operating expenses increased by 34% to €1,323.4m due to the increased level of activity, and the increased costs primarily fuel, aircraft rentals, route charges, staff costs and airport & handling costs associated with the growth of the airline. Total operating costs were also adversely impacted by the increase in the average sector length whilst higher US$ fuel prices were partially offset by the strength of the Euro exchange rate against the US$.

Staff costs have increased by 21% to €171.4m primarily due to an 18% increase in average employee numbers to 3,063 and the impact of pay increases granted of 3%.

Depreciation and amortisation increased by 13% to €124.4m. A higher depreciation charge due to an increase in the size of the 'owned' fleet from 74 to 86, was offset by a lower amortisation charge due to the retirement of the Boeing 737-200 aircraft and the positive impact of a new engine maintenance deal on the cost of aircraft amortisation. The strengthening of the Euro to the US$ during the year has also had a positive impact on the depreciation and amortisation charge on new aircraft deliveries.

Fuel costs rose by 74% to €462.5m due to an increase in the number of sectors flown, an 8% increase in sector length, and a significantly higher average US$ cost per gallon of fuel partially offset by the positive impact of the strengthening of the Euro to the US$ during the year.

Maintenance costs excluding a release of €5.2m in year ending March 31, 2005 associated with the earlier than scheduled return of 6 leased Boeing 737-300's, increased by 19%, reflecting the retirement of the Boeing 737-200's, and the positive impact of the strengthening of the Euro exchange rate, partially offset by an increase in the number of leased Boeing 737-800 aircraft from 13 to 17.

Marketing and distribution costs decreased by 29% to €13.9m due to reduction in the level of marketing activity and related expenditure compared to the previous year.

Aircraft rentals increased by 42% to €47.4m reflecting an additional 4 aircraft on lease during the year. An additional €5.5m incurred on short term leases during the 4th quarter was offset by the savings arising from the return of 6 Boeing 737-300 aircraft to ILFC.

Route charges increased by 21% to €164.6m due to an increase in the number of sectors flown and an increase of 8% in the average sector length, offset by a reduction in enroute charges in certain EU countries.

Operating & Financial Review

(Continued)

Operating Expenses (Continued)

Airport and handling charges increased by 21% to €216.3m, which was slower than the growth in passenger volumes and reflects the impact of increased costs at certain existing airports, offset by lower costs at new airports and bases.

Other expenses increased by 8% to €85.6m, which is lower than the growth in ancillary revenues due to improved margins on some existing products, and cost reductions achieved on indirect costs.

Adjusted Operating Profits

Operating margins have declined by 3 points to 22% due to the reasons outlined above whilst **operating profits** have increased by 12% to €369.1m during the year.

Interest Receivable

Interest receivable has increased by 35% to €38.2m for the year due to the combined impact of higher levels of cash and cash equivalents and increases in average deposit rates earned compared to last year.

Foreign Exchange (Losses)

Foreign exchange losses have decreased during the year to €1.2m due to the positive impact of changes in the Sterling and US Dollar exchange rates against the Euro compared to last year.

Disposal of Fixed Assets

The gain on disposal of fixed assets of €0.8m arises from the disposal of the remaining 9 Boeing 737-200 aircraft during the year.

Adjusted Earning per Share (EPS)

Adjusted earnings per share has increased by 11% to 39.32 Euro cent for the year and is based on 766,832,502 shares which represents the weighted average of ordinary shares in issue during the year.

Balance Sheet

The group's **balance sheet** continues to reflect the significant capital expenditure programme being undertaken by the group. An additional 21 aircraft were delivered during the year which, in conjunction with the payment of deposits on future deliveries, accounted for the bulk of €546.2m spent on capital expenditure during the year. During the same period the company generated cash from operating activities of €599.0m that part funded the capital expenditure programme with the balance reflected in **total cash** of €1,972.0m. The exercise of share options, primarily by pilots generated a further €30.6m cash for the group. **Total debt**, net of repayments, increased by €262.9m during the year.

Shareholders' Equity

Shareholders' equity at March 31, 2006 has increased by €257.5m to €1,992.0m, compared to March 31, 2005 reflecting the €306.7m increase in profitability during the year, and the exercise of share options which increased equity by €30.6m, offset by a reduction of €79.9m resulting from changes in the accounting treatment for derivative financial instruments, pensions and stock options following the adoption of IFRS.

Capital Expenditure

During the year the group's capital expenditure amounted to €534.7m. The majority of this related to the purchase of 21 Boeing 737-800 "next generation" aircraft and deposits relating to the future acquisition of additional new Boeing 737-800's. Four new Boeing 737-800 "next generation" aircraft were financed by way of operating lease during the year bringing the increase in total new aircraft operated to 25. Further details are given in note 11.

Review of Cash Flow

Net cash provided from operating activities was €610.6m, reflecting the overall profitability of the group and working capital movements including advance revenues. This has enabled the group to increase its cash and liquid resources by €366.3m to €1,972.0m despite part funding capital expenditure of €159.4m from internal cash resources. At March 31, 2006 the group had advance purchase deposits with Boeing of €301.5m for future aircraft deliveries.

Operating & Financial Review

(Continued)

Outlook for Fiscal 2007

Fuel prices continue to be high and volatile. We have recently extended our hedging position, so that we are 90% hedged to the end of October at $70 per barrel and 90% hedged for November and December at $74 per barrel. Thereafter we remain largely unhedged for the January to March 2007 quarter, but we continue to monitor forward rates and will try to avail of any suitable opportunity to hedge our outstanding requirement for the fiscal year.

We refuse to allow higher oil prices distract us from aggressively pursuing unit cost reductions and operating efficiencies. A number of recent initiatives will help our drive for lower costs and fares. Web based check-in and charging for bags are both running ahead of expectations. After some initial delays with the roll out of web check-in we are now recording flights with over 50% of passengers using our web check-in and priority boarding facility. Charging for check-in bags has encouraged passengers to travel with fewer, and in some cases zero, check-in bags. Indications over the past few months suggest that this initiative may offset the anticipated decline in overall yields by more than €1 per passenger.

The winglet modification programme on our Boeing 737 fleet is proving effective with better aircraft performance and a 2% reduction in fleet fuel consumption has been recorded, a saving which we believe can be improved over the coming year. Our operating performance continues to make Ryanair the No. 1 customer service airline in Europe. No other major or low cost airline can match Ryanair's record for consistently high punctuality, with fewest lost bags and least flight cancellations.

Ryanair's inexorable growth in aircraft, routes and passengers continues. Over the coming year we expect traffic to grow by 20% to 42m passengers. Traffic at our new bases in Liverpool, Nottingham East Midlands and Shannon is performing well, with strong advance bookings into the Summer months. The passenger response to our new French base at Marseille which will open in November has been very positive. We also hope to announce one or possibly two further bases for Spring 2007 and expansion of some of our existing bases before the end of the Summer.

Ryanair's fleet will increase by 30 aircraft between September 2006 and April 2007. We will launch a large number of new routes and bases at the worst time of the year, and we expect that Winter trading will be negatively effected by a combination of this capacity expansion, much higher oil prices (compared to last year) and further price dumping by loss making competitors who will be trying to survive next Winter.

Our outlook for the remainder of this fiscal year remains cautious. As we emphasised at the time of our full year results in June, we expected a bumper set of Q.1 results, and a strong second quarter, but we believe that the forthcoming Winter will be characterised by much more difficult trading conditions. Ryanair will increase its fleet by 26 aircraft this Winter (compared to last year's net increase of just 15) during which we will launch many more new routes and bases. This combination of substantial Winter capacity expansion, higher oil prices (now $74 per barrel compared to our original forecast of $70) and price dumping by loss making competitors will mean another very difficult Winter trading period and if oil prices are higher than $74, we may even sustain losses during the fourth quarter of this year. Based on our current fuel hedges and the forward price of oil for the unhedged quarter, we anticipate that the increase in net profit after tax for the fiscal year will still be within the range of our previous guidance of +5% to +10% increase and that almost all of these profits will be generated in Q.1 and Q.2, with a consequent reduction in profitability during Q.3 and Q.4 compared to last year.

The recent security threat in the UK on August 10, 2006 has resulted in increased security measures and the introduction of certain baggage restrictions primarily at UK airports. We do not expect these changes to result in any material impact on the company's operations or financial performance.

Legal Proceedings

In February 2004 the European Commission ruled that Ryanair had received illegal state aid from the Walloon Regional government in connection with its establishment of a low cost base at Brussels (Charleroi). Ryanair immediately appealed the decision to the European courts on the basis that the commission had ignored similar agreements that Ryanair has with private airports, thereby placing Charleroi at a competitive disadvantage. Subsequently Ryanair was requested by the Walloon regional government to repay what the commission had deemed illegal state aid. However, Ryanair agreed with the Region to place the disputed funds in a joint escrow account pending the outcome of the appeal. Ryanair expects to have a hearing of its appeal in the European Court of First Instance by the end of 2006.

In the meantime, Brussels Charleroi Airport has published a new tariff scheme, which complies with the new EU guidelines, whilst also maintaining the same cost base originally agreed with Ryanair. As a result Ryanair has based additional aircraft and launched new routes from Charleroi.

Legal Proceedings (Continued)

Following the Commission's decision in Charleroi other airlines have brought similar complaints against Ryanair in an attempt to block competition. However, Ryanair is confident that its agreements with publicly owned airports comply with the market economy investor principle (MEIP), i.e., they are the same as its agreements with privately owned airports, and therefore do not constitute state aid.

Ryanair has also filed complaints with the European Commission against Alitalia, Air France and Lufthansa on the basis of continued state aid to these national airlines. We also believe that Air France and Alitalia are the beneficiaries of substantial subsidies via routes that are subject to the so-called public service obligations (PSO's). Ryanair was recently prevented from offering commercial services on the Rome to Alghero (Sardinia) route as a result of what Ryanair believes are the Italian government's abusive application of the PSO system to favour Italian airlines. Ryanair has appealed this decision to the European Commission.

As a result of the retirement of the Boeing 737-200 aircraft, Ryanair required its pilots who lacked the necessary training to undergo a conversion training process to enable them to fly the new Boeing 737-800 aircraft. Starting in the Autumn of 2004, Ryanair made a number of written offers to its Dublin based pilots to enable them to participate in a re-training process in order to obtain the correct type rating for flying the Boeing 737-800 aircraft. After rejecting a series of offers, all of these pilots have now been trained on the Boeing 737-800 either by signing a five year bond, in which case the training was provided free of charge, or they could pay in advance the €15k cost of the conversion training. However, these pilots are at the same time challenging the terms before the Labour Relations Commission on grounds of victimization. They have also initiated High Court proceedings claiming that the terms of the bond infringed their human rights in relation to freedom of association and the ability of Trade Union to negotiate on their behalf.

While the Company believes these court proceedings are meritless and is contesting the 77 pilots' claims, however should the Labour Relations Commission rule in their favor, the Company could face potential sanctions in an amount up to a maximum of twice the annual salary of the affected pilots. In relation to the High Court proceedings it is more difficult to gauge the potential for damages, however in a worst case scenario a figure of €100k per pilot would not seem unreasonable.

Recruitment and Promotion

During the year 343 of our people were promoted internally within the group, and Ryanair employed more than 700 staff at the year end compared to the preceding year.

Safety

Safety in the airline remains an absolute priority. This is Ryanair's 21st year of safe operations. Ryanair has extensive safety training programmes to ensure the recruitment of suitably qualified pilots, cabin crew, ground crews and maintenance personnel. In addition, the group operates and maintains all of its aircraft in accordance with the highest European Aviation Industry Standards. Ryanair is regulated by the Irish Aviation Authority.

At each Board Meeting a report prepared by the Ryanair Safety Committee is circulated in advance and is reviewed by the Board. The Safety Committee, comprises Michael Horgan (Chairperson), a director of the Board, the Director of Flight and Ground Operations, the Chief Pilot, the Flight Safety Officer, Director of Engineering, Director of Personnel and In-flight, Quality Assurance Manager-Maintenance, Deputy Director of Ground Operations, Deputy Director of Safety and the Health and Safety Officer. The Safety Committee meets on a quarterly basis and reports directly to the Board of Directors. The Flight Safety Officer is responsible for monitoring flight safety. The group also has a Health and Safety Officer who is responsible for overseeing health and safety in all areas. The group continues to operate extensive training and safety programmes to ensure the health and safety of all its passengers and employees.

Critical Accounting Policies

The group believes that its critical accounting policies, which are those that require management's most difficult, subjective and complex judgments, are those described in this section. These critical accounting policies, the judgments and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered in reviewing the consolidated financial statements

Critical Accounting Policies (Continued)

In accounting for long-lived assets(principally aircraft and related parts), Ryanair must make estimates about the expected useful lives of the assets, the expected residual values of the assets and the potential for impairment based on the fair value of the assets and the cash flows they generate. In estimating the lives and expected residual values of its aircraft, Ryanair has primarily relied on industry experience and recommendations from Boeing, the manufacturer of all of the company's owned aircraft. Subsequent revisions to these estimates, which can be significant, could be caused by changes to Ryanair's maintenance program, changes in utilization of the aircraft, governmental regulations on ageing of aircraft and changing market prices for new and used aircraft of the same or similar types. Ryanair evaluates its estimates and assumptions in each reporting period, and when warranted adjusts these assumptions. Generally, these adjustments are accounted for on a prospective basis, through depreciation expense.

Ryanair periodically evaluates its long-lived assets for impairment. Factors that would indicate potential impairment would include, but are not limited to, significant decreases in the market value of aircraft, a significant change in an aircraft's physical condition, and operating or cash-flow losses associated with the use of the aircraft. While the airline industry as a whole has experienced many of these factors from time to time, Ryanair has not yet been seriously impacted and continues to record positive cash flows from these long-lived assets. Consequently, Ryanair has not yet identified any impairments related to its existing aircraft fleet. The company will continue to monitor its aircraft and the general airline operating environment.

An element of the cost of an acquired aircraft is attributed on acquisition to its service potential, reflecting the maintenance condition of the engines and airframe. Additionally, where Ryanair has a lease commitment to perform aircraft maintenance, a provision is made during the lease term for this obligation. Both of these accounting policies involve the use of estimates in determining the quantum of both the initial maintenance asset and/or the amount of provision to be set aside and the respective periods over which such amounts are charged to income. In making such estimates, Ryanair has primarily relied on industry experience, industry regulations and recommendations from Boeing; however, these estimates can be subject to revision, depending on a number of factors, such as the timing of the planned maintenance, the ultimate utilization of the aircraft, changes to government regulations and increases and decreases in the estimated costs. Ryanair evaluates its estimates and assumptions in each reporting period and, when warranted, adjusts these assumptions, which generally impact on maintenance and depreciation expense in the income statement, on a prospective basis.

Treasury Policy, Fuel, Currency and Interest Rate 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 the procedures used to manage the main financial risks arising from the group's operations which comprise of 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 deposits and derivatives (principally jet fuel derivatives, interest rate swaps and forward foreign exchange contracts). It is the group's policy that no speculative trading in financial instruments takes place.

The group's historical fuel risk management policy has been 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 was adopted to prevent the group being exposed, in the short term, to adverse movements in world jet fuel prices. However, when deemed to be in the best interests of the group, it may deviate from this policy. In more recent times, due to fundamental changes in the world fuel markets, the group has adopted a more short term and strategic approach to fuel hedging. At August, 2006 the group had hedged 90% of its fuel exposures for the period June to December 2006 inclusive.

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 US dollar. The group manages this risk by matching Sterling revenues against Sterling costs. Any unmatched Sterling revenues are used to fund forward foreign exchange contracts to hedge US dollar currency exposures that arise in relation to fuel, maintenance, aviation insurance, and capital expenditure costs - including advance payments to Boeing for future aircraft deliveries.

Treasury Policy, Fuel, Currency and Interest Rate Risk Management (Continued)

The group's objective for interest rate risk management is 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 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 interest rate swaps to hedge against fluctuations in interest rates for certain floating rate financing arrangements. The group has also entered into floating rate financing for certain aircraft which is matched with floating rate deposits. Additionally certain cash deposits have been set aside as collateral (subject to an agreed capped amount of €200m) to mitigate certain counterparty risk of fluctuations on long-term derivative and financing arrangements ("restricted cash"). At March 31, 2006 such restricted cash amounted to €200.0m (2005: €200.0m). Additional numerical information on these swaps and on other derivatives held by the group is set out in notes 3 and 15 of the financial statements.

Additional Performance Measures

The group has referred to a number of additional performance measures throughout this operating and financial review, which are defined as follows:

• Adjusted profit for the year is as set out on page 9. Items adjusted for include the financial impact of once off events that are not normally expected to occur within the usual operating cycle of the group.

• Adjusted operating expenses are total operating expenses as adjusted for the items defined on page 9.

• Adjusted operating margin is the adjusted operating profit expressed as a percentage of total revenues.

• Adjusted operating profit is the operating profit as adjusted for the items listed on page 9 excluding the effect of taxation.

• Adjusted earnings per share relates to basic earnings per share adjusted to take account of items listed on page 9 and as more fully described in note 22.

International Financial Reporting Standards

The financial statements have been prepared for the first time for the year ended March 31, 2006 under IFRS as adopted by the EU and in the case of the company, under IFRS as adopted by the EU, as applied in accordance with the Companies Acts 1963 to 2005. Comparative information, which was previously presented under Irish GAAP for the year ended March 31, 2005 has been restated under IFRS, with the exception of financial assets and liabilities as IAS 32 and IAS 39 were adopted with effect from April 1, 2005.

The principal changes to our financial statements arising from this transaction were in the areas of:

- Business combinations
- Share based payments
- Pensions & employee benefits
- Financial instruments; and
- Property, plant and equipment

Further details on the financial impact of these items has been set out in note 27 to the financial statements.

Directors' Report

for the year ended March 31, 2006

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 8 to 15.

Results for the Year

Profit for the financial year amounted to €306.7m. Details of the results are set out in the consolidated income statement on page 36 and in the related notes.

Share Capital

The number of ordinary shares in issue at March 31, 2006 was 771,016,623.

Accounting Policies

The results for the year and the comparative year have been prepared in accordance with IFRS. Details concerning the principal changes from Irish GAAP to IFRS and the impact on Ryanair's historical financial statements are set out in note 27.

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.

Staff

At March 31, 2006, the group employed 3,453 people. This compares to 2,717 staff at March 31, 2005. The increase in staff levels consisted mainly of pilots and cabin crew and arose due to the expansion of the aircraft fleet and continued growth of the group.

Air Safety

Commitment to air safety is a priority of the group. The group has fully documented and implemented a Safety Management System. The group operates continuous staff training programmes. In addition to the designation of a senior pilot as full time Flight Safety Officer, Ryanair has appointed a Flight Safety and Administration Manager and a Flight Safety Administrator. Ryanair has an established Safety Committee comprising of Michael Horgan (chairperson), a Director of the Board, the Director of Flight and Ground operations, the Chief Pilot, the Flight Safety Officer, Director of Engineering, Director of Personnel and In-flight, Quality Assurance Manager-Maintenance, Deputy Director of Ground Operations, Deputy Director of Safety and the Health and Safety Manager.

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.

Company Information

The company was incorporated on August 23, 1996 with a registered number of 249885. It is domiciled in the Republic of Ireland and has its registered offices at Corporate Headquarters, Dublin Airport, Co. Dublin. It is a public limited company and operates under the laws of Ireland.

Substantial Interests in Share Capital

As at July 31, 2006 the directors are aware of the following substantial interests in the share capital of the company which represent more than 3% of the issued share capital. At March 31, 2006 the free float in shares was 94%.

NAME	SHARES HELD	% OF ISSUED SHARE CAPITAL
Fidelity Investments*	111,322,806	14.42%
Gilder Gagnon Howe & Co LCC	52,582,244	6.81%
Wellington Investment Management*	60,516,720	7.84%
Capital Group Companies Inc*	54,040,463	7.00%
Michael O'Leary	35,000,008	4.53%

*The shareholdings at March 31, 2006 were as follows:

Fidelity Investments - 93,739,746
Wellington Investment Management - 61,172,966
Capital Group Companies Inc - 47,398,713

The other substantial shareholdings were as above at March 31, 2006.

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

The Directors endorse the 2003 Combined Code on Corporate Governance which sets out Principles of Good Governance and a code of best practice and which was appended to the Listing Rules of the Irish and London Stock Exchanges. The Directors have reviewed the Group's governance arrangements in light of the 2003 Code and believe that they are fully in compliance.

Code Principles

Ryanair's Board is committed to governing the group in accordance with best practice, and supports 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 comprised 9 non-executive directors and 1 executive director. Biographies of these directors are set out on page 22. 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 management 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, 2006 the Board met on five occasions. Detailed Board papers are circulated in advance so that Board members have adequate time and information to be able to participate fully at the meeting. The Board's primary 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 has established a process to annually evaluate the performance of the Board and its principal Committees. The Board anticipates that the formal evaluation will be completed in the calendar year. Based on the evaluation process completed, the Board considers that the principal Committees have performed effectively throughout the year.

The Board regards the 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.

Directors' Report

(Continued)

Directors' Independence

The Board has considered Mr. Kyran McLaughlin's independence given his role as Deputy Chairman and Head of Capital Markets at Davy Stockbrokers. Davy Stockbrokers are one of Ryanair's brokers and provide corporate advisory services to Ryanair from time to time. The Board has considered the fees paid to Davy Stockbrokers for these services and believe that they are immaterial to both Ryanair and Davy Stockbrokers given the size of each organisation's business operations and financial results. Having considered this relationship, the Board has concluded that Mr. McLaughlin continues to be an independent non executive director within the spirit and meaning of the Combined Code Rules.

The Board has also considered the independence of Mr. David Bonderman and Dr. Tony Ryan given their respective shareholdings in Ryanair Holdings plc. Mr. David Bonderman and Dr. Tony Ryan have a shareholding in the company of 7,008,680 ordinary shares and 5,758,535 ordinary shares, equivalent to 0.91% and 0.75% of the issued share capital, respectively. Having considered their individual shareholdings in light of the number of issued shares in Ryanair Holdings plc and the respective financial interests of each of the directors, the Board has concluded that their respective interests are not so material as to breach the spirit of the independence rule contained in the Combined Code

The Board has also considered the independence of David Bonderman, James Osborne and Dr. Tony Ryan as they have each served more than nine years on the Board. The Board considers that each of these three directors is independent as each has other significant commercial and professional commitments and each brings his own level of senior experience gained in their fields of international business and professional practice. For these reasons, and also because each director's independence is considered annually by the Board, the Board considers it appropriate that these directors have not been offered for annual re-election as is recommended by the Combined Code.

New non-executive directors are encouraged to meet the executive director and senior management for briefing on the group's developments and plans. Directors can only be appointed following selection by 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 Mr. Michael Horgan, Mr. Kyran McLaughlin and Mr. Paolo Pietrogrande will be retiring, and being eligible will offer themselves for re-election at the AGM on September 21, 2006. Mr. Raymond MacSharry will be retiring from the Board effective from the conclusion of the 2006 AGM.

In accordance with the recommendations of the Combined Code, Mr. Kyran McLaughlin is Chairman of the Audit Committee and Mr. James Osborne the senior non-executive director is Chairman of 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. The committee's terms of reference are available from the Company Secretary and are displayed on the company's web-site at www.Ryanair.com. Further information is detailed below under "Accountability and Audit." Its members are Mr. Kyran McLaughlin, Mr. Ray MacSharry and Mr. Emmanuel Faber. The Board consider that all of the audit committee members have relevant financial expertise and that Mr. Emmanuel Faber is a recognised financial expert.

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 Dr. Tony Ryan.

The Remuneration Committee
The members of the Remuneration Committee are Mr. James Osborne, Mr. Paolo Pietrogrande and Mr. Klaus Kirchberger. 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. David Bonderman, Mr. Michael O'Leary and Dr. Tony Ryan. 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, the Chief Pilot, the Director of Flight and Ground Operations, the Flight Safety Officer, the Director of Engineering, Director of Personnel and In-flight, Quality Assurance Manager-Maintenance, Deputy Director of Safety and the Health and Safety Manager. The Air Safety Committee meets regularly to discuss relevant issues and reports to the Board on a quarterly basis.

The number of Board and committee meetings held and attended during the year are given below.

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 Committee is contained on page 25.

Relations with Shareholders

Ryanair communicates with institutional shareholders following the release of quarterly and annual results directly via road shows, investor days and/or by conference calls. The Chief Executive, senior financial, operational, and commercial management participate in these events. During the year ended March 31, 2006 the group held discussions with a substantial number of institutional investors. All shareholders are given adequate notice of the AGM at which the Chairman reviews 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 Chairmen of the Audit and Remuneration Committees are available to answer questions from all shareholders.

The number of Board committee meetings held and attended during the year was as follows:

	Board	Audit Committee	Remuneration Committee	Air Safety Committee
David Bonderman	4/5	-	-	-
Michael O'Leary	5/5	-	-	-
Michael Horgan	5/5	-	-	4/4
Raymond MacSharry	4/5	6/7	-	-
Kyran McLaughlin	5/5	7/7	-	-
James R. Osborne	5/5	-	2/2	-
Paolo Pietrogrande	5/5	-	1/2	-
T. Anthony Ryan	3/5	-	-	-
Emmanuel Faber	2/5	1/7	-	-
Klaus Kirchberger	2/5	-	1/2	-

There were no executive or nomination committee meetings held during the year.

Directors' Report

(Continued)

Accountability and Audit

The directors have set out their responsibility for the preparation of the financial statements on page 26. They have also considered the going concern position of the group and their conclusion is set out on page 21. 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, 2006 the Audit Committee met on 7 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.

In addition, the Audit Committee has responsibility for appointing, setting compensation and overseeing the work of the independent auditor. The Audit Committee pre-approves all audit and permissible non-audit services provided by the independent auditor.

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.

In accordance with the provisions of the Combined Code the directors review the effectiveness of the group's system of internal control including:

- Financial
- Operational
- Compliance
- Risk
- Management

The Board is ultimately responsible for the group's system of internal controls and for monitoring its effectiveness.

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

- a strong and independent Board which meets at least 4 times a year and has separate Chief Executive and Chairman roles;
- a clearly defined organisational structure along functional lines and a clear division of responsibility and authority in the group;
- a 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 authorisation limits and procedures;
- an internal audit function which reviews key financial/ business processes and controls, and which has full and unrestricted access to the Audit Committee;
- an Audit Committee which approves audit plans, considers significant control matters raised by management and the internal and external auditors and which is actively monitoring the group's compliance with section 404 of the Sarbanes Oxley Act of 2002;
- 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 for the year ended March 31, 2006 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.

Directors' Report

(Continued)

Code of Business Conduct

Ryanair's standards of integrity and ethical values have been established and are documented in Ryanair's Code of Business Conduct. This code is applicable to all Ryanair employees. There are established channels for reporting code violations or other concerns in a confidential manner. The internal auditor investigates any instances and reports findings directly to the Audit committee.

Going Concern

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

Statement of Compliance

The Irish Stock exchange and UK Listing Authority require listed companies to disclose, in relation to section 1 of the 2003 Combined code, how they have applied its provisions throughout the year. The Company had fully complied with the provisions set out in Section 1 of the 2003 Combined code throughout the year.

Subsidiary Companies

Details of the principal subsidiary undertakings are disclosed on page 68 of the financial statements.

Directors and their Interests

A list of the directors who held office in the period is set out on page 75. 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, 2006 had no interests other than those outlined in note 19 in the shares of the company or group companies.

Share buy back

The Board intends to seek shareholder approval at the AGM , in the best interest of shareholders and at an appropriate time which has yet to be determined, for the ability to purchase and subsequently cancel ordinary shares from the shareholders - a share buy back programme.

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.

Political Contributions

During the financial year ended March 31, 2006 the group made no political contributions which require disclosure under the Electoral Act, 1997.

Post Balance Sheet Events

There were no significant post balance sheet events.

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 21, 2006 at 11am in the Clarion Hotel, Dublin Airport, Co. Dublin.

On behalf of the Board

D. Bonderman
Chairman

M. O' Leary
Chief Executive

August 21, 2006

Directors

David Bonderman (Chairman-USA*)

A director of Ryanair Holdings plc since August 1996 and Chairman of the Board since December 1996. He also serves on the Board of the following public companies: CoStar Group, Inc.; Gemalto S.A.; and Burger King holdings Inc. and serves as a principal and general partner of Texas Pacific Group.

Michael O'Leary (Chief Executive)

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

Michael Horgan (Director)

Michael Horgan has served as a director of Ryanair Holdings plc since January 12, 2001. A former Chief Pilot of Aer Lingus, he sometimes acts as a consultant to a number of international airlines, civil aviation authorities, the European Commission and the European Bank for Reconstruction and Development. Mr. Horgan is the Chairman of the Air Safety Committee of the Board.

Raymond MacSharry (Director)

A director of Ryanair Holdings plc 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 is chairman of London City Airport Ltd. and served as a director of Bank of Ireland Group until July 2006. 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 plc since January 2001, and is Deputy Chairman and Head of Capital Markets 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 Chairman of Elan Corporation plc, and he serves as a director of a number of Irish private companies.

James R. Osborne (Director)

A director of Ryanair Holdings plc 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-Italy)

A director of Ryanair Holdings plc since January 2001. Mr Pietrogande is President, Netplan Management Consulting, LLC (Stamford, CT) and Scientific Director, executive MBA, ALMA graduate school, University of Bologna, Italy, and he is a former CEO of Enel Green Power S.p.A.

T. Anthony Ryan (Director)

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

Emmanuel Faber (Director-France)

A director of Ryanair Holdings plc since September 2002 and is Executive Vice President Asia-Pacific for Group Danone. He also serves as a director of a number of French public companies.

Klaus Kirchberger (Director-Germany)

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

*Directors are of Irish nationality unless otherwise indicated.

Social

The group's aim is that employees understand the group's strategy and are committed to Ryanair. The motivation and commitment of our people is key to our performance. The group's policy is that training, career development and promotion opportunities will be available to all people. 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 343 of our people were promoted internally within the group.

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

The group has launched a number of employee share option schemes. The group also obtained Revenue approval on July 4, 2003 for the new 2003 group scheme under which the first tranche of shares will become exercisable in 2008.

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

Environmental

Ryanair's steady growth is being achieved in the most environmentally sustainable way through investing in the latest aircraft and engine technologies and the implementation of certain operational and commercial decisions that help to minimise the airline's impact on the environment. Ryanair is currently the industry leader in terms of environmental efficiency and is constantly working towards further improving its performance.

Technology

In December 2005 Ryanair completed its fleet replacement and expansion programme commenced in 1999 with aircraft with a market value of over €7bn. All of Ryanairs older Boeing 737-200 aircraft were replaced with Boeing 737-800 "Next Generation" aircraft and Ryanair currently operates a single aircraft type fleet of 103 aircraft with an average age of just 2.4 years. Ryanair has a further 142 aircraft of this type on order from Boeing and options on another 169. The Boeing 737-800 has more seats than the Boeing 737-200 and, hence, has lower fuel burn and emissions per seat. The design of the new aircraft is aimed at minimising drag, thereby further reducing fuel burn and noise levels. The engines are also quieter and more fuel efficient.

Ryanair has also undertaken the process of installing winglets on all of its existing aircraft and all future aircraft will also be fitted with winglets. The installation of winglets to Ryanair's Boeing 737-800 "Next Generation" aircraft will reduce fuel burn and CO_2 emissions by a further 2-4% and will also further reduce noise emissions. The Company plans to have its winglet programme on existing aircraft completed by December 31, 2006.

Operational and commercial characteristics

Ryanair has distinctive operational and commercial characteristics which further reduce the impact of its operations on the environment:

- High seat density (189-seat, all economy configuration on a Ryanair aircraft as opposed to 162 seat, two-class configuration of the Boeing 737-800 "Next Generation" aircraft used by traditional network airlines- reducing fuel burn and emissions per seat kilometre flown);
- High load factors (reducing fuel burn and emissions per passenger kilometre flown);
- Use of under-utilised secondary and regional airports (limited use of holding patterns and short taxiing times- reducing fuel burn and emissions; better utilisation of existing infrastructure thereby reducing the need for new airport infrastructure);
- Direct services as opposed to connecting flights (no need for passengers to transfer at main hubs-reducing the number of take-offs and landings per journey from 4 to 2, i.e. reducing fuel burn and emissions per journey);
- No late night departures of aircraft (reducing noise level emissions).

Emissions trading

The European commission is currently considering proposals for including aviation in the European Emissions Trading Scheme '(ETS)'. The effect of the ETS is likely to impose an "emissions levy" on airlines, particularly those that have already heavily invested in cleaner aircraft technology and already engage in efficient operations as they will have no further headroom to reduce emissions. We believe that this additional cost burden on airlines will increase fares and damage the competitiveness of the industry (see below).

Social, Environmental and Ethical report

(Continued)

Environmental (Continued)

Emissions trading (continued)

Ryanair and the Low Fares Airline Association (ELFAA) have called on the European Commission to conduct a proper cost/benefit analysis before proceeding with any legislative proposals that could seriously damage the industry. A report commissioned by ELFAA shows that aviation currently accounts for less than 4% of emissions in the EU 15 but is directly responsible for over 3 million jobs and over €220 billion in GDP. This contrasts with road transport which accounts for 20% of European emissions and a fraction of the economic benefits.

As noted above, Ryanair takes its environmental responsibilities very seriously and will continue to improve its efficiency and minimise emissions. We believe that the introduction of ETS will not affect this and will only lead to increased costs.

Fuel tax/emissions levy

Ryanair is fundamentally opposed to the introduction of any fuel tax or emissions levy. Ryanair continues, to offer the lowest fares in Europe, to make air travel affordable to European consumers. Ryanair believes that the imposition of a tax on fuel or emissions will not only increase airfares but will most likely discourage new entrants into the market resulting in less choice for consumers. This will have adverse effects on the European economy generally.

As a company we believe in free market competition and believe that the imposition of any of the above measures would enable the traditional flag carriers (who have smaller and older aircraft, lower load factors, a much higher fuel burn per passenger, and who operate primarily into inefficient congested airports) to achieve their objectives of reducing competition. Furthermore the introduction of a fuel tax or emissions levy on a European level only would distort competition between airlines operating solely within Europe and those operating also outside of Europe. We believe that the introduction of such a tax/levy would also be incompatible with international law.

Aircraft noise regulations

Ryanair is subject to international, national and, in some cases, local noise regulations. EU and Irish regulations require that all aircraft operated by Ryanair comply with Stage 3 noise requirements since April 1, 2002. All of Ryanair's aircraft comply with these regulations. Certain airports in the U.K. (including London Stansted and London Gatwick) and continental Europe have established local noise restrictions, including limits on the number of hourly or daily operations or the time of such operations.

Group facilities

Environmental controls are generally imposed under Irish law through property planning legislation specifically the Local Government (Planning and Development) Acts of 1963 to 1999, the Planning and Development Act 2000 and regulations made thereunder. At Dublin Airport, Ryanair operates on land controlled by the Dublin Airport Authority (DAA). Planning permission for Ryanair's facilities has been granted in accordance with both the zoning, and planning requirements of Dublin Airport. There is also specific Irish environmental legislation implementing applicable EU Directives and Regulations, which Ryanair adheres to.

From time to time, noxious or potentially toxic substances are held on a temporary basis within Ryanair's engineering facilities at Dublin airport and Glasgow Prestwick. However, at all times Ryanair's storage and handling of these substances complies with the relevant regulatory requirements. In our Glasgow Prestwick maintenance facility all normal waste is removed under the Environmental Protection Act of 1996 and Duty of Care Waste Regulations. For special waste removal, Ryanair operates under the special Waste Regulations 1998 (contaminated waste). At all other facilities Ryanair adheres to all local and EU regulations.

Code of Business Conduct and Ethics

In January 2004 the Board of Ryanair adopted a Code of Business Conduct and Ethics. The code sets out the business principles to be adopted by the group and its employees. In addition to the Code of Business Conduct and Ethics the employees are also bound by the business principles contained in their terms and conditions of employment.

The management of the company are responsible to the Board for ensuring adherence to the code. The code is renewed annually and any amendments to the code must be approved by the Audit Committee on behalf of the Board.

The code governs all aspects of the way the company conducts its business including, matters relating to conduct in the work environment, business activities, conflicts of interest and compliance with laws and regulations. The code also provides for confidential reporting, procedures for employees and all employees must comply with the code.

Report of the Remuneration Committee to the Board

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

The Remuneration Committee

The Remuneration Committee comprises Mr. James R. Osborne, Mr. Paolo Pietrogrande and Mr. Klaus Kirchberger, all of whom are non-executive directors. The Committee determines the remuneration of senior executives of Ryanair and administers the group's stock option plans. 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 interests of the shareholders.

Non-executive Directors

Non-executive directors are remunerated by way of directors' fees and share options. While the Combined Code notes that the remuneration of the non-executive director should not include share options the Board believes that the quantum of options granted to non-executive directors are not so significant as to raise any issue concerning their independence. Mr. Michael Horgan is remunerated on a consultancy basis on safety issues and by share options. Full details are disclosed in note 19(b) and 19(d) on pages 58 and 59 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 19(a) on page 58 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 & Independent Auditors' Report to the Members of Ryanair Holdings plc

Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the group and parent company financial statements, in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. Under Company law, the directors are required to prepare the group financial statements in accordance with IFRSs as adopted by the EU and have elected to prepare the company financial statements in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts 1963 to 2005.

The financial statements are required by law and IFRSs as adopted by the EU to present fairly the financial position of the company and the group and the performance of the group. The Companies Acts 1963 to 2005 provide in relation to financial statements that references in the relevant part of these Acts to financial statements giving a true and fair view are references to their achieving a fair presentation.

In preparing each of the group and company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgement and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue business.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Acts 1963 to 2005. They are responsible 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.

Under Company law and the requirements of the Listing Rules issued by the Irish Stock Exchange, the directors are also responsible for preparing a Directors' Report and reports relating to directors' remuneration and corporate governance that comply with that law and those Rules.

The directors are responsible for the maintenance of integrity of the corporate and financial information included on the group's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board

D. Bonderman	M. O'Leary
Chairman	Chief Executive

Independent Auditors' Report to the Members of Ryanair Holdings plc

We have audited the group and company financial statements of Ryanair Holdings plc for the year ended March 31, 2006 which comprise the Consolidated Income Statement, the Consolidated and Company Balance Sheets, the Consolidated and Company Cash Flow Statements, the Consolidated Statement of Recognised Income and Expense, the Company Statement of Changes in Shareholders' Equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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.

Independent Auditor's Report to the Members of Ryanair Holdings plc

(Continued)

Respective Responsibilities of Directors and Auditors

The directors responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the EU, are set out in the Statement of Directors Responsibilities on page 26.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

We report to you our opinion as to: whether the financial statements give a true and fair view in accordance with IFRSs as adopted by the EU, and in the case of the company as applied in accordance with the provisions of the Companies Acts 1963 to 2005, and have been properly prepared in accordance with the Companies Acts 1963 to 2005 and Article 4 of the IAS Regulation.

We also report to you, in our opinion as to whether; proper books of account have been kept by the company; whether at the balance sheet date there exists a financial situation requiring the convening of an extraordinary general meeting of the company under section 40 (1) of the Companies (Amendment) Act 1983; and whether the information given in the Directors' Report is consistent with the financial statements. In addition we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the company balance sheet is in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and transactions is not disclosed and where practicable, include such information in our report.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 Combined Code specified for our review by the Listing Rules of 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, and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's and Chief Executive's report, the Operating and Financial review, the Directors Report, the Social, Environmental and Ethical report and the Report of the Remuneration Committee. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Accounting (United Kingdom and Ireland) 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 and company'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 group financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU, of the state of affairs of the group as at March 31, 2006 and of its profit for the year then ended;

- The company financial statements give a true and fair view, in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Acts, 1963 to 2005 of the state of the company's affairs as at March 31, 2006; and

- The financial statements have been properly prepared in accordance with the Companies Acts, 1963 to 2005 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we considered necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the company. The company balance sheet is in agreement with the books of account.

In our opinion, the information given in the directors' report is consistent with the financial statements.

The net assets of the company as stated in the company balance sheet on page 39 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, 2006, 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.

Chartered Accountants
Registered Auditor, Dublin, Ireland
August 21, 2006

Statement of Accounting Policies

Ryanair Holdings plc is a public limited company incorporated and domiciled in the Republic of Ireland, (also referred to hereafter as "we", "our", "us", "Ryanair", "the company" or "the group") and is a low fares airline headquartered in Dublin, Ireland. The financial statements were authorised for issue by the directors on August 21, 2006. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as more particularly detailed below. The following accounting policies have been applied consistently to all periods presented except as otherwise set out below. For a discussion of our critical accounting policies; please refer to page 13 of the Operating and Financial Review.

Basis of Preparation

The Consolidated and Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) that are effective at March 31, 2006 with the exception of the Amendment to IAS 19, which the group has chosen to adopt early. The individual financial statements of the company have been prepared in accordance with IFRSs as adopted by the EU, as applied in accordance with the Companies Acts 1963 to 2005. On publishing the company financial statements together with group financial statements the group is taking advantage of the exemption contained in Section 148(8) of the Companies Act 1963 not to present its individual income statement and related notes that form a part of these approved financial statements. These are our first Consolidated and Company Financial Statements prepared in accordance with IFRS, and comparative information, which was previously presented in accordance with Irish generally accepted accounting principles (Irish GAAP) for the year ended March 31, 2005, has been restated under IFRS, with the exception of IAS 32 and 39 which were adopted with effect from April 1, 2005. An explanation of the effect of the transition to IFRS is provided in Note 27 to the Consolidated Financial Statements.

These Consolidated and Company Financial Statements are presented in Euro rounded to the nearest thousand, being the functional currency of the parent company and the majority of the group companies. They are prepared on the historical cost basis, except for financial instruments and derivative financial instruments, which are stated at fair value. Any non-current assets classified as held for sale are stated at the lower of cost or fair value less costs to sell.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ materially from these estimates. These underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if these are also affected.

Statement of Compliance

The Consolidated and Company Financial Statements have been prepared in accordance with IFRS as adopted by the EU and were effective at March 31, 2006 further to the IAS Regulation (EC 1606/2002) with the exception of the Amendment to IAS 19, which the group has chosen to adopt early. The company financial statements are also prepared in accordance with the Companies Acts 1963 to 2005 except for the exemption elected to be used by the group under Section 148(8) of the Companies Act 1963, in relation to the publication of its income statement. As these are our first Consolidated and Company Financial Statements prepared in accordance with IFRS, IFRS 1, "First-time Adoption of International Financial Reporting Standards," has been applied. For additional information on the transition to IFRS, please refer to note 27 to the Consolidated Financial Statements.

The IFRS as adopted by the EU and applied by us in the preparation of these financial statements are those that were effective at March 31, 2006 with the exception of IAS 19, which the group has chosen to adopt early. The following provides a brief outline on the likely impact on future financial statements of relevant IFRSs adopted by the EU which are not yet effective and have not been adopted in these financial statements;

- Amendment to IAS 1- Capital disclosures (effective January 1, 2007): this amendment will require additional disclosure about our capital structure.

- Amendments to IAS 39- Cash Flow Hedge Accounting of Forecast Intragroup Transactions (effective for fiscal periods beginning on or after January 1, 2006): this amendment is not expected to affect us significantly.

Statement of Accounting Policies

(Continued)

Statement of Compliance (continued)

- Amendments to IAS 39 and IFRS 4: Financial Guarantee Contracts (effective for fiscal periods beginning on or after January 1, 2006): this amendment requires financial guarantee contracts to be accounted for as financial instruments under IAS 39 unless they have been explicitly dealt with as insurance contracts in the past in which case the previous accounting may continue. When the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within the group, we consider these to be insurance arrangements and account for them as such. We treat the guarantee contract as a contingent liability until such time as it becomes probable that we will be required to make a payment under the guarantee. We do not enter into financial guarantee contracts with third parties. We do not expect the amendments to have any impact on the financial statements for the period commencing April 1, 2006

- Amendments to IAS 39 "The Fair Value Option" (effective for fiscal periods beginning on or after January 1, 2006): this amendment is not expected to affect us significantly.

- IFRS 7 - Financial Instruments: Disclosures (effective January 1, 2007). This will require us to make further disclosures relating to our financial instruments than are currently required under IAS 32.

- IFRIC 4 - Determining whether an arrangement contains a Lease (effective for fiscal periods beginning on or after January 1, 2006). This amendment is not expected to affect us significantly.

Basis of Consolidation

The Consolidated Financial Statements comprise the financial statements of Ryanair Holdings plc and its subsidiary undertakings for the year ended March 31, 2006. Subsidiaries are entities controlled by us. Control exists when we have the power either directly or indirectly to govern the financial and operating policies of the entity so as to obtain benefit from its activities.

All intercompany account balances have been eliminated in preparing the Consolidated Financial Statements.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated income statement 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.

2005 Comparative Information

Using the exemptions within IFRS 1, IAS 32 and 39 only came into effect from April 1, 2005. Where the implementation of these standards resulted in a change in accounting policy from April 1, 2005, the 2005 comparatives do not reflect the requirements of these standards. The policies applied in respect of such 2005 comparative information has been set out at the end of this section (under the heading "2005 Accounting Policies" on page 34). The related 2006 accounting policy has been annotated with an asterisk in the heading to indicate the change in policy. Where there is no asterisk, the 2005 policy has been applied consistently to both periods.

Intangible Assets-Landing Rights

Intangible assets acquired are recognised to the extent it is considered probable that expected future benefits will flow to the group and the associated costs can be measured reliably. Landing rights acquired as part of a business combination are capitalised at fair value at that date and are not amortised, where those rights are considered to be indefinite. The carrying value of these rights are reviewed for impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that carrying values may not be recoverable. No impairment to the carrying values of the group's intangible assets has been recorded to date.

Revenues

Scheduled 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 Income Statement as passengers fly. Unused tickets are recognised as revenue on a systematic basis. Miscellaneous fees charged for any changes to flight tickets are recognised as revenue immediately.

Ancilliary revenues are recognised in the Income Statement in the period the ancillary services are provided.

Statement of Accounting policies

(Continued)

Segment Reporting

A segment is a distinguishable component of the group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns different to those of other segments.

The group's primary reporting segments comprise geographic segments relating to the origin of its turnover, as the group only operates in one business segment, the provision of a low fares scheduled airline service across a European route network.

Share Based Payments

The group engages in equity settled share-based payment transactions in respect of services received from certain of its employees. The fair value of the services received is measured by reference to the fair value of the share options granted on the date of the grant. The cost of the employee services received in respect of the share options granted is recognised in the income statement over the period that the services are received, which is the vesting period, with a corresponding credit to equity. The fair value of the options granted is determined using the Binomial Lattice option pricing model, which takes into account the exercise price of the option, the current share price, the risk free interest rate, the expected volatility of the Ryanair Holdings plc share price over the life of the option and other relevant factors. Non market vesting conditions are taken into account by adjusting the number of shares or share options included in the measurement of the cost of employee services so that ultimately, the amount recognised in the income statement reflects the number of vested shares or share options

In accordance with the transition provisions in IFRS 1, Ryanair has applied this fair value calculation to share option grants that were made after November 7, 2002, but which had yet to vest by January 1, 2005.

The company accounts for the fair value of share options granted to employees of a subsidiary as an increase in its investment in that subsidiary. Fair value of such options is determined consistently with the accounting policy of the group.

Foreign Currency Translation

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Euro, which is the functional currency of each of the group's entities.

Transactions arising in foreign currencies are recorded at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the balance sheet date and all related exchange gains or losses are accounted for through the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Euro at foreign exchange rates ruling at the dates the transactions were effected.

Derivative Financial Instruments*

Ryanair is exposed to market risks relating to fluctuations in commodity prices, interest rates and currency exchange rates. The objective of financial risk management at Ryanair is to minimize the impact of commodity price, interest rate and foreign exchange rate fluctuations on the group's earnings, cash flows and equity.

To manage these risks, Ryanair uses various derivative financial instruments, including interest rate swaps, foreign currency forward contracts and commodity contracts. These derivative financial instruments are generally held to maturity and are not actively traded. The group enters into these arrangements with the goal of hedging its operational and balance sheet risk. However, Ryanair's exposure to commodity price, interest rate and currency exchange rate fluctuations cannot be neutralized completely.

From April 1, 2005, the group has applied the provisions of IAS 39 in accounting for its derivatives. Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments continue to be restated to fair value. Recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts and jet fuel contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Statement of Accounting policies

Continued

Derivative Financial Instruments* (Continued)

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity (in the cash flow hedging reserve). When the forecasted transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability for non financial items being hedged. Otherwise the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction. The ineffective part of any hedging transaction and the gain or loss therein is recognised in the income statement immediately.

When a hedging instrument or hedge relationship is terminated but the hedged transaction still is expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Where a derivative financial instrument hedges the changes in fair value of a recognised asset or liability or an unrecognised firm commitment, any gain or loss on the hedging instrument is recognised in the income statement. The hedged item also is stated at fair value in respect of the risk being hedged, with any gain or loss also being recognised in the income statement.

Income Taxes including Deferred Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity (derivative financial instruments and pensions and other post retirement obligations), in which case it is recognized in equity. Current tax payable on taxable profits is recognised as an expense in the period in which the profits arise using tax rates enacted or substantially enacted at the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary timing differences arising from the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and legislation enacted or substantially enacted by the balance sheet date and expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. The following temporary differences are not provided for: the initial recognition of assets and liabilities that effect neither accounting nor taxable profit and differences relating to investments in subsidiaries to the extent that it is probable they will not reverse in the future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that a sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership have transferred to the group, are capitalised in the balance sheet and are depreciated over their estimated useful lives. The asset is recorded at the lower of its fair value, less accumulated depreciation, and the present value of the minimum lease payments at the inception of the finance lease. 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 income statement over the period of the lease in proportion to the balances outstanding.

Expenditure arising under operating leases (being leases where the lessor retains substantially all the risks and rewards of ownership) is charged to the income statement as incurred. The group also enters into sale and leaseback transactions whereby it sells the rights to acquire aircraft to a third party and subsequently leases the aircraft back, by way of operating lease. Any profit on the disposal, where the price achieved on the disposal of the aircraft is not considered to be at fair value, is spread over the period the asset is expected to be used. The profit or loss amount deferred is included within other creditors and analysed into its components of greater or less than one year.

Statement of Accounting policies

Continued

Aircraft Maintenance Costs

The accounting for the cost of providing major airframe and certain engine maintenance checks for owned aircraft is described in the accounting policy for property, plant and equipment.

With respect to the group's operating lease agreements, where the group has a contractual obligation to maintain the aircraft, provision is made during the lease term for the obligation based on estimated future costs of major airframe and certain engine maintenance checks by making appropriate charges to the income statement calculated by reference to the number of hours or cycles operated during the year.

All other maintenance costs are expensed as incurred.

Pensions and other Post Retirement Obligations

The group provides employees with post retirement benefits in the form of pensions. The group operates a number of defined contribution and defined benefit pension schemes.

Costs arising in respect of the group's defined contribution pension schemes are charged to the income statement in the period in which they are incurred. Any contributions unpaid at the balance sheet date are included as a liability.

The liabilities and costs associated with the group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by professionally qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the balance sheet date. The discount rates employed in determining the present value of each scheme's liabilities are determined by reference to market yields at the balance sheet date of high quality corporate bonds in the same currency and term that is consistent with those of the associated pension obligations. The net surplus or deficit arising on the group's defined benefit schemes is shown within non-current assets or liabilities on the balance sheet. The deferred tax impact of any such amount is disclosed separately within deferred tax.

The group separately recognises the operating and financing costs of defined benefit pensions (and similarly funded employee benefits) in the income statement. The standard permits a number of options for the recognition of actuarial gains and losses. All cumulative actuarial gains and losses as at the transition date (April 1, 2004) were accordingly recognised in retained earnings at that date.

Provisions and Contingencies

A provision is recognised in the balance sheet when we have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future outflow at a pre- tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

We assess the likelihood of any adverse outcomes to contingencies, including legal matters, as well as probable losses. We record provisions for such contingencies when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. A contingent liability is disclosed where the existence of the obligation will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability. Provisions are remeasured at each balance sheet date based on the best estimate of the settlement amount.

In relation to legal matters, we develop estimates in consultation with outside counsel handling our defence in these matters using the current facts and circumstances known to us. The factors that we consider in developing our legal contingencies and provisions include the merits and jurisdiction of the litigation, the nature and number of other similar current and past litigation cases, the nature of the subject to the litigation, and the likelihood of settlement and current state of settlement discussions, if any.

Statement of Accounting Policies

Continued

Property, Plant & Equipment

AIRCRAFT TYPE	NO OF OWNED AIRCRAFT	USEFUL LIFE	RESIDUAL VALUE	AVERAGE AGE
Boeing 737-800	86	23 years from date of manufacture	15% of original cost	2.4 yrs

RATES OF DEPRECIATION	
Plant and equipment	20 - 33.3%
Fixtures and fittings	20%
Motor vehicles	33.3%
Buildings	5%

Property, plant and equipment are stated at historical 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 above.

Aircraft are depreciated over their estimated useful lives to estimated residual values as detailed in the table above.

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 Boeing 737-800 "next generation" 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 as part of property, plant and equipment. On acquisition of the related aircraft these payments are included as part of the cost of aircraft and are depreciated from that date.

Rotable spare parts held by the group are classified as property, plant and equipment if they are expected to be used over more than one period and are accounted for in the same manner as the related aircraft.

Cash and Cash Equivalents

Cash represents cash held at bank and available on demand.

Cash equivalents are current asset investments (other than cash) that are readily convertible into known amounts of cash. Cash equivalents include investments in commercial paper, certificates of deposit and cash deposits of more than one day, but less than three months. Deposits with a maturity of greater than three months are recognised as short term investments.

Financial Assets*

Financial assets comprise cash deposits of greater than three months maturity. All are classified as held to maturity as there is a significant financial disincentive from redeeming such amounts at an earlier stage. All such amounts are carried initially at fair value and then subsequently at amortised cost in the balance sheet.

The parent company also holds investments in group companies which are carried at cost less any impairments.

Statement of Accounting Policies

(Continued)

Inventories

Inventories 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.

Interest Bearing Loans & Borrowings

All loans and borrowings are initially recorded at fair value, being the fair value of the consideration received, net of attributable transaction costs. Subsequent to initial recognition, non-current interest bearing loans are measured at amortised cost, using the effective interest yield methodology.

Business Combinations

The purchase method of accounting is employed in accounting for the acquisition of businesses. In accordance with IFRS 3, the cost of a business combination is measured as the aggregate of the fair values at the date of exchange of assets given and liabilities incurred or assumed in exchange for control, together with any directly attributable expenses. The assets and liabilities and contingent liabilities of the acquired entity are measured at their fair values at the date of acquisition. When the initial accounting for a business combination is determined provisionally, any adjustments to the provisional values allocated are made within twelve months of the acquisition date and are effected prospectively from that date.

Trade and Other Receivables and Payables

Trade and other receivables and payables are stated at cost less impairment losses, which approximates to fair value given the short dated nature of these assets and liabilities.

Guarantees

The company occasionally guarantees certain liabilities of subsidiary companies. These are considered to be insurance arrangements and are accounted for as such i.e. are treated as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

2005 Accounting Policies

The 2005 comparatives do not reflect the provisions of the IFRS standards in respect of IAS 32 and 39. The policies in respect of the 2005 comparative information have been set out below.

These policies are in addition to those previously identified where the 2006 policy has been applied consistently to both periods presented in the accounts.

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 aviation fuel prices, foreign exchange and interest rates. Derivative financial instruments are utilised to fix aircraft fuel prices, foreign exchange and interest rate exposures. Gains and losses on derivative financial instruments were recognised in the Income Statement when realised as an offset to the related income or expense, and the group does not enter into any such transactions for speculative purposes.

Financial Assets

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

Consolidated Balance Sheet

at March 31, 2006

	Note	2006 €000	2005 €000
Non-current assets			
Property, plant and equipment	1	2,532,988	2,117,891
Intangible assets	2	46,841	46,841
Derivative financial instruments	3	763	-
Total non-current assets		2,580,592	2,164,732
Current assets			
Inventories	5	3,422	2,460
Other assets	6	29,453	24,612
Trade receivables	7	29,909	20,644
Derivative financial instruments	3	18,872	-
Restricted cash	8	204,040	204,040
Financial assets: cash > 3 months		328,927	529,407
Cash and cash equivalents		1,439,004	872,258
Total current assets		2,053,627	1,653,421
Total assets		4,634,219	3,818,153
Current liabilities			
Trade payables		79,283	92,118
Accrued expenses and other liabilities	9	570,614	418,653
Current maturities of long term debt	15	153,311	120,997
Derivative financial instruments	3	27,417	-
Current tax	4	15,247	17,534
Total current liabilities		845,872	649,302
Non-current liabilities			
Provisions	10	16,722	7,236
Derivative financial instruments	3	81,897	-
Deferred income tax liability	4	127,260	104,180
Other creditors	11	46,066	29,072
Long term debt	15	1,524,417	1,293,860
Total non-current liabilities		1,796,362	1,434,348
Shareholders' equity			
Issued share capital	14	9,790	9,675
Share premium account	14	596,231	565,756
Retained earnings		1,467,623	1,158,584
Other reserves		(81,659)	488
Shareholders' equity		1,991,985	1,734,503
Total liabilities and shareholders' equity		4,634,219	3,818,153

On behalf of the Board

M.O'Leary Director

D.Bonderman Director

August 21, 2006

Consolidated Income Statement

for the year ended March 31, 2006

	Note	2006 €000	2005 €000
Operating revenue			
Scheduled revenues		1,433,377	1,128,116
Ancillary revenues	16	259,153	190,921
Total operating revenue			
-continuing operations	16	1,692,530	1,319,037
Operating expenses			
Staff costs	17	(171,412)	(141,673)
Depreciation	1	(124,405)	(110,357)
Fuel & oil		(462,466)	(265,276)
Maintenance, materials & repairs		(37,417)	(26,280)
Marketing & distribution costs		(13,912)	(19,622)
Aircraft rentals	18	(47,376)	(21,546)
Route charges		(164,577)	(135,672)
Airport & handling charges		(216,301)	(178,384)
Other	18	(79,618)	(79,489)
Total operating expenses		(1,317,484)	(978,299)
Operating profit - continuing operations		375,046	340,738
Other (expenses)/income			
Foreign exchange (losses)		(1,234)	(2,302)
Gain on disposal of property, plant and equipment		815	47
Finance income		38,219	28,342
Finance expense	20	(73,958)	(57,629)
Total other (expenses)/income		(36,158)	(31,542)
Profit before taxation		338,888	309,196
Tax on profit on ordinary activities	4	(32,176)	(29,153)
Profit for the year- all attributable to equity holders of parent		306,712	280,043
Earnings per ordinary share (€cent)			
- Basic	22	40.00	36.85
- Diluted	22	39.74	36.65
Weighted average number of ordinary shares (in 000's)			
- Basic	22	766,833	759,911
- Diluted	22	771,781	764,003

On behalf of the Board

M.O'Leary
Director

D.Bonderman
Director

August 21, 2006

Consolidated Cash Flow Statement

for the year ended March 31, 2006

	2006 €000	2005 €000
Operating activities		
Profit before taxation	338,888	309,196
Adjustments to reconcile profits before tax to net cash provided by operating activities		
Depreciation	124,405	110,357
(Increase) in inventories	(962)	(424)
(Increase) in trade receivables	(9,265)	(5,712)
(Increase) in other current assets	(882)	(4,855)
(Decrease)/increase in trade payables	(12,835)	24,182
Increase in accrued expenses	150,083	89,406
Increase/(decrease) in other creditors	11,402	(11,603)
Increase in maintenance provision	9,486	714
(Gain) on disposal of fixed assets	(815)	(47)
Interest receivable	(3,959)	(505)
Interest payable	1,159	3,420
Retirement costs	507	167
Share based payments	2,921	488
Income tax	437	(3,581)
Net cash provided by operating activities	610,570	511,203
Investing activities		
Capital expenditure (purchase of property, plant and equipment)	(546,225)	(631,994)
Proceeds from sale of property, plant and equipment	8,460	2,234
(Investment) in restricted cash	-	(4,040)
Reduction/(investment) in financial assets: cash> 3 months	200,480	(216,662)
Net cash used in investing activities	(337,285)	(850,462)
Financing activities		
Net proceeds from shares issued	30,590	5,382
Proceeds from long term borrowings	386,809	550,021
Repayments of long term borrowings	(123,938)	(88,146)
Net cash provided by financing activities	293,461	467,257
Increase in cash and cash equivalents	566,746	127,998
Cash and cash equivalents at beginning of year	872,591	750,584
Effects of exchange rates on foreign currency balances	(333)	(6,324)
Cash and cash equivalents at end of year	1,439,004	872,258

Consolidated Statement of Recognised Income and Expense and other reserve movements

for the year ended March 31, 2006

Consolidated Statement of Recognised Income and Expense	2006 €000	2005 €000
Net actuarial gains/(losses) from retirement benefit plans	2,327	(4,733)
Cash flow hedge reserve		
New movements into cash flow hedge reserve	65,966	-
Movements from cash flow hedge reserve	(22,960)	-
Net movements into cash flow hedge reserve	43,006	-
Profit for the year	306,712	280,043
Total recognised income and expense	352,045	275,310
Transition to IFRS - impact of IAS 39-cash flow hedge reserve	(128,074)	-
Total recognised income and expense as restated attributable to equity shareholders	223,971	275,310

The following note analyses our consolidated changes in shareholders' equity

	Ordinary shares €000	Share premium account €000	Retained earnings €000	Other reserves €000	Total €000
Balance at April 1, 2004	9,643	560,406	883,274	-	1,453,323
Issue of ordinary equity shares	32	5,350	-	-	5,382
Profit for the financial year	-	-	280,043	-	280,043
Share-based payments	-	-	-	488	488
Retirement benefits	-	-	(4,733)	-	(4,733)
Balance at March 31, 2005	9,675	565,756	1,158,584	488	1,734,503
Adjustment for impact of first time adoption of IAS 39	-	-	-	(128,074)	(128,074)
New movements into cash flow hedge reserve	-	-	-	65,966	65,966
Movements from cash flow hedge reserve	-	-	-	(22,960)	(22,960)
Net movements into cash flow hedge reserve	-	-	-	43,006	43,006
Issue of ordinary equity shares	115	30,475	-	-	30,590
Profit for the financial year	-	-	306,712	-	306,712
Share-based payments	-	-	-	2,921	2,921
Retirement benefits	-	-	2,327	-	2,327
Balance at March 31, 2006	**9,790**	**596,231**	**1,467,623**	**(81,659)**	**1,991,985**

The total share based payments reserve at March 31, 2006 was €3.4m (2005: €0.5m) and the cash flow hedging reserve amounted to €85.1m at March 31, 2006 (2005: nil). Further details of the groups derivatives are set out in notes 3, 15 and 27. The accumulated balance on retained earnings is stated after a write off of goodwill on a previous group reorganisaton of €4.1 m which arose in the year ended March 31, 1997. The group has elected not to restate this transaction in accordance with provisions of IFRS 1.

Company Balance Sheet

at March 31, 2006

Company Balance Sheet		2006 €000	2005 €000
Non current assets			
Investments in subsidiaries	12	75,403	72,482
Current assets			
Loans and receivables from subsidiaries	6	569,831	539,241
Total assets		645,234	611,723
Non-current liabilities			
Amounts due to subsidiaries	13	35,172	35,172
Shareholders' equity			
Issued share capital	14	9,790	9,675
Share premium account	14	596,231	565,756
Retained earnings		632	632
Other reserves		3,409	488
Shareholders' equity		610,062	576,551
Total liabilities and shareholders' equity		645,234	611,723

On behalf of the Board

M. O'Leary D. Bonderman
Director **Director**

August 21, 2006

Company Cash Flow Statement and Company Statement of Changes in Shareholders' Equity

Company Cash Flow Statement

	2006 €000	2005 €000
Investing activities		
(Increase) in loans to subsidiaries	(30,590)	(5,382)
Net cash used in investing activities	(30,590)	(5,382)
Financing activities		
Net proceeds from shares issued	30,590	5,382
Net cash provided by financing activities	30,590	5,382
Movement in cash and cash equivalents	-	-
Cash and cash equivalents at beginning and end of year	-	-

The company made neither a profit nor a loss in the current and preceding accounting periods

Company Statement of Changes in Shareholders' Equity

	Ordinary shares €000	Share premium account €000	Retained earnings €000	Other reserves €000	Total €000
Balance at April 1, 2004	9,643	560,406	632	-	570,681
Issue of ordinary equity shares	32	5,350	-	-	5,382
Share based payments	-	-	-	488	488
Balance at March 31, 2005	9,675	565,756	632	488	576,551
Issue of ordinary shares	115	30,475	-	-	30,590
Share-based payments	-	-	-	2,921	2,921
Balance at March 31, 2006	**9,790**	**596,231**	**632**	**3,409**	**610,062**

1 PROPERTY, PLANT AND EQUIPMENT

GROUP

March 31, 2006

	Aircraft €000	Hangar & Buildings €000	Plant & Equipment €000	Fixtures & Fittings €000	Motor Vehicles €000	Total €000
Cost						
At beginning of year	2,544,771	13,129	5,357	10,685	640	2,574,582
Additions in year	542,518	136	1,183	1,136	341	545,314
Disposals in year	(217,204)	-	-	(48)	-	(217,252)
At end of year	2,870,085	13,265	6,540	11,773	981	2,902,644
Depreciation						
At beginning of year	440,374	2,934	3,938	8,933	512	456,691
Charge for year	121,611	740	938	1,022	94	124,405
Eliminated on disposals	(211,408)	-	-	(32)	-	(211,440)
At end of year	350,577	3,674	4,876	9,923	606	369,656
Net book value						
At March 31, 2006	2,519,508	9,591	1,664	1,850	375	2,532,988

March 31, 2005

	Aircraft €000	Hangar & Buildings €000	Plant & Equipment €000	Fixtures & Fittings €000	Motor Vehicles €000	Total €000
Cost						
At beginning of year	1,980,477	13,081	4,247	9,718	466	2,007,989
Additions in year	627,180	48	1,115	988	174	629,505
Disposals in year	(62,886)	-	(5)	(21)	-	(62,912)
At end of year	2,544,771	13,129	5,357	10,685	640	2,574,582
Depreciation						
At beginning of year	393,438	2,549	2,868	7,828	376	407,059
Charge for year	107,656	385	1,075	1,105	136	110,357
Eliminated on disposals	(60,720)	-	(5)	-	-	(60,725)
At end of year	440,374	2,934	3,938	8,933	512	456,691
Net book value						
At March 31, 2005	2,104,397	10,195	1,419	1,752	128	2,117,891

At March 31, 2006, aircraft with a net book value €2,124.4m (2005: €1,789.5m) were mortgaged to lenders as security for loans. Under the security arrangements for the group's new Boeing 737-800 "next generation" aircraft, the group does not hold legal title to those aircraft while loan amounts remain outstanding.

At March 31, 2006, the cost and net book value of aircraft includes €301.5m (2005: €292.5m) in respect of advance payments on aircraft. This amount is not depreciated. The cost and net book value also includes capitalised aircraft maintenance, aircraft simulators and stock of spare aircraft parts.

The net book value of assets held under finance leases at March 31, 2006 and 2005 was €91.6m and €95.3m respectively.

2 INTANGIBLE ASSETS

Group	Landing Rights €000
At March 31, 2004	46,841
At March 31, 2005	46,841
At March 31, 2006	**46,841**

Landing slots were acquired with the acquisition of Buzz Stansted Limited in April 2003. As these landing slots have no expiry date and are expected to be used in perpetuity, they are considered to be indefinite lived and accordingly are not amortised. The directors also consider that there has been no impairment of the value of these rights to date. The recoverable amount of these rights has been determined on a value in use basis, using discounted cash flow projections for a twenty year period for each route which has an individual landing right. The calculation of value in use is most sensitive to the operating margin and discount rate assumptions. Operating margins are based on the existing margins generated from these routes and adjusted for any known trading conditions. The trading environment is subject to both regulatory and competitive pressures that can have a material affect on the operating performance of the business. Foreseeable events, however, are unlikely to result in a change of projections of a significant nature so as to result in the landing rights carrying amounts exceeding their recoverable amounts. These projections have been discounted using a rate that reflects management's estimate of the long term pre tax return on capital employed for its scheduled airline business, estimated to be 5.0% for 2006 and 5.5% for 2005.

3 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financal instruments, which have been recognised at fair value in the group's balance sheet are analysed as follows;

	2006 €000
Non-current assets	
Gains on cash flow hedging instruments- maturing after one year	763
Current assets	
Gains on fair value hedging instruments - maturing within one year	7,543
Gains on cash flow hedging instruments - maturing within one year	11,329
	18,872
Total derivative assets	**19,635**
Current liabilities	
Losses on cash flow hedging instruments - maturing within one year	(27,417)
Non-current liabilities	
Losses on cash flow hedging instruments - maturing after more than one year	(81,897)
Total derivative liabilities	**(109,314)**
Net derivative financial instrument position at year end	**(89,679)**

The group's risk management policies with regard to market, credit, interest rate, currency, commodity and liquidity risks are set out in the Operating and Financial Review on pages 10 to 15.

3 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

The group utilises a range of derivatives designed to mitigate these risks. All of the above derivatives have been accounted for at fair value in the group's balance sheet and have been utilised to hedge against these particular risks arising in the normal course of the group's business. All have been designated as hedges for the purposes of IAS 39. The group has availed of the exemption contained in IFRS 1 and is not retrospectively applying the provisions of IAS 39 to its financial instruments to any period prior to April 1, 2005. In the prior year all gains and losses on such derivatives were permitted to be deferred until the underlying hedged item impacted on earnings and accordingly, prior year disclosures for such items are not dealt with in the table above but are included in note 15 to these financial statements. Details of the transition adjustments arising on the initial application of IAS 39 is set out in note 27.

The table above includes the following derivative arrangements:

	Fair Value 2006 €000
Interest rate swaps	
Less than one year	(27,417)
More than one year	(81,897)
	(109,314)
Foreign currency forward contracts	
Less than one year	18,872
More than one year	763
	19,635
Net derivative position at year end	(89,679)

Additional information in relation to the above interest rate swaps and forward currency contracts (i.e. notional value and weighted average interest rates) can be found in note 15

Interest rate swaps are primarily used to convert a portion the group's floating rate exposures on borrowings and operating leases into fixed rate exposures and are set so as to match exactly the critical terms of the underlying debt or lease being hedged (i.e. notional principal, interest rate settings, repricing dates). These are all classified as cash flow hedges of the forecasted variable interest payments and rentals due on the group's underlying debt and operating leases and have been determined to be highly effective in achieving offsetting cash flows. Accordingly no material level of ineffectiveness has been recorded in the income statement relating to these hedges in the current year.

Foreign currency forward contracts are utilised in a number of ways:

- Forecast Sterling and Euro revenue receipts are converted into US dollars to hedge against committed aircraft payments. These forward contracts are arranged so as to match exactly against future aircraft commitments, as to timing, quantum and currency. These are classified as fair value hedges of the group's US dollar aircraft commitments and have been determined to be highly effective in offsetting fair value changes in the fair value of committed aircraft purchases in US dollars.

- Forecast Sterling and Euro revenue receipts are also converted into US dollars to hedge against forecasted US dollar payments principally for jet fuel, insurance and other aircraft related costs. These are also arranged so as to match exactly against forecasted US dollar payments as to timing, quantum and currency. These are classified as cash flow hedges of forecasted US dollar payments and have been determined to be highly effective in offsetting variability in future cash flows arising from the fluctuation in the US dollar to Sterling and Euro exchange rates for the forecasted US dollar purchases.

3 DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

No material level of ineffectiveness has been recorded for these foreign currency forward contracts in the current year as the underlying hedged items and hedging instruments have been consistently closely matched.

The group also ordinarily utilises jet fuel forward contracts to manage exposure to jet fuel prices however there were none at hand at March 31, 2006.

Unrealised losses on the group's interest rate swaps of €109.3m (2005: €151.9m) will be amortised to the profit and loss account over the period in which forecasted interest and lease payments will be made (typically 1 - 12 years from the year end), as an offset to the related interest and rental expense.

4 DEFERRED AND CURRENT TAXATION

The components of the deferred and current taxation in the balance sheet were as follows:

	2006 €000	2005 €000
Current income tax liabilities		
Corporation tax provision	15,247	17,534
Total current tax	15,247	17,534
Deferred income tax liabilities (non-current)		
Temporary differences on property, plant and equipment, derivatives and pensions	127,260	104,180
Total non current	127,260	104,180
Total tax liabilities	142,507	121,714

Reconciliation of current tax	2006 €000	2005 €000
At beginning of year	17,534	9,765
Corporation tax charge in year	1,950	11,967
Reversal of prior year overprovision	(4,673)	-
Tax refund/(paid)	436	(4,198)
At end of year	15,247	17,534

Reconciliation of deferred tax	2006 €000	2005 €000
At beginning of year	104,180	87,670
Temporary differences on property, plant and equipment, derivatives, pensions and other items	23,080	16,510
At end of year	127,260	104,180

Temporary differences for the year to March 31, 2006 principally consisted of €34.9m for property, plant and equipment, €0.3m for pensions and a deferred tax credit of €12.1m for derivatives. The charge to March 31, 2005 consisted of €17.8m for property, plant and equipment and a deferred tax credit of €1.3m for pensions.

4 DEFERRED AND CURRENT TAXATION (Continued)

The components of the tax expense in the income statement were as follows:	**2006 €000**	2005 €000
Tax charge for year	**1,950**	11,967
Release of prior year overprovision	**(4,673)**	-
Deferred tax charge relating to origination and reversal of temporary differences	**34,899**	17,186
	32,176	29,153

All of the deferred tax charge above arose from the origination 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:	**2006 %**	**2005 %**
Statutory rate of Irish corporation tax	**12.5**	12.5
Adjustments for earnings taxed at higher rates	**1.1**	0.9
Adjustments for earnings taxed at lower rates	**(4.5)**	(4.2)
Other temporary differences	**0.4**	0.2
Total effective rate of taxation	**9.5**	9.4

Deferred tax applicable to items charged or credited directly to equity were as follows:	**2006 €000**	2005 €000
Defined benefit pension obligations	**334**	676
Derivative financial instruments	**(12,153)**	-
Total tax charge in equity	**(11,819)**	676

At March 31, 2006 and 2005 the group had unused net operating losses carried forward of €20.3m, and the resultant deferred tax asset has been netted off against the group's deferred income tax liability. The company has recognised a deferred tax asset on these unused operating losses as the directors believe there is sufficient evidence that these losses will be utilised in future periods. The majority of current and deferred tax recorded in each of fiscal 2006 and 2005 relates to domestic tax charges.

Ryanair.com Limited is engaged in international data processing and reservations services. In these circumstances, Ryanair.com Limited is entitled to claim 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.

The principal components of deferred tax were:	2006 **€'000**	2005 €'000
Arising on capital allowances and other temporary differences	**143,033**	105,509
Arising on unused net operating losses carried forward	**(2,537)**	-
Arising on derivatives	**(12,153)**	-
Arising on pensions	**(1,083)**	(1,329)
Total	**127,260**	104,180

At March 31, 2006 and 2005, the group had fully provided for deferred tax liabilities. No deferred tax has been provided on the unremitted earnings of overseas subsidiaries because there is no intention to remit these to Ireland.

Notes

(Continued)

5 INVENTORIES

GROUP	2006 €000	2005 €000
Consumables	**3,422**	2,460

In the view of the directors, there are no material differences between the replacement cost of inventories and the balance sheet amounts.

6 OTHER ASSETS AND AMOUNTS DUE FROM SUBSIDIARIES

	GROUP		COMPANY	
	2006 €000	2005 €000	**2006 €000**	2005 €000
Prepayments	**14,643**	15,187	**-**	-
Interest receivable	**9,076**	5,117	**-**	-
Value Added Tax recoverable	**5,734**	4,308	**-**	-
Due from Ryanair Limited (subsidiary)	**-**	-	**569,831**	539,241
	29,453	24,612	**569,831**	539,241

All group amounts fall due within one year. All amounts due from subsidiaries are repayable upon demand.

7 TRADE RECEIVABLES

GROUP	2006 €000	2005 €000
Trade receivables	**30,362**	21,049
Provision for impairment	**(453)**	(405)
	29,909	20,644

All amounts fall due within one year

Impairment of trade receivables:	2006 €000	2005 €000
Balance at beginning of year	**(405)**	(352)
Additional impairment charge in year	**(48)**	(53)
Balance at end of year	**(453)**	(405)

8 RESTRICTED CASH

Restricted cash consists of €200m (2005: €200m) placed on deposit as collateral for certain derivative financial instruments and debt financing arrangements entered into by the group, and a further €4m (2005: €4m) held in escrow relating to ongoing legal proceedings.

9 ACCRUED EXPENSES AND OTHER LIABILITIES

GROUP	2006 €000	2005 €000
Current		
Accruals	109,681	87,778
Taxation	111,291	84,936
Unearned revenue	349,642	245,939
	570,614	418,653
Taxation above comprises		
PAYE (payroll taxes)	4,012	3,656
Other tax (principally air passenger duty)	107,279	81,280
	111,291	84,936

10 PROVISIONS

GROUP	2006 €000	2005 €000
Provision for aircraft maintenance on operating leased aircraft		
At beginning of year	7,236	6,522
Released during the year*	-	(6,169)
Charge for year	9,486	6,883
At end of year	16,722	7,236

* During 2005 Ryanair released provisions of €6.2m no longer required relating to operating leased aircraft which were handed back to the lessor.

11 OTHER CREDITORS

This consists of;

- Deferred gains arising from the sale and leaseback of aircraft. During the year, Ryanair entered into a sale and leaseback arrangement for 4 new Boeing 737-800 "next generation" aircraft in addition to a further 13 in previous years.

- The present value of the net pension obligation of €8.7m (2005: €10.6m) in Ryanair Limited. See note 21 for further details.

- Gain on fair value movement in firm commitments to acquire aircraft - maturing within one year of €7.5m (2005: Nil). Ryanair has taken advantage of the exemption from the requirement to restate comparative information for IAS39 contained in IFRS 1. As a result of this exemption the information presented for all periods in relation to hedge accounting up to March 31, 2005 has been accounted for in accordance with Irish/UK GAAP as more fully set out in note 27.

12 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

COMPANY

	2006 €000	2005 €000
Balance at start of year	72,482	71,994
New investments in subsidiaries by way of share option grant to employees	2,921	488
Balance at end of year	75,403	72,482

In the opinion of the directors the fair value of the investments in subsidiary undertakings is at least equal to cost as stated above.

13 AMOUNTS DUE TO SUBSIDIARIES

COMPANY	2006 €000	2005 €000
Due to Ryanair Limited	35,172	35,172

At March 31, 2006, Ryanair Holdings plc had borrowings of €35,171,745 (2005: €35,171,745) from Ryanair Limited. The loan is interest free and is repayable on demand.

14 ISSUED SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND SHARE OPTIONS

SHARE CAPITAL ACCOUNT

GROUP AND COMPANY	2006 €000	2005 €000
Authorised		
840,000,000 ordinary equity shares of 1.27 Euro cents each	10,668	10,668
Allotted, called up and fully paid		
771,016,623 ordinary equity shares of 1.27 Euro cents each at March 31, 2006	9,790	-
761,963,108 ordinary equity shares of 1.27 Euro cents each at March 31, 2005	-	9,675

SHARE PREMIUM ACCOUNT	2006 €000	2005 €000
At beginning of year	565,756	560,406
Share premium arising from the exercise of 9,053,515 options	30,475	-
Share premium arising from the exercise of 2,691,968 options	-	5,350
At end of year	596,231	565,756

14 ISSUED SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND SHARE OPTIONS

(Continued)

Share options and share purchase arrangements

The group has adopted a number of share option plans, which allow current or future employees or executive directors to purchase shares in the company up to an aggregate of approximately 5% (when aggregated with other ordinary shares over which options are granted and which have not yet been exercised) of the outstanding ordinary shares of Ryanair, subject to certain conditions. These are exercisable at a price equal to the market price of the ordinary shares at the time options are granted.

The key terms of these options plans include:

- Certain non-market performance conditions to be met;
- Approval of the Remuneration Committee to be given; and
- Certain employees to remain in employment with the group for a specified period of time.

Details of the share options outstanding are set out below:

SHARE OPTIONS	NO. SHARE OPTIONS	2006 WEIGHTED AVG EXERCISE PRICE	NO. SHARE OPTIONS	2005 WEIGHTED AVG EXERCISE PRICE
		€		€
Outstanding at start of year	**25,956,494**	**4.39**	24,206,538	4.13
Exercised	**(9,053,515)**	**3.46**	(2,691,968)	2.00
Granted	**5,200,000**	**6.42**	5,405,547	4.55
Expired	**(785,978)**	**2.60**	(963,623)	5.42
Outstanding at end of year	**21,317,001**	**5.34**	25,956,494	4.39

The mid market price of Ryanair Holdings plc ordinary shares on the Irish Stock Exchange at March 31, 2006 was €7.83. The highest and lowest prices at which the group's shares traded on the Irish Stock Exchange in the year ended March 31, 2006 were €8.30 and €5.60 respectively. There were 3,510,847 options exercisable at March 31, 2006. The average share price for the year was €6.96 (2005: €4.94)

The group has accounted for its share option grants to employees at fair value, in accordance with IFRS 2, using a binomial lattice model to value the option grants. This has resulted in a charge of €2.9m (2005: €0.5m) being recognised within the income statement in respect of employee services rendered.

The weighted average fair value of the individual options granted during the years ended March 31, 2006 and 2005 were estimated, using a binomial lattice model, based on the following assumptions.

OPTIONS GRANTED

	2006	2005	2005
Date granted	**August 10, 2005**	November 9, 2004	July 4, 2004
Date of earliest exercise	**August 10, 2010**	November 9, 2009	July 4, 2009
Date of expiration	**August 10, 2012**	November 9, 2011	July 4, 2011
Fair value	**€2.86**	€2.11	€1.93
Assumptions:			
Risk-free interest rate	**3.0%**	3.4%	3.7%
Volatility*	**40%**	40%	40%
Dividend yield	**nil**	nil	nil
Maximum life (years)	**7**	7	7

*historical monthly volatility over a three year average period

15 FINANCIAL INSTRUMENTS

Group:

The group utilises financial instruments to reduce exposures to market risks throughout its business. Borrowings, cash and cash equivalents and liquid investments are used to finance the group's operations. Derivative financial instruments are contractual agreements with a value which reflects price movements in an underlying asset. The group uses derivative financial instruments, principally jet fuel derivatives, interest rate swaps and forward foreign exchange contracts, to manage commodity risks, interest rate risks, currency exposures and achieve the desired profile of borrowings and leases. It is the group's policy that no speculative trading in financial instruments shall take place.

The main risks attaching to the group's financial instruments are discussed in more detail in the Operating & Financial Review (Treasury Policy, Fuel, Currency and Interest Rate Risk Management) on page 14 and details of the derivatives employed to hedge against these risks have been given in note 3.

(a) Commodity risk

The group's exposure to price risk in this regard is primarily for jet fuel used in the normal course of operations however at year end, the group had no jet fuel derivatives in place.

b) Maturity and interest rate risk profile of financial assets and financial liabilities

At March 31, 2006 the group had borrowings equivalent to €1,677.7m (2005: €1,414.9m) from various financial institutions provided primarily on the basis of guarantees granted by the Export-Import Bank of the United States to finance the acquisition of 82 Boeing 737-800 "next generation" aircraft. The guarantees are secured with a first fixed mortgage on the delivered aircraft. The remaining balance of long term debt relates to 4 aircraft held under finance leases, totalling €115.8m (2005: €120.6m) and borrowings to finance aircraft simulators totalling €11.3m (2005:€12.9m).

The maturity profile of the group's financial liabilities at March 31, 2006 is as follows:

Financial liabilities:	Weighted average fixed rate (%)	Year ended March 31 2007 €000	2008 €000	2009 €000	2010 €000	Thereafter €000	Total €000
Fixed rate							
Secured long term debt	5.17%	54,174	57,363	60,758	64,379	207,902	444,576
Debt swapped from floating to fixed	5.91%	63,091	64,612	66,166	67,786	436,809	698,464
Secured long term debt after swaps	5.62%	117,265	121,975	126,924	132,165	644,711	1,143,040
Finance leases	2.70%	-	-	-	-	34,395	34,395
Total fixed rate debt		117,265	121,975	126,924	132,165	679,106	1,177,435
Floating rate							
Secured long term debt		93,198	95,655	98,280	100,977	729,267	1,117,377
Debt swapped from floating to fixed		(63,091)	(64,612)	(66,166)	(67,786)	(436,809)	(698,464)
Secured long term debt after swaps		30,107	31,043	32,114	33,191	292,458	418,913
Finance leases		5,939	6,195	6,462	6,740	56,044	81,380
Total floating rate debt		36,046	37,238	38,576	39,931	348,502	500,293
Total financial liabilities		153,311	159,213	165,500	172,096	1,027,608	1,677,728

15 FINANCIAL INSTRUMENTS (Continued)

Group: (Continued)

The maturity profile of the group's financial liabilities at March 31, 2005 is as follows:

Financial liabilities:	Weighted average fixed rate (%)	2006 €000	2007 €000	Year ended March 31 2008 €000	2009 €000	Thereafter €000	Total €000
Fixed rate							
Secured long term debt	5.17%	50,437	54,307	57,472	60,841	273,033	496,090
Debt swapped from floating to fixed	5.91%	61,437	62,947	64,492	66,072	504,478	759,426
Secured long term debt after swaps	5.62%	111,874	117,254	121,964	126,913	777,511	1,255,516
Finance leases	2.70%	-	-	-	-	33,490	33,490
Total fixed rate debt		111,874	117,254	121,964	126,913	811,001	1,289,006
Floating rate							
Secured long term debt		64,866	66,450	68,071	69,728	529,087	798,202
Debt swapped from floating to fixed		(61,437)	(62,947)	(64,492)	(66,072)	(504,478)	(759,426)
Secured long term debt after swaps		3,429	3,503	3,579	3,656	24,609	38,776
Finance leases		5,694	5,939	6,195	6,462	62,785	87,075
Total Floating rate debt		9,123	9,442	9,774	10,118	87,394	125,851
Total financial liabilities		120,997	126,696	131,738	137,031	898,395	1,414,857

All of the above debt which matures after 2010 will mature over each of the periods between 2011 and 2018.

Analysis of changes in borrowings during the year

	2006 €000	2005 €000
Balance at start of year	**1,414,857**	952,982
Loans raised to finance aircraft/simulator purchases	**386,809**	550,021
Repayments of amounts borrowed	**(123,938)**	(88,146)
Balance at end of year	**1,677,728**	1,414,857

Analysed as:	**2006 €000**	2005 €000
Less than one year	**153,311**	120,997
More than one year	**1,524,417**	1,293,860
	1,677,728	1,414,857

15 FINANCIAL INSTRUMENTS (Continued)

Group: (Continued)

(b) Maturity and interest rate risk profile of financial assets and liabilities (Continued)

Interest rate repricing:

Floating interest rates on financial liabilities are generally referenced to inter-bank interest rates (EURIBOR). Secured long term debt and interest rate swaps typically re price on a quarterly basis with finance leases re pricing on a semi-annual basis.

Fixed interest rates on financial liabilities are fixed for the duration of the structures (typically between 10 and 12 years).

The group holds significant cash balances that are invested on a short-term basis. At March 31, 2006 all of the group's cash and liquid resources had a maturity of one year or less and attracted a weighted average interest rate of 2.71% (2005: 2.19%). The group had no other financial assets at either March 31, 2006 or 2005. All interest rates attaching to these balances are floating rate and will reprice within the year.

Financial assets:

	Within 1 year €000	2006 Total €000	Within 1 year €000	2005 Total €000
Floating rate				
Cash and cash equivalents	1,439,004	1,439,004	872,258	872,258
Cash > 3 months	328,927	328,927	529,407	529,407
Restricted cash	204,040	204,040	204,040	204,040
Total financial assets	1,971,971	1,971,971	1,605,705	1,605,705

Interest rates on cash and liquid resources are generally based on the appropriate EURIBOR, LIBOR or bank rates dependant on the principal amounts on deposit.

(c) Foreign currency risk

The group has exposure to various currencies (principally Sterling pounds and US dollars) due to the international nature of its operations. The group manages this risk by matching Sterling revenues against Sterling costs. Any unmatched Sterling revenues are used to fund forward foreign exchange contracts to hedge the US dollar currency exposures that arise in relation to fuel, maintenance, aviation insurance and capital expenditure costs - including advance payments to Boeing for future aircraft deliveries. Further details of the hedging activity are carried out by the group are given in note 3.

15 FINANCIAL INSTRUMENTS (Continued)

Group: (Continued)

(c) Foreign currency risk (Continued)

The following table shows the net amount of monetary assets of the group that are not denominated in Euro at March 31, 2006 and March 31, 2005 and have been translated using the following year end foreign currency rates: 2006 GBP to EUR 0.6964, USD to EUR 1.2104 (2005: EUR to GBP 0.6885, EUR to USD 1.2964)

		2006			2005	
	GBP	US$	Euro Equiv	GBP	US$	Euro Equiv
MONETARY ASSETS	£000	$000	€000	£000	$000	€000
GBP cash and liquid resources	79,424	-	114,049	39,824	-	57,842
USD cash and liquid resources	-	54,839	45,307	-	5,900	4,551
	79,424	54,839	159,356	39,824	5,900	62,393

All of the group's financial liabilities are denominated in Euro.

The group also enters into US dollar and Sterling currency forward contracts in order to manage currency risk which arises on its forecasted aircraft payments, fuel, maintenance and aviation insurance costs, which are primarily denominated in US dollars and certain of its revenue income streams, which arise in Sterling. See further details in note 3.

The following table gives details of the notional amounts of the group's currency forward contracts as at March 31, 2006 and at March 31, 2005:

		2006			2005	
	GBP	US$	Euro Equiv	GBP	US$	Euro Equiv
CURRENCY FORWARD CONTRACTS	£000	$000	€000	£000	$000	€000
US dollar currency forward contracts						
- for aircraft purchases	-	480,000	384,268	-	425,000	324,676
- for fuel and other purchases	-	592,923	470,775	-	332,713	256,450
GBP currency forward contracts						
- for other airline costs	37,039	-	53,044	31,682	-	44,905
	37,039	1,072,923	908,087	31,682	757,713	626,031

15 FINANCIAL INSTRUMENTS (Continued)

Group: (Continued)

(d) Fair values

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 sale. The following methods and assumptions were used to estimate the fair value of each material class of the group's financial instruments:

- Cash and liquid resources: carrying amount approximates to fair value due to the short term nature of these instruments.

- Fixed rate long term debt: the repayments which Ryanair is committed to make have been discounted at the relevant rates of interest applicable at March 31, 2006 and March 31, 2005, which would be payable to a third party to assume the obligation.

- Derivative - interest rate swaps: 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.

- Derivative - currency forward and aircraft fuel contracts: a comparison of the contracted rate to the market rate for contracts providing similar risk management profile at March 31, 2006 and at March 31, 2005 has been made.

The fair value of the group's financial instruments at March 31, 2006 and March 31, 2005 was as follows:

	2006 Carrying amount €000	2006 Fair value €000	2005 Carrying amount €000	2005 Fair value €000
Cash and liquid resources				
Cash and cash equivalents	1,439,004	1,439,004	872,258	872,258
Cash > 3 months	328,927	328,927	529,407	529,407
Restricted cash	204,040	204,040	204,040	204,040
Debt Instruments				
Long term debt	(1,677,728)	(1,703,431)	(1,414,857)	(1,457,124)
Derivative instruments				
Interest rate swaps (loss)	(109,314)	(109,314)	-	(151,926)
US dollar currency forward contracts gain*	19,837	19,837	-	1,785
Sterling currency forward contracts (loss)/gain	(202)	(202)	-	666
Aircraft fuel price contracts gain	-	-	-	5,851

*This includes fair value hedge gain amounting to €7.5m. See note 3 for further details.

15 FINANCIAL INSTRUMENTS (Continued)

Group: (Continued)

e) Credit risk

The group holds significant cash balances which are invested on a short-term basis and are classified as either cash equivalents or liquid investments. These deposits and other financial instruments (principally certain derivatives and loans as identified above) give rise to credit risk on amounts due from counterparties. Credit risk is managed by limiting the aggregate amount and duration of exposure to any one counterparty primarily depending on its third party market based ratings and by regular review of these ratings. The group typically enters into deposits and derivative contracts with parties that have at least an "A" or equivalent credit rating. The maximum exposure arising in the event of default on the part of the counterparty is the carrying value of the relevant financial instrument.

The group's revenues derive principally from airline travel on scheduled 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.

f) Details of the group's guarantees and the related accounting have been given in note 23.

g) Sensitivity analysis

Interest rate risk: If the group had not entered into its interest rate derivative agreements, a plus or minus one percentage point movement in interest rates would impact the fair value of its liability at March 31, 2006 by approximately €49m. The earnings and cashflow impact of such a change in interest rates would have been approximately plus or minus €10m per year.

Foreign currency risk: If the group had not entered into its foreign currency forward contracts, holding other variables constant, if there was an adverse change of 10% in relevant foreign currency exchange rates, the market value of the group's foreign currency forward contracts outstanding at March 31, 2006 would decrease by €58m, the majority of which would have an impact on the income statement in the period to March 31, 2007.

Company:

The company does not undertake hedging activities on behalf of itself or other companies within the group. Financial instruments in the company primarily take the form of loans to subsidiary undertakings.

Amounts due to or from subsidiary undertakings (primarily Ryanair Limited) in the form of inter company loans are interest free and are repayable on demand and further details of these have been given in notes 6 and 13. These inter company balances are eliminated in the group consolidation.

The Euro is the base currency of the company's balance sheet and all transactions entered into by the company are Euro denominated. As such, the company does not have any significant foreign currency risk.

The credit risk associated with the company's financial assets principally relates to the credit risk of the Ryanair group as a whole, which is not rated by an external rating agency. Additionally the company has guaranteed certain of its subsidiary company liabilities. Details of these arrangements are given in note 23.

16 ANALYSIS OF OPERATING REVENUES AND SEGMENTAL ANALYSIS

All revenues derive from the group's principal activity and business segment as a low fares airline and includes scheduled services, car hire, internet income, inflight and related sales to third parties.

Revenue is analysed by geographical area (by country of origin) as follows:	2006 €000	2005 €000
United Kingdom	**809,706**	645,537
Other European countries	**882,824**	673,500
	1,692,530	1,319,037

Ancillary revenues included in total revenue above comprise:	2006 €000	2005 €000
Car Hire	**19,752**	15,706
Inflight	**45,306**	34,939
Internet income	**27,299**	24,360
Non-flight scheduled	**166,796**	115,916
	259,153	190,921

All of the group's operating profit arises from low fares airline related activities, its only business segment. The major revenue earning assets of the group are comprised of its aircraft fleet, which is registered in Ireland and therefore all profits accrue in Ireland and the United Kingdom. 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. Non flight scheduled revenue arises from the sale of rail and bus tickets, hotel reservations and other revenues generated including excess baggage charges, all directly attributable to the low fares business.

17 STAFF NUMBERS AND COSTS

The average weekly number of employees, including the executive director, during the year, analysed by category, was as follows:	2006	2005
Flight and cabin crew	**2,271**	1,813
Sales, operations and administration	**792**	791
	3,063	2,604

The aggregate payroll costs of these persons were as follows:	2006 €000	2005 €000
Salaries and related costs	**151,962**	127,740
Social welfare costs	**13,339**	10,512
Other pension costs	**3,191**	2,933
Share based payments	**2,920**	488
	171,412	141,673

The parent company has no employees in its own right.

18 AIRCRAFT RENTALS AND OTHER EXPENSES

(a) Aircraft rentals-Purchase Accounting Adjustment

Subsequent to the acquisition of Buzz Stansted Ltd. in April 2003 Ryanair renegotiated the terms and conditions of certain onerous leases and agreed to return the aircraft to the lessors in late 2004, thereby releasing Ryanair from any remaining lease obligations at that time. IFRS 3 only allows an adjustment to the provisional values of assets and liabilities acquired in the 12 month period following the acquisition, and accordingly as the event occurred more than 12 months after the acquisition date, this resulted in an exceptional credit to the income statement for the year to March 31, 2005 of €11.9m. This amount is included as a reduction to aircraft rentals in the 2005 Income Statement.

(b) Other expenses-Insurance Claim

Included in the income statement for the year to March 31, 2006 is an exceptional credit of €5.2m (net of tax) arising from the settlement of an insurance claim for the scribing of 6 Boeing 737-200 aircraft. This credit has been included as a reduction to other insurance expenses in the 2006 Income Statement.

19 STATUTORY AND OTHER INFORMATION

	2006 €000	2005 €000
Directors		
Fees	265	280
Other emoluments, including consultancy fees, bonus and pension contributions	877	726
Depreciation of owned tangible fixed assets	120,877	110,063
Depreciation of tangible fixed assets held under finance leases	3,528	294
Auditors' remuneration - audit (i)	213	196
- audit related (ii)	67	39
- tax services (iii)	188	232
Operating lease charges	47,376	33,471

(i) Audit services include audit work performed on the consolidated financial statements, as well as work that generally only the independent auditor can reasonably be expected to provide, including comfort letters, statutory audits, and discussions surrounding the proper application of financial accounting and/or reporting standards.

(ii) Audit related services are for assurance and related services that are traditionally performed by the independent auditor, including due diligence related to mergers and acquisitions, employee benefit plan audits, and special procedures required to meet certain regulatory requirements.

(iii) Tax services include all services, except those services specifally related to the audit of financial statements, performed by the independent auditor's tax personnel, including tax analysis; supporting other tax-related regulatory requirements; and tax compliance and reporting

None of the statutory disclosures given above impact on the parent company financial statements. Audit and directors fees are all met by Ryanair Limited, the group's principal subsidiary.

19 STATUTORY AND OTHER INFORMATION (Continued)

DIRECTORS EMOLUMENTS

(a) Fees and emoluments - Executive Director	2006 €000	2005 €000
Basic salary	579	505
Performance related bonus	200	127
Pension contributions	58	49
	837	681

During the years ended March 31, 2006 and 2005 Michael O'Leary was the only executive director.

(b) Fees and emolument's - Non Executive Directors	Fees €000	Emoluments €000	2006 €000	2005 €000
Emmanuel Faber	47	-	47	50
Michael Horgan	32	40	72	72
Klaus Kirchberger	32	-	32	32
Raymond MacSharry	47	-	47	47
Kyran McLaughlin	47	-	47	47
James R. Osborne	28	-	28	40
Paolo Pietrogrande	32	-	32	32
	265	40	305	320

During the year ended March 31, 2006 there were 9 non-executive directors. Non-executive directors not referred to above received no fees or emoluments during the year.

(c) Pension benefits

Michael O'Leary	2006 €	2005 €
Increase in accrued benefit	8,885	6,128
Transfer value equivalent of increase in accrued benefit	49,549	33,735
Total accumulated accrued benefit	104,244	93,139

There have been no changes in pension benefits provided to directors during the year. No pension benefits are provided for non-executive directors. The director is a member of a defined benefit plan. The cost of the death-in-service and disability benefits provided during the accounting year is not included in the above figures. The pension benefits set out above have been computed in accordance with Section 12.43 (x) of the Listing Rules of the 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.

19 STATUTORY AND OTHER INFORMATION (Continued)

DIRECTORS' EMOLUMENTS (Continued)

(d) Shares and share options

(i) Shares

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

At March 31, 2006 and March 31, 2005, the beneficial interests of the directors and of their spouses and minor children in the share capital of the company are as follows:

	March 31, 2006 Number of shares	%	March 31, 2005 Number of shares	%
David Bonderman	**7,008,680**	**0.91%**	7,008,680	0.92%
Raymond MacSharry	**7,280**	**0.00%**	7,280	0.00%
Michael O'Leary	**35,000,008**	**4.53%**	41,000,008	5.38%
James R. Osborne	**705,128**	**0.09%**	705,128	0.09%
T. Anthony Ryan	**5,758,535**	**0.75%**	5,758,535	0.76%
Kyran McLaughlin	**25,000**	**0.00%**	25,000	0.00%
Michael Horgan	**25,000**	**0.00%**	4,000	0.00%

Non executive directors not referred to above do not hold any shares.

There were no changes to the directors' shareholdings between March 31, 2006 and July 31, 2006.

(ii) Share options

The number of share options held by directors at the year end were:	March 31, 2006 Number of shares	March 31, 2005 Number of shares
David Bonderman*	**50,000**	50,000
Emmanuel Faber**	**25,000**	25,000
Michael Horgan*	**-**	50,000
Klaus Kirchberger**	**25,000**	25,000
Raymond MacSharry*	**-**	50,000
Kyran McLaughlin*	**50,000**	50,000
Michael O'Leary***	**40,620**	40,620
James R. Osborne*	**50,000**	50,000
Paolo Pietrogrande*	**50,000**	50,000
T. Anthony Ryan*	**50,000**	50,000

*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.

**The share options were granted to these directors at €5.65 (the market value at date of grant) during the year ended March 31, 2003 and are exercisable between June 2007 and June 2009

***These options were granted to Michael O'Leary as follows; 17,701 under the 2003 grant at €5.71 and 22,919 under the 2004 grant at €4.41 (the market value at date of grant) under the 2003 share option plan.

Notes

(Continued)

20 FINANCE EXPENSE

	2006 €000	2005 €000
Interest payable on bank loans wholly repayable after five years	**73,758**	57,499
Interest arising on pension liabilities	**200**	130
	73,958	57,629

21 PENSIONS

The group accounts for pensions in accordance with IAS 19, "Employee Benefits," (IAS 19).

The company operates defined benefit and defined contribution schemes.

(i) Defined benefit schemes.

The group funds the pension entitlements of certain employees through defined benefit plans. Two plans are operated for eligible Irish and UK employees. In general, on retirement, a member is entitled to pension calculated at 1/60th of final pensionable salary for each year of pensionable service, subject to a maximum of 40 years. These plans are fully funded on a discontinuance basis and the related pension costs and liabilities are assessed in accordance with the advice of a professionally qualified actuary. The investments of the plans at March 31, 2006 consisted of units held in independently administered funds. The most recent full actuarial valuations of the plans were carried out at December 31, 2003 in accordance with local regulatory requirements in Ireland using the projected unit credit method and the valuation reports are not available for public inspection.

The actuarial report showed that at the valuation date the market value of the scheme's assets was €11.5m, which was sufficient to cover more than 100% of the accrued liabilities, based on current earnings and 78% of the accrued liabilities allowing for expected future increases in earnings. The actuarial report recommends payment of contributions at 11.5% of staff and 17.8% of pilots' pensionable salaries respectively, which is an increase from previous contribution rates, intended to make good the shortfall on accrued liabilities allowing for expected future increases in earnings.

A separate annual actuarial valuation has been performed for the purposes of preparing these financial statements. The principal actuarial assumptions used for the purpose of this actuarial valuation were as follows:

	2006 %	2005 %
Discount rate used for Irish plan	**4.75**	4.50
Discount rate used for UK plan	**4.90**	5.35
Return on plan assets for Irish plan	**6.61**	6.43
Return on plan assets for UK plan	**6.93**	6.61
Rate of Euro inflation	**2.25**	2.00
Rate of UK inflation	**2.75**	2.75
Future pension increases	**2.75**	2.75
Future salary increases for Irish plan	**3.25**	3.50
Future salary increases for UK plan	**3.75**	4.25

The key mortality assumptions used at March 31, 2006 are:

Irish scheme
Pre-retirement: 100% PMA92 (c=2025) for males, 100% PFA92 (c=2025) for females
Post-retirement: 100% PMA92 (c=2025) for males, 100% PFA92 (c=2025) for females

UK scheme
Pre-retirement: none
Post-retirement: 100% PMA92 (c=2025) for males, 100% PFA92 (c=2025) for females

21 PENSIONS (Continued)

The amount recognised in the consolidated balance sheet in respect of our defined benefit plans is as follows:

	2006 €000	2005 €000
Present value of benefit obligations	(33,367)	(29,213)
Fair value of plan assets	24,690	18,585
Present value of net obligations	(8,677)	(10,628)
Related deferred tax asset	1,084	1,329
Net pension (liability)	(7,593)	(9,299)

The amount recognised in the consolidated income statement in respect of our defined benefit plans is as follows:

	2006 €000	2005 €000
Included in payroll costs		
Service cost	1,812	1,417
Included in Finance costs		
Interest on pension scheme liabilities	1,460	1,207
Expected return on plan assets	(1,260)	(1,077)
Net finance costs	200	130
Net periodic pension cost	2,012	1,547

Analysis of amount included in the Statement of Recognised Income and Expense (SORIE);

	2006 €000	2005 €000
Actual return less expected return on pension schemes assets	3,530	952
Opening deficit on UK scheme	-	(1,982)
Experience gains/(losses) on scheme liabilities	63	(242)
Changes in assumptions underlying the present value of scheme liabilities	(935)	(4,128)
Actuarial gains/(losses) recognised in the SORIE	2,658	(5,400)
Related deferred tax liability/(asset)	(331)	667
Net actuarial gains/(losses) recognised in the SORIE	2,327	(4,733)

21 PENSIONS (Continued)

Changes in the present value of the defined benefit obligation of the plans are as follows:

	2006 €000	2005 €000
Projected benefit obligation at beginning of year	**29,213**	16,955
Opening present benefit obligations on UK scheme	**-**	4,930
Service cost	**1,812**	1,417
Interest cost	**1,460**	1,207
Plan participants' contributions	**681**	707
Actuarial loss	**978**	4,378
Benefits paid	**(672)**	(354)
Foreign exchange rate changes	**(105)**	(27)
Projected benefit obligation at end of year	**33,367**	29,213

Changes in the fair values of the plans' assets are as follows:

	2006 €000	2005 €000
Fair value of the plan assets at begnning of year	**18,585**	12,033
Opening fair value of UK scheme assets	**-**	2,911
Actual gain on plan assets	**4,867**	2,029
Employer contribution	**1,305**	1,279
Plan participants' contributions	**681**	707
Benefits paid	**(672)**	(354)
Foreign exchange rate changes	**(76)**	(20)
Fair value of plan assets at end of year	**24,690**	18,585

21 PENSIONS (Continued)

The fair value of the plans' assets at March 31 is analysed as follows:

	2006 €000	2005 €000
Equities	**20,147**	14,359
Bonds	**2,469**	2,498
Property	**1,012**	684
Other Assets	**1,062**	1,044
Total fair value of plan assets	**24,690**	18,585

The plans' assets do not include any of our own financial instruments, nor any property occupied by, or other assets used by us.

The expected long-term rate of return on assets of 6.61% for the Irish Scheme was calculated based on the assumptions of the following returns for each asset class: Equities 7.25%; Bonds 3.75%; Property 6.25%; and Cash 2.25%. The expected long-term rate of return on assets of 6.93% for the UK Scheme was calculated based on the assumptions of the following returns for each asset class: Equities 7.25%; Corporate and Overseas Bonds 4.90%; UK Government Bonds 4.20%; and Other 4.25%.

Since there are no suitable Euro-denominated AA rated corporate bonds, the expected return is estimated by adding a suitable risk premium to the rate available from Government bonds. The assumptions are based on long-term expectations at the beginning of the reporting period and are expected to be relatively stable.

The history of the plans for the current and prior period is as follows:

History of actuarial gains and losses;	2006 €000	2005 €000
Difference between expected and actual return on assets	**3,530**	952
Expressed as a percentage of scheme assets	**14%**	5%
Experience gains/(losses) on scheme liabilities	**63**	(242)
Expressed as a % of scheme liabilities	**-**	(1%)
Total actuarial gains/(losses)	**2,658**	(3,419)
Expressed as a % of scheme liabilities	**8%**	(12%)

In accordance with the transitional provisions for the amendments to IAS 19 in December 2004, the disclosures in the above table are determined prospectively from the 2005 reporting period.

We expect to contribute approximately €1.3m to our defined benefit plans in 2007.

(ii) Defined Contribution Schemes

We operate defined contribution retirement plans in Ireland and the UK. The costs of these plans are charged to the consolidated income statement in the period they are incurred. The pension cost of these defined contribution plans was €1.4m in 2006 (2005: €1.5m)

22 EARNINGS PER SHARE AND ADJUSTED EARNINGS PER SHARE

Basic earnings per ordinary share (EPS) for Ryanair Holdings plc for the years ended March 31, 2006 and March 31, 2005 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 771,781,273 (2005: 764,003,106), including weighted average share options assumed to be converted of 4,948,771 at March 31, 2006 (2005: 4,092,416).

Reconciliation of adjusted EPS	**2006** **€ cent**	2005 € cent
Basic EPS	**40.00**	36.85
Adjusted by:		
Purchase accounting adjustment	**-**	(1.57)
Aircraft insurance claim	**(0.68)**	-
Adjusted basic EPS	**39.32**	35.28
Adjusted diluted EPS	**39.07**	35.09
Number of ordinary shares (in 000's) used for EPS and adjusted EPS		
-Basic	**766,833**	759,911
-Diluted	**771,781**	764,003

Details of share options in issue have been described more fully in note 14.

23 COMMITMENTS AND CONTINGENCIES

Commitments

(a) In January 2002 the group entered into a contract with The Boeing Company ("Boeing") (the "2002 Boeing contract") whereby the group agreed to purchase 100 new Boeing 737-800 "next generation" aircraft, and received purchase rights to acquire a further 50 such aircraft. The 2002 Boeing contract was superseded by a contract entered into with Boeing in January 2003 (the "2003 Boeing contract") whereby the group agreed to purchase 125 new Boeing 737-800 "next generation" aircraft thus adding "firm" orders for 22 aircraft to the existing "firm" orders (100 "firm" plus 3 options exercised) under the 2002 Boeing contract. In addition the group acquired purchase rights over a further 78 aircraft bringing the number of option aircraft to 125.

In February 2005 the group entered into a contract with Boeing (the "2005 Boeing contract") whereby the group agreed to purchase 70 new Boeing 737-800 "next generation" aircraft and acquired additional purchase rights to acquire a further 70 such aircraft over a five year period from 2006 to 2011. The aircraft to be delivered after January 1, 2005, arising from the 2002 and 2003 Boeing contracts, benefit from the lower price under the 2005 Boeing contract. In addition, the orders for the remaining 89 "firm" aircraft still to be delivered at January 1, 2005 and the remaining additional purchase rights in respect of 123 aircraft granted under the 2002 and 2003 Boeing contracts are governed by the 2005 Boeing contract from January 2005.

In June 2006 the group exercised 10 options under the 2005 contract whereby it will increase its firm aircraft deliveries by this amount during fiscal years 2008 (3) and 2009 (7).

23 COMMITMENTS AND CONTINGENCIES (Continued)

(a) Commitments 2006 (Continued)

The table below details the firm aircraft delivery schedules at March 31, 2006 and March 31, 2005 for the group respectively;

	Aircraft Delivered at 31 March, 2006	Firm Aircraft Deliveries Fiscal 2007 - 2012	Total "Firm" Aircraft	Basic price per aircraft US$'m	Firm Aircraft Deliveries Fiscal 2006-2011 March 31, 2005
2002 Contract	52	51	103	50.885	67
2003 Contract	23	1	24	50.889	10
2005 Contract	-	84	84	50.916	70
	75	136	211		147

The "Basic Price" (equivalent to a standard list price for an aircraft of this type) will be increased by (a) an estimated US$900,000 per aircraft for certain "buyer furnished" equipment the group 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 Boeing 737-800 "next generation"aircraft. These take the form of credit memoranda to the group for the amount of such concessions, which the group may apply toward the purchase of goods and services from Boeing or toward certain payments, in respect of the purchase of the aircraft under the various Boeing contracts.

Boeing and CFMI (the manufacturer of the engines to be fitted on the purchased aircraft) have also agreed to give the group certain allowances in addition to providing other goods and services to the group on concessionary terms. These credit memoranda and allowances will effectively reduce the price of each aircraft to the group. As a result, the effective price of each aircraft will be significantly below the Basic Price mentioned above. At March 31, 2006, the total potential commitment to acquire all 136 "firm" aircraft, not taking such increases and decreases into account, will be up to US$6.9 billion. (At March 31, 2005 the potential commitment was US$7.5 billion to acquire 147 "firm" aircraft).

(b) Total future minimum payments due under operating leases	**2006 Aircraft €000**	2005 Aircraft €000
Due within one year	**45,097**	34,753
Due between one and two years	**45,097**	34,753
Due between two and five years	**129,508**	104,260
Due after five years	**14,194**	34,128
Total	**233,896**	207,894

The above table sets out the committed future cost of leasing 17 Boeing 737-800 "next generation" aircraft at March 31, 2006 and 2005 respectively.

(c) Commitments resulting from the use of derivative financial instruments by the group are described in notes 3 and 15.

Notes

(Continued)

23 COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

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

(e) The company has provided €30.5m in letters of guarantee to secure obligations of subsidiary undertakings in respect of loans and bank advances (see also note 15).

(f) 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 company's principal subsidiaries have been included at note 26. The Irish subsidiaries of the group covered by the Section 17 exemption are listed at note 26 also. One additional Irish subsidiary covered by this exemption which is not listed as a principal subsidiary at note 26 is Airport Marketing Services Limited.

(g) The group has also entered into a series of interest rate swaps to hedge against fluctuations in interest rates for certain floating rate financing arrangements. Cash deposits have been set aside as collateral (subject to an agreed capped amount of €200.0m) to mitigate certain counterparty risk of fluctuations on long-term derivative and financing arrangements ("restricted cash"). At March 31, 2006 such collateral amounted to €200.0m (2005: €200.0m). Additional information on these swaps and on other derivatives held by the group is set out in notes 3 and 15 of the financial statements.

(h) In February 2004 the European Commission ruled that Ryanair had received illegal state aid from the Walloon regional government in connection with its establishment of a low cost base at Brussels (Charleroi). Subsequently Ryanair was requested by the regional government to repay all deemed illegal state aid, but in accordance with the Commission ruling Ryanair may deduct various costs incurred in establishing its base at Brussels (Charleroi) from this amount. Ryanair has advised the regional government that it believes no money is repayable as the cost of establishing the base exceeded the amount determined to be illegal state aid. Ryanair is also appealing the decision of the European Commission to the European Court of First Instance, requesting that the Court annul the decision on the basis that Ryanair's agreement at Brussels (Charleroi) was consistent with agreements at similar privately owned airports and therefore did not constitute illegal state aid. The group has placed €4m in an escrow account pending the outcome of this appeal.

24 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2006 €000	2005 €000
Net funds at beginning of year	190,848	304,023
Increase in cash and cash equivalents in year	566,746	127,998
Movement in financial assets > 3 months	(200,480)	216,662
Movement in restricted cash	-	4,040
Net cash flow from (increase) in debt	(262,871)	(461,875)
Movement in net (debt)/funds resulting from cash flows	103,395	(113,175)
Net funds at end of year	294,243	190,848

Net funds arise when cash and liquid resources exceed debt.

25 POST BALANCE SHEET EVENTS

There were no significant post balance sheet events.

26 SUBSIDIARY UNDERTAKINGS AND RELATED PARTY TRANSACTIONS

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

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

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

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, 2006 and March 31, 2005.

All transactions between the parent entity and subsidiary undertakings have been given in notes 6, 12, 13 and 23.

The total amount of remuneration paid to senior key management (defined as the executive team reporting to the Board) in the group amounted to €3.1m in the year (2005: €2.6m) the majority of which comprises short term employee benefits. The amounts paid to key employees of the company are set out in full in note 19.

27 TRANSITION TO IFRS

The following summary sets out the most significant changes required to Ryanair's consolidated financial statements as a result of the transition to IFRS from Irish GAAP during the fiscal year ended March 31, 2006. The effect of these changes is set out in the tables below.

(a) IAS 19: Pension and other Post Retirement Benefits

In accordance with IAS 19 ("Employee Benefits"), the assets and liabilities of the defined benefit pension plans operated by Ryanair have been recognised, gross of deferred tax, in the balance sheet at the date of transition to IFRS in accordance with the valuation and measurement requirements of the standard.

Deferred tax has been computed in respect of the group's pension liabilities arising as a result of the application of IAS 19 and the related deferred tax assets have been included in the restatements at the various balance sheet dates.

In accordance with the option afforded under the amendment to IFRS 1, the group has elected to recognise all cumulative actuarial gains and losses attributable to its defined benefit pension schemes as at the transition date.

Also in line with the amendment to IAS 19, actuarial gains and losses arising after the transition date are dealt with in retained income via the Statement of Recognised Income and Expense, and all other pension scheme movements have been accounted for in the group's income statement.

(b) IFRS 3: Business Combinations

The group has elected to restate the acquisition of Buzz on April 10, 2003 (the group's only business combination to date) in accordance with the provisions of IFRS 3 ("Business Combinations"). As the principal assets and liabilities acquired at that time related to take-off and landing slots at Stansted airport, and onerous leases for aircraft, the restatement of the business combination under IFRS 3 has given rise to the following cumulative adjustments in the periods to March 31, 2005:

(i). Reversal of goodwill amortisation since the date of the acquisition amounting to €4.5 million.

(ii). Reallocation of all of the fair value of assets acquired at the time (being €46.8 million) from goodwill to intangible assets, represented by take-off and landing rights ("slots") at Stansted airport. This adjustment was required to recognise the fair value of assets required to be recognised under the provisions of IFRS 3 and IAS 38 "Intangible Assets". This asset is considered to be indefinite lived because the slots do not expire as long as they continue to be utilised and it is Ryanair's intention to utilise these slots for the foreseeable future. Accordingly, the slots acquired have not been amortised. The slots acquired have also been subsequently reviewed for impairment in accordance with the provisions of IAS 36 "Impairment of Assets" and no impairment of this asset is considered to have occurred since the date of acquisition.

(iii). A provision for onerous leases was recognised in the balance sheet at the date the business combination was effected. On transition to IFRS, no change was recorded to the provisional fair value of onerous leases taken over on acquisition as the impact of discounting such amounts was not considered to be material in the context of the group's results. Subsequent to the acquisition, however, Ryanair renegotiated the terms and conditions of these leases and agreed to return the aircraft to the lessors in late 2005, thereby releasing Ryanair from any remaining lease obligations at that time. Irish GAAP permitted that such an adjustment could be made to the provisional value of the assets and liabilities acquired as part of the original business combination, provided that the adjustment was made either in the reporting period that the combination took place or in the first full financial period following the transaction. IFRS 3, however, only allows such an adjustment to be made in the 12 month period following the acquisition, and accordingly, as the event occurred more than 12 months after the acquisition date, under IFRS this adjustment was made to the group's income statement instead. This gives rise to a credit of €11.9m to the income statement in the period to March 31, 2005.

Notes

(Continued)

27 TRANSITION TO IFRS (Continued)

(c) IFRS 2: Share Based Payments

IFRS 2 ("Share Based Payment") requires the group to recognise any share based payments made to employees during a reporting period as a charge to the income statement over the vesting period of the options, together with a corresponding increase in equity. The charge of €0.5 million for the year ended March 31, 2005 for share option grants has been computed using the Binomial Lattice methodology.

Ryanair has availed of the transition provisions in IFRS 1 for share based payments by only applying the fair value calculation to share option grants that were made after November 7, 2002 but which had not vested by January 1, 2005. There was no share based payment charge in the periods prior to March 31, 2005 accordingly. Had Ryanair recognised all vested grants of shares between November 7, 2002 and January 1, 2005, the group's equity at March 31, 2005 would have increased by €9.4m with a corresponding reduction in retained earnings.

(d) IAS 16: Plant, Property and Equipment

IAS 16 requires that all spare parts held by an entity are classified as Property, Plant and Equipment if they are expected to be used for more than one period and not held for resale. This has resulted in a reclassification of the stock of spare aircraft parts from inventories to Property, Plant and Equipment. The related depreciation expense relating to the stock of spare aircraft parts has also been reclassified from "maintenance, materials & repairs" to "depreciation and amortisation". This reclassification was made following the release of our published explanation of the financial impact following the adoption of IFRS.

(e) IAS 39: Financial Instruments

IAS 39 ("Financial Instruments: Recognition and Measurement") requires that all financial instruments are recorded at fair value or amortised cost dependant on the nature of the financial asset or financial liability. Derivatives are measured at fair value with changes in value arising from fluctuations in interest rates, foreign exchange rates or commodity prices. Under Irish GAAP, where the derivatives formed part of a hedging agreement, these were not initially measured on the balance sheet and any related gains or losses arising are deferred until the underlying hedged item impacted on the financial statements.

Ryanair has taken advantage of the exemption from the requirement to restate comparative information for IAS 39 contained in IFRS 1. As a result of this exemption the information presented for all periods up to March 31, 2005 has been accounted for in accordance with Irish/UK GAAP.

At April 1, 2005 Ryanair has accounted for all of its derivatives in accordance with IAS 39, with the result that an opening unrealised loss of €146.4 million together with a related deferred tax benefit of €18.3 million has been recorded directly in the opening cash flow hedging reserve, principally relating to the company's interest rate swaps, which were entered into at a time when underlying interest rates were higher than present market rates. The company also recorded the following entries in respect of fair value hedges for firm commitments; an increase of €2.7 million in derivative financial assets held and a corresponding increase in other creditors, with no amount of ineffectiveness recorded in the income statement. The unrealised losses on these interest rate swaps continue to be significant and amounted to €81.7m as at March 31, 2006. These will have a consequent impact on future operating profits until they expire for up to 12 years the from balance sheet date. Further numerical details on these amounts are given on page 38 and in notes 3 and 15 to these financial statements.

27 TRANSITION TO IFRS (Continued)

Reconciliation of Impact of IFRS on the Consolidated Balance Sheet at April 1, 2004.

IMPACT OF TRANSITION TO IFRS

	IR/UK GAAP €000	Retirement Benefits €000	Business Combination €000	Share Based Payment €000	Stock of A/C Spare Parts €000	Total Effect €000	IFRS €000
Non-current assets							
Property, plant and equipment	1,576,526				24,404	24,404	1,600,930
Intangible assets	44,499		2,342			2,342	46,841
Total non-current Assets	1,621,025		2,342		24,404	26,746	1,647,771
Current assets							
Inventories	26,440				(24,404)	(24,404)	2,036
Other assets	19,251						19,251
Trade receivables	14,932						14,932
Restricted Cash	200,000						200,000
Financial assets – cash > 3 months	312,745						312,745
Cash and cash equivalents	744,260						744,260
Total current assets	1,317,628				(24,404)	(24,404)	1,293,224
Total assets	**2,938,653**		**2,342**			**2,342**	**2,940,995**
Current liabilities							
Trade payables	67,936						67,936
Accrued expenses and other liabilities	324,963						324,963
Current maturities of long term debt	80,337						80,337
Current tax	13,245						13,245
Total current liabilities	486,481						486,481
Non current liabilities							
Provisions for liabilities and charges	6,522						6,522
Deferred income tax liability	87,670	(615)				(615)	87,055
Other creditors	30,047	4,922				4,922	34,969
Long term debt	872,645						872,645
Total non-current liabilities	996,884	4,307				4,307	1,001,191
Shareholders' equity							
Issued share capital	9,643						9,643
Share premium account	560,406						560,406
Retained earnings	885,239	(4,307)	2,342			(1,965)	883,274
Shareholders' equity	1,455,288	(4,307)	2,342			(1,965)	1,453,323
Total liabilities and shareholders' equity	**2,938,653**		**2,342**			**2,342**	**2,940,995**

Notes

(Continued)

27 TRANSITION TO IFRS (Continued)

Reconciliation of impact of IFRS on the Consolidated Balance Sheet at March 31, 2005

	IR/UK GAAP €000	Apr 01 04 €000	Retirement Benefits €000	Business Combination €000	Share Based Payment €000	Stock of A/C Spare Parts €000	Total Effect €000	Mar31 05 €000
Non-current assets								
Property, plant and equipment	2,092,282	24,404				1,205	25,609	2,117,891
Intangible assets	30,449	2,342		14,050			16,392	46,841
Total non-current Assets	**2,122,731**	**26,746**		**14,050**		**1,205**	**42,001**	**2,164,732**
Current assets								
Inventories	28,069	(24,404)				(1,205)	(25,609)	2,460
Other assets	24,612							24,612
Trade receivables	20,644							20,644
Restricted cash	204,040							204,040
Financial assets – cash > 3 months	529,407							529,407
Cash and cash equivalents	872,258							872,258
Total current assets	1,679,030	(24,404)				(1,205)	(25,609)	1,653,421
Total assets	**3,801,761**	**2,342**		**14,050**			**16,392**	**3,818,153**
Current liabilities								
Trade payables	92,118							92,118
Accrued expenses and other liabilities	418,653							418,653
Current maturities of long term debt	120,997							120,997
Current tax	17,534							17,534
Total current liabilities	**649,302**							**649,302**
Non-current liabilities								
Provisions for liabilities and charges	7,236							7,236
Deferred income tax liability	105,509	(615)	(714)				(1,329)	104,180
Other creditors	18,444	4,922	5,706				10,628	29,072
Long term debt	1,293,860							1,293,860
Total non-current liabilities	**1,425,049**	**4,307**	**4,992**				**9,299**	**1,434,348**
Shareholders' equity								
Issued share capital	9,675							9,675
Share premium account	565,756							565,756
Retained earnings	1,151,979	(1,965)	(4,992)	14,050	(488)		6,605	1,158,584
Other reserves					488		488	488
Shareholders' equity	1,727,410	(1,965)	(4,992)	14,050			7,093	1,734,503
Total liabilities and shareholders' equity	**3,801,761**	**2,342**		**14,050**			**16,392**	**3,818,153**

27 TRANSITION TO IFRS (Continued)

Reconciliation of Impact of IFRS on Consolidated Income Statement at March 31, 2005

	IR/UK GAAP €000	PY Adj Apr 01 04 €000	Retirement Benefits €000	Business Combination €000	Share Based Payment €000	Stock of A/C Spare Parts €000	Total Effect €000	IFRS Mar 31 05 €000
Operating revenue								
Scheduled revenue	1,128,116							1,128,116
Ancillary revenue*	208,470							208,470
Total operating revenue	1,336,586							1,336,586
Operating expenses								
Staff costs	(140,997)		(188)		(488)		(676)	(141,673)
Depreciation	(98,703)					(11,654)	(11,654)	(110,357)
Fuel & oil	(265,276)							(265,276)
Maintenance, materials & repairs	(37,934)					11,654	11,654	(26,280)
Marketing & distribution costs	(19,622)							(19,622)
Aircraft rentals	(33,471)			11,925			11,925	(21,546)
Route charges	(135,672)							(135,672)
Airport & handling costs	(178,384)							(178,384)
Other*	(97,038)							(97,038)
Total operating expenses	(1,007,097)		(188)	11,925	(488)		11,249	(995,848)
Operating profit - before amortisation of goodwill	329,489		(188)	11,925	(488)		11,249	340,738
Goodwill	(2,125)			2,125			2,125	-
Operating profit after amortisation of goodwill	327,364		(188)	14,050	(488)		13,374	340,738
Other (expenses)/income								
Foreign exchange (losses)	(2,323)		21				21	(2,302)
Gain on disposal of property, plant and equipment	47							47
Finance income	28,342							28,342
Finance expense	(57,499)		(130)				(130)	(57,629)
Total other (expenses)/ income	(31,433)		(109)				(109)	(31,542)
Profit before taxation	**295,931**		**(297)**	**14,050**	**(488)**		**13,265**	**309,196**
Tax on profit on ordinary activities	(29,190)		37				37	(29,153)
Profit for the financial year	**266,741**		**(260)**	**14,050**	**(488)**		**13,302**	**280,043**
Earnings per share	**0.35**							**0.37**
Diluted earnings per share	**0.35**							**0.37**

*Commission on ancillary revenues has been presented gross within other costs rather than being netted off against the ancillary revenue to which it relates. This reclassification has the following impact on the final IFRS income statement for 2005: Ancillary revenue decrease of €17.5m and an other costs decrease of an equivalent amount.

Notes

(Continued)

27 TRANSITION TO IFRS (Continued)

Reconciliation of impact of IFRS as adopted by the EU on Company Balance Sheet at March 31, 2005

	IR/UK GAAP €000	Share Based Payment €000	Mar 31 05 €000
Non-current assets			
Investments in subsidiaries	71,994	488	72,482
Total non-current assets	**71,994**	**488**	**72,482**
Current assets			
Loans and receivables from subsidiaries	539,241		539,241
Total current assets	**539,241**		**539,241**
Total assets	**611,235**	**488**	**611,723**
Non current liabilities			
Amounts due to subsidiaries	35,172		35,172
Total other liabilities	**35,172**		**35,172**
Shareholders' equity			
Issued share capital	9,675		9,675
Share premium account	565,756		565,756
Retained earnings	632		632
Other reserves		488	488
Shareholders' equity	**576,063**	**488**	**576,551**
Total liabilities and shareholders' equity	**611,235**	**488**	**611,723**

The company income statement and balance sheet had no initial adjustments to record on transition to IFRS. In the period to March 31, 2005, the only adjustment was in respect of the fair value of share options granted to subsidiary employees which were accounted for as an increase in the company's investment in these subsidiaries.

28 ACCOUNTING ESTIMATES AND JUDGEMENTS

A discussion of the groups's key accounting estimates and judgements are dealt with under "critical accounting policies" on pages 13 and 14 of the Operating and Financial Review. Key assumptions relating to these policies are dealt with in the Statement of Accounting Policies on pages 28 to 34. The key risks and uncertainties relating to the business are also dealt with on pages 14 and 15 of the Operating and Financial Review.

29 DATE OF APPROVAL

The financial statements were approved by the Board on August 21, 2006.

Directors and Other Information

DIRECTORS

D. Bonderman	Chairman
M. O'Leary	Chief Executive
E. Faber	
M. Horgan	
K. Kirchberger	
R. MacSharry	
K. McLaughlin	
J. Osborne	
P. Pietrogrande	
T. A. Ryan	

SECRETARY

J. Callaghan

REGISTERED OFFICE

Corporate Headquarters
Dublin Airport
Co. Dublin
Ireland

AUDITORS

KPMG
Chartered Accountants
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

BANKERS

Bank of Ireland
Dublin Airport
Co. Dublin
Ireland

Barclays Bank PLC
47/48 St. Stephen's Green
Dublin 2
Ireland

Barclays Bank PLC
1 Churchill Place
Canary Wharf
London
United Kingdom

SOLICITORS & ATTORNEYS AT LAW

A & L Goodbody
Solicitors
IFSC
North Wall Quay
Dublin 1
Ireland

Cleary, Gottlieb, Steen Hamilton
1 Liberty Plaza, New York,
NY 10006
United States

Notes

This page is purposely left blank