

**Ryanair Holdings plc**

**Explanation of the financial impact following adoption of International Financial Reporting Standards (“IFRS”).**

**2 August 2005**

**Ryanair Holdings plc**  
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## **Ryanair Holdings plc**

### **Explanation of the financial impact following adoption of IFRS**

#### **Introduction**

From 1 April 2005 Ryanair Holdings plc ("Ryanair") is required to prepare its primary financial statements under International Financial Reporting Standards ("IFRS") as adopted for use in the European Union. This change applies to all financial reporting accounting periods beginning on or after 1 January 2005 and consequently, Ryanair's first results to be reported under IFRS are the interim results for the quarter ending 30 June 2005. The Group's first annual report under IFRS will be prepared for the financial year to 31 March 2006. Ryanair is required to publish comparative information from the date of transition except for certain exemptions provided by the transitional arrangements in IFRS 1 ("First Time Adoption of International Financial Reporting Standards"). Ryanair's date of transition is 1 April 2004.

Information regarding the adoption by Ryanair of IFRS reporting is presented in this document as follows;

1. Summary reconciliation of Ryanair's Income Statement and Balance Sheet from Irish/UK GAAP to IFRS for the year ended and as at 31 March 2005;
2. Principal changes under IFRS;
3. Basis of preparation and transition effects;
4. Provisional accounting policies under IFRS;
5. Restatement of 31 March 2005 financial information from Irish GAAP to IFRS including date of transition balance sheet at 1 April 2004;
6. Comparative quarterly information for the year to 31 March 2005, and
7. Statement of Recognised Income and Expense for the year to 31 March 2005

The source of the historical Irish/UK GAAP financial information in this document is the audited consolidated financial statements and annual report for the year to 31 March 2004 and the unaudited consolidated financial statements for the year to 31 March 2005 included in the preliminary announcement of the Group's results made on 31 May 2005. The audited consolidated financial statements and annual report for the year to 31 March 2005 will be available in due course.

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**1. Summary Reconciliation from Irish/UK GAAP to IFRS for year ended 31 March 2005;**

	<b>Year Ended 31-Mar-05 €'000</b>
<b>Net Income (after tax) under Irish/UK GAAP</b>	<b>266,741</b>
Retirement Benefits (net of tax)	(260)
Effect of Business Combinations	14,050
Share Based Payments	(488)
<b>Preliminary Net Income (after tax) under IFRS</b>	<b>280,043</b>
Earnings per Share	37c
Diluted Earning per Share	37c
<b>% Variance from accounting changes</b>	<b>5.0%</b>
<b>Shareholders equity under Irish GAAP</b>	<b>1,727,411</b>
Retirement Benefits	(9,300)
Effect of Business Combinations	16,393
<b>Preliminary Shareholders equity under IFRS*</b>	<b>1,734,504</b>
<b>% Variance from accounting changes</b>	<b>0.4%</b>

\*At 1 April 2005 Ryanair has accounted for all of its derivatives in accordance with IAS 39, with the result that an opening charge of €146.4 million together with a related deferred tax benefit of €18.3 million has been recorded directly in opening reserves, 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 decrease in other creditors, with no amount of ineffectiveness recorded in the income statement.

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### **2. Principal Changes under 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. The effect of these changes is set out in Section 5 of this report.

#### **IAS 19: Pension and other Post Retirement Benefits (recurring change)**

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 exemption 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.

#### **IFRS 3: Business Combinations**

The Group has elected to restate the acquisition of Buzz on 10 April 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 adjustments:

1. Reversal of goodwill amortisation since the date of the acquisition amounting to €4.5 million.
2. 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.
3. No change has been recorded to the provisional fair value of onerous leases taken over on acquisition as the impact of discounting such amounts is 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 2004, thereby releasing Ryanair from any remaining lease obligations at that time. Irish GAAP permits that such an adjustment can be made to the provisional value of the assets and liabilities acquired as part of the original business combination,

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provided that the adjustment is 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 is 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 31 March 2005.

#### **IFRS 2: Share Based Payments (recurring change)**

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 31 March 2005 for share option grants has been computed using the Binomial Lattice methodology. A similar charge will recur quarterly over the vesting period of the existing options and there may be additional charges as further share options are granted.

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 7 November 2002 but which had not vested by 1 January 2005. Had Ryanair recognised all vested grants of shares between 7 November 2002 and 1 January 2005, the Group's equity at 31 March 2005 would have increased by €9.4m with a corresponding reduction in retained earnings.

#### **IAS 39: Derivative Financial Instruments (recurring change)**

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 always 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 form part of a hedging agreement, these are not initially measured on the balance sheet and any related gains or losses arising are deferred until the underlying hedged item impacts 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 31 March 2005 has been accounted for in accordance with Irish/UK GAAP.

At 1 April 2005 Ryanair has accounted for all of its derivatives in accordance with IAS 39, with the result that an opening charge of €146.4 million together with a related deferred tax benefit of €18.3 million has been recorded directly in opening reserves, 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 decrease in other creditors, with no amount of ineffectiveness recorded in the income statement.

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#### **3. Basis of preparation and transition effects.**

##### **Basis of Preparation**

EU law (IAS Regulation EC 1606/2002) requires that the annual consolidated financial statements of the company, for the year ending 31 March 2006, be prepared in accordance with accounting standards adopted for use in the European Union (EU) further to the IAS Regulation (EC 1606/2002) ("accounting standards adopted by the EU").

This preliminary financial information comprising the consolidated preliminary balance sheets of the company and its subsidiaries at 1 April 2004 and 31 March 2005 and the consolidated preliminary income statement at 31 March 2005 and the related explanatory notes have been prepared on the basis of the recognition and measurement requirements of IFRSs in issue that either are adopted by the EU and effective (or available for early adoption) at 31 March 2006 or are expected to be adopted and effective (or available for early adoption) at 31 March 2006, the Group's first annual reporting date at which it is required to use accounting standards adopted by the EU. Based on these recognition and measurement requirements, management has made assumptions about the accounting policies expected to be applied, which are as set out below, when the first annual financial statements are prepared in accordance with accounting standards adopted by the EU for the financial year ending 31 March 2006.

In particular, management has assumed that the following IFRS's issued by the International Accounting Standards Board and IFRIC Interpretations issued by the International Financial Reporting Interpretations Committee will be adopted by the EU such that they will be available for use in the annual IFRS financial statements for the year ending 31 March 2006: Amendment to IAS 19: Actuarial Gains and Losses, Group Plans and Disclosures.

In addition, the accounting standards adopted by the EU that will be effective (or available for early adoption) in the annual financial statements for the year ending 31 March 2006 are still subject to change and to additional interpretations and therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period will be determined finally only when the annual financial statements are prepared for the year ending 31 March 2006.

The unaudited Group results for the three months to 30 June 2005 and the comparative quarterly information in the prior periods, also included in this report, have been prepared on a basis consistent with the IFRS accounting policies as set out herein. These quarterly financial statements have been prepared under the historical cost convention, except in respect of certain financial instruments, which have been fair valued in accordance with the requirements of IAS 39.

##### **Transition Effects**

IFRS 1 permits those companies adopting IFRS for the first time to avail of certain exemptions from the full requirements of IFRS on transition. Ryanair intends to avail of the following key exemptions:

- Pensions and post retirement benefits: At the transition date Ryanair has re-evaluated its defined benefit pension plans in accordance with IAS 19, and all cumulative actuarial gains and losses have been recognised in the opening balance sheet within pension assets or pension liabilities, and adjusted against retained income.
- Financial instruments: Financial instruments in the comparative periods are recorded using the existing Irish/UK GAAP basis, rather than being restated in accordance with IAS 32, Financial Instruments: Disclosure and Presentation, and IAS 39, Financial Instruments: Recognition and Measurement. The requirements of IAS 32 and 39 will instead be applied from 1 April 2005, as permitted by IFRS 1.

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- Share-based payments: IFRS 2 has been adopted from the transition date and is only being applied to equity settled share options granted on or after 7 November 2002 which had not vested by 1 January 2005. Ryanair has elected to avail of the option not to apply full retrospective application of the standard.
- Business combinations: Ryanair has elected to restate its only business combination (the acquisition of Buzz on 10 April 2003) to comply with IFRS 3 "Business Combinations", and has also applied the provisions of IAS 36 "Impairment of Assets" and IAS 38 "Intangible Assets" from the same date.

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### **4. Provisional accounting policies under IFRS**

#### **Basis of Consolidation**

The restated financial information includes the financial statements of the company and all subsidiary undertakings drawn up to the relevant period end.

The results of subsidiary undertakings acquired or disposed of in the period are included in the consolidated income statement from the date on which control is transferred to or from the Group. Control exists when the Group has the power, either directly or indirectly to govern the financial and operating policies of an entity so as to obtain economic benefit from its activities.

#### **Estimates and Uncertainties**

The preparation of consolidated financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and 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 the revision affects both current and future 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.

Ancillary revenues are recognised in the income statement in the period the ancillary services are provided.

#### **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

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#### **Foreign currency translation (Cont.)**

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.

#### **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.

For defined contribution schemes, the Group recognises contributions due in respect of the accounting period in the income statement. 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.

IAS 19 requires separate recognition of 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. In accordance with the exemption granted under IFRS 1, IAS 19 has not been applied retrospectively in preparing the Group's transition balance sheet to IFRS. All cumulative actuarial gains and losses as at the transition date (1 April 2004) have therefore been recognised in retained income at that date.

#### **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. 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 7 November 2002, but which had yet to vest by 1 January 2005.

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#### **Income taxes, including Deferred Income Taxes**

Income tax payable on taxable profits is recognised as an expense in the period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as an asset only to the extent that it is probable that it will be recovered by offset against current or future taxable profits. Income tax is recognized in the income statement except to the extent that 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.

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.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting Group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **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 lease term. The profit or loss amount deferred is included within other creditors and analysed into its components of greater or less than one year.

#### **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 tangible fixed assets and depreciation. With respect to the Group's operating lease agreements, where the Group has a commitment 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.

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**Property, Plant and Equipment**

<b>Aircraft Type</b>	<b>No. of Owned Aircraft</b>	<b>Useful Life</b>	<b>Residual Value at 31 March 2005</b>
Boeing 737-200	9	20 Years from date of manufacture	€500,000
Boeing 737-800	65	23 years from date of manufacture	15% of original cost

<b>Rates of Depreciation</b>	
Plant and Equipment	20 - 33.3%
Fixtures and Fittings	20%
Motor Vehicles	33.3%
Buildings	5%

Property, plant and equipment is 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 useful 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 tangible fixed assets. On acquisition of the related aircraft these payments are included as part of the cost of aircraft and are depreciated from that date.

**Cash and Cash Equivalents**

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

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.

**Inventories**

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

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#### **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.

#### **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 1 April 2005, the company has applied the provisions of IAS 39 in accounting for its derivatives. Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at 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.

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. 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. 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.

Under Irish GAAP and as applied in the periods to 31 March 2005, Ryanair's fuel forward contracts, foreign currency forward contracts and interest rate swaps were treated as hedges, and any unrealised gains or losses arising on those contracts were deferred and recognized as an offset to the related expenses, when realized.

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#### **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.

#### **Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recorded at cost, 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.

#### **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.

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**5. Restatement of 1 April 2004 and 31 March 2005 provisional balance sheets and income statements under IFRS**

This section sets out the impact of the preliminary adjustments required in transitioning to IFRS.

**5.1. Date of Transition under IFRS – 1 April 2004**

	<b>Irish/UK GAAP €'000</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>IFRS €'000</b>
<b>Non-Current Assets</b>						
Intangible Assets	44,499		2,342		2,342	46,841
Tangible Assets	1,576,526					1,576,526
Deferred tax asset	-	615			615	615
<b>Total Non-Current Assets</b>	<b>1,621,025</b>	<b>615</b>	<b>2,342</b>		<b>2,957</b>	<b>1,623,982</b>
<b>Current Assets</b>						
Inventories	26,440					26,440
Other Assets	19,251					19,251
Accounts Receivable	14,932					14,932
Restricted Cash	200,000					200,000
Financial assets – cash held to maturity > 3 months	312,745					312,745
Cash and cash equivalents	744,260					744,260
<b>Total Current Assets</b>	<b>1,317,628</b>					<b>1,317,628</b>
<b>Total Assets</b>	<b>2,938,653</b>	<b>615</b>	<b>2,342</b>		<b>2,957</b>	<b>2,941,610</b>
<b>Current Liabilities</b>						
Accounts Payable	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
<b>Total Current Liabilities</b>	<b>486,481</b>					<b>486,481</b>
<b>Other liabilities</b>						
Provisions for liabilities and charges	6,522					6,522
Deferred tax	87,670					87,670
Other creditors	30,047	4,922			4,922	34,969
Long term debt	872,645					872,645
<b>Total Other Liabilities</b>	<b>996,884</b>	<b>4,922</b>			<b>4,922</b>	<b>1,001,806</b>
<b>Shareholders funds</b>						
Called up share capital	9,643					9,643
Share premium account	560,406					560,406
Profit and loss account	885,239	(4,307)	2,342		(1,965)	883,274
<b>Shareholders funds - equity</b>	<b>1,455,288</b>	<b>(4,307)</b>	<b>2,342</b>		<b>(1,965)</b>	<b>1,453,323</b>
<b>Total liabilities and shareholders funds</b>	<b>2,938,653</b>	<b>615</b>	<b>2,342</b>		<b>2,957</b>	<b>2,941,610</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**5.2. 31 March 2005 Balance Sheet restated under IFRS**

	<b>31-Mar-05</b>	<b>01-Apr-04</b>	<b>Retirement Benefits</b>	<b>Business Combination</b>	<b>Share Based Payment</b>	<b>Total Effect</b>	<b>31-Mar-05</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	
<b>Non-Current Assets</b>							
Intangible Assets	30,449	2,342		14,050		16,392	46,841
Tangible Assets	2,092,283						2,092,283
Deferred tax asset	-	615	713			1,328	1,328
<b>Total Non-Current Assets</b>	<b>2,122,732</b>	<b>2,957</b>	<b>713</b>	<b>14,050</b>		<b>17,720</b>	<b>2,140,452</b>
<b>Current Assets</b>							
Inventories	28,069						28,069
Other Assets	24,612						24,612
Accounts Receivable	20,644						20,644
Restricted Cash	204,040						204,040
Financial assets – cash held to maturity > 3 months	529,407						529,407
Cash and cash equivalents	872,258						872,258
<b>Total Current Assets</b>	<b>1,679,030</b>						<b>1,679,030</b>
<b>Total Assets</b>	<b>3,801,762</b>	<b>2,957</b>	<b>713</b>	<b>14,050</b>		<b>17,720</b>	<b>3,819,482</b>
<b>Current Liabilities</b>							
Accounts Payable	92,118						92,118
Accrued expenses and other liabilities	414,997						414,997
Current Maturities of long term debt	120,997						120,997
Current tax	21,190						21,190
<b>Total Current Liabilities</b>	<b>649,302</b>						<b>649,302</b>
<b>Other liabilities</b>							
Provisions for liabilities and charges	7,236						7,236
Deferred tax	105,509						105,509
Other Creditors	18,444	4,922	5,706			10,628	29,072
Long term debt	1,293,860						1,293,860
<b>Total Other Liabilities</b>	<b>1,425,049</b>	<b>4,922</b>	<b>5,706</b>			<b>10,628</b>	<b>1,435,677</b>
<b>Shareholders funds</b>							
Called up share capital	9,675						9,675
Share premium account	565,756						565,756
Profit and loss account	1,151,980	(1,965)	(4,993)	14,050	(488)	6,604	1,158,584
Equity Reserve					488	488	488
<b>Shareholders funds - equity</b>	<b>1,727,411</b>	<b>(1,965)</b>	<b>(4,993)</b>	<b>14,050</b>		<b>7,092</b>	<b>1,734,503</b>
<b>Total liabilities and shareholders funds</b>	<b>3,801,762</b>	<b>2,957</b>	<b>713</b>	<b>14,050</b>		<b>17,720</b>	<b>3,819,482</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**5.3. 31 March 2005 Income Statement restated under IFRS**

**Consolidated Profit and Loss Account**

	IRGAAP	PY Adj				IFRS	
	31-Mar-05 €'000	01-Apr-04 €'000	Retirement Benefits €'000	Business Combination €'000	Share Based Payment €'000	Total Effect €'000	31-Mar-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
<b>Operating expenses</b>							
Staff costs	(140,997)		(188)		(488)	(676)	(141,673)
Depreciation & amortisation	(98,703)						(98,703)
Fuel & oil	(265,276)						(265,276)
Maintenance, materials and repairs	(37,934)						(37,934)
Marketing	(19,622)						(19,622)
Aircraft rentals	(33,471)						(33,471)
Route charges	(135,672)						(135,672)
Airport & handling costs	(178,384)						(178,384)
Other costs	(97,038)						(97,038)
<b>Total operating expenses</b>	<b>(1,007,097)</b>		<b>(188)</b>		<b>(488)</b>	<b>(676)</b>	<b>(1,007,773)</b>
<b>Operating profit - before amortisation of goodwill</b>	<b>329,489</b>		<b>(188)</b>		<b>(488)</b>	<b>(676)</b>	<b>328,813</b>
Goodwill	(2,125)			2,125		2,125	-
<b>Operating profit after amortisation of goodwill</b>	<b>327,364</b>		<b>(188)</b>	<b>2,125</b>	<b>(488)</b>	<b>1,449</b>	<b>328,813</b>
<b>Other (expenses)/income</b>							
Foreign exchange gains	(2,323)		21			21	(2,302)
(Loss) on disposal of fixed assets	47						47
Interest receivable and similar income	28,342						28,342
Interest payable and similar charges	(57,499)		(130)			(130)	(57,629)
Purchase accounting adjustment				11,925		11,925	11,925
<b>Total other (expenses)/income</b>	<b>(31,433)</b>		<b>(109)</b>	<b>11,925</b>		<b>11,816</b>	<b>(19,617)</b>
<b>Profit on ordinary activities</b>	<b>295,931</b>		<b>(297)</b>	<b>14,050</b>	<b>(488)</b>	<b>13,265</b>	<b>309,196</b>
Tax	(29,190)		37			37	(29,153)
<b>Profit after tax</b>	<b>266,741</b>		<b>(260)</b>	<b>14,050</b>	<b>(488)</b>	<b>13,302</b>	<b>280,043</b>
<b>Earnings per Share</b>	<b>0.35</b>						<b>0.37</b>
<b>Diluted Earnings Per Share</b>	<b>0.35</b>						<b>0.37</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6. Comparative quarterly information for the year to 31 March 2005**

**6.1. Balance Sheet restated – 30 June 2004**

	<b>Irish/UK GAAP</b> €'000	<b>Prior Adj.</b>	<b>Retirement Benefits</b> €'000	<b>Business Combination</b> €'000	<b>Share Based Payment</b> €'000	<b>Total Effect</b> €'000	<b>Restated Under IFRS</b> €'000
<b>Non Current Assets</b>							
Intangible Assets	43,914	2,342		586		2,928	46,842
Tangible Assets	1,612,800						1,612,800
Deferred tax asset	-	615	178			793	793
<b>Total Non-current assets</b>	<b>1,656,714</b>	<b>2,957</b>	<b>178</b>	<b>586</b>		<b>3,721</b>	<b>1,660,435</b>
<b>Current Assets</b>							
Inventories	27,116						27,116
Other Assets	19,269						19,269
Accounts Receivable	14,002						14,002
Restricted cash	200,000						200,000
Financial assets - cash held to maturity > 3 months	157,427						157,427
Cash and cash equivalents	967,948						967,948
<b>Total Current Assets</b>	<b>1,385,762</b>						<b>1,385,762</b>
<b>Total Assets</b>	<b>3,042,476</b>	<b>2,957</b>	<b>178</b>	<b>586</b>		<b>3,721</b>	<b>3,046,197</b>
<b>Current Liabilities</b>							
Accounts Payable	79,341						79,341
Accrued expenses and other liabilities	378,329						378,329
Current Maturities of long term debt	81,350						81,350
Current tax	13,793						13,793
<b>Total current liabilities</b>	<b>552,813</b>						<b>552,813</b>
<b>Non-current liabilities</b>							
Provisions for liabilities and charges	8,008						8,008
Deferred tax	92,010						92,010
Other creditors	29,529	4,922	1,426			6,348	35,877
Long term debt	852,119						852,119
<b>Total other liabilities</b>	<b>981,666</b>	<b>4,922</b>	<b>1,426</b>			<b>6,348</b>	<b>988,014</b>
<b>Equity</b>							
Called up share capital	9,644						9,644
Share premium account	560,559						560,559
Profit and loss account	937,794	(1,965)	(1,248)	586		(2,627)	935,167
<b>Shareholders funds - equity</b>	<b>1,507,997</b>	<b>(1,965)</b>	<b>(1,248)</b>	<b>586</b>		<b>(2,627)</b>	<b>1,505,370</b>
<b>Total liabilities and shareholders funds</b>	<b>3,042,476</b>	<b>2,957</b>	<b>178</b>	<b>586</b>		<b>3,721</b>	<b>3,046,197</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.2. Balance Sheet restated – 30 September 2004**

	<b>Irish GAAP €'000</b>	<b>Prior Adj. €'000</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>Restated Under IFRS €'000</b>
<b>Non Current Assets</b>							
Intangible Assets	43,327	2,928		586		3,514	46,841
Tangible Assets	1,738,458						1,738,458
Deferred tax asset	-	793	178			971	971
<b>Total Non-current assets</b>	<b>1,781,785</b>	<b>3,721</b>	<b>178</b>	<b>586</b>		<b>4,485</b>	<b>1,786,270</b>
<b>Current Assets</b>							
Inventories	26,469						26,469
Other Assets	21,259						21,259
Accounts Receivable	16,806						16,806
Restricted cash	200,000						200,000
Financial assets - cash held to maturity > 3 months	668,224						668,224
Cash and cash equivalents	552,822						552,822
<b>Total Current Assets</b>	<b>1,485,580</b>						<b>1,485,580</b>
<b>Total Assets</b>	<b>3,267,365</b>	<b>3,721</b>	<b>178</b>	<b>586</b>		<b>4,485</b>	<b>3,271,851</b>
<b>Current Liabilities</b>							
Accounts Payable	75,362						75,362
Accrued expenses and other liabilities	334,596						334,596
Current Maturities of long term debt	91,932						91,932
Current tax	22,361						22,361
<b>Total current liabilities</b>	<b>524,251</b>						<b>524,251</b>
<b>Non-current liabilities</b>							
Provisions for liabilities and charges	9,885						9,885
Deferred tax	98,095						98,095
Other Creditors	27,551	6,348	1,426			7,774	35,325
Long term debt	951,985						951,985
<b>Total other liabilities</b>	<b>1,087,516</b>	<b>6,348</b>	<b>1,426</b>			<b>7,774</b>	<b>1,095,290</b>
<b>Equity</b>							
Called up share capital	9,644						9,644
Share premium account	560,605						560,605
Profit and loss account	1,085,349	(2,627)	(1,248)	586		(3,289)	1,082,060
<b>Shareholders funds - equity</b>	<b>1,655,598</b>	<b>(2,627)</b>	<b>(1,248)</b>	<b>586</b>		<b>(3,289)</b>	<b>1,652,309</b>
<b>Total liabilities and shareholders funds</b>	<b>3,267,365</b>	<b>3,721</b>	<b>178</b>	<b>586</b>		<b>4,485</b>	<b>3,271,851</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.3. Balance Sheet restated – 31 December 2004**

	<b>Irish GAAP</b>	<b>Prior Adj.</b>	<b>Retirement Benefits</b>	<b>Business Combination</b>	<b>Share Based Payment</b>	<b>Total Effect</b>	<b>Restated Under IFRS</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Non Current Assets</b>							
Intangible Assets	30,872	3,514		12,455		15,969	46,841
Tangible Assets	1,845,452						1,845,452
Deferred tax asset	-	971	178			1,149	1,149
<b>Total Non-current assets</b>	<b>1,876,324</b>	<b>4,485</b>	<b>178</b>	<b>12,455</b>		<b>17,118</b>	<b>1,893,442</b>
<b>Current Assets</b>							
Inventories	27,160						27,160
Other Assets	18,608						18,608
Accounts Receivable	14,467						14,467
Restricted cash	204,040						204,040
Financial assets - cash held to maturity > 3 months	143,287						143,287
Cash and cash equivalents	1,098,198						1,098,198
<b>Total Current Assets</b>	<b>1,505,760</b>						<b>1,505,760</b>
<b>Total Assets</b>	<b>3,382,084</b>	<b>4,485</b>	<b>178</b>	<b>12,455</b>		<b>17,118</b>	<b>3,399,202</b>
<b>Current Liabilities</b>							
Accounts Payable	89,439						89,439
Accrued expenses and other liabilities	290,280						290,280
Current Maturities of long term debt	106,841						106,841
Current tax	26,769						26,769
<b>Total current liabilities</b>	<b>513,329</b>						<b>515,329</b>
<b>Non-current liabilities</b>							
Provisions for liabilities and charges	5,416						5,416
Deferred tax	102,325						102,325
Other Creditors	22,958	7,774	1,426			9,200	32,158
Long term debt	1,046,546						1,046,546
<b>Total other liabilities</b>	<b>1,177,245</b>	<b>7,774</b>	<b>1,426</b>			<b>9,200</b>	<b>1,186,445</b>
<b>Equity</b>							
Called up share capital	9,652						9,652
Share premium account	562,015						562,015
Profit and loss account	1,119,843	(3,289)	(1,248)	12,455	(195)	7,723	1,127,566
Equity Reserve	-				195	195	195
<b>Shareholders funds - equity</b>	<b>1,691,510</b>	<b>(3,289)</b>	<b>(1,248)</b>	<b>12,455</b>		<b>7,918</b>	<b>1,699,428</b>
<b>Total liabilities and shareholders funds</b>	<b>3,382,084</b>	<b>4,485</b>	<b>178</b>	<b>12,455</b>		<b>17,118</b>	<b>3,399,202</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.4. Balance Sheet restated – 31 March 2005**

	<b>31-Mar-05 €'000</b>	<b>Prior Adj. €'000</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>31-Mar-05 €'000</b>
<b>Non-Current Assets</b>							
Intangible Assets	30,449	15,969		423		16,392	46,841
Tangible Assets	2,092,283						2,092,283
Deferred tax asset	-	1,149	179			1,328	1,328
<b>Total Non-Current Assets</b>	<b>2,122,732</b>	<b>17,118</b>	<b>179</b>	<b>423</b>		<b>17,720</b>	<b>2,140,452</b>
<b>Current Assets</b>							
Inventories	28,069						28,069
Other Assets	24,612						24,612
Accounts Receivable	20,644						20,644
Restricted Cash	204,040						204,040
Financial assets – cash held to maturity > 3 months	529,407						529,407
Cash and cash equivalents	872,258						872,258
<b>Total Current Assets</b>	<b>1,679,030</b>						<b>1,679,030</b>
<b>Total Assets</b>	<b>3,807,375</b>	<b>17,118</b>	<b>179</b>	<b>423</b>		<b>17,720</b>	<b>3,819,482</b>
<b>Current Liabilities</b>							
Accounts Payable	92,118						92,118
Accrued expenses and other liabilities	414,997						414,997
Current Maturities of long term debt	120,997						120,997
Current tax	21,190						21,190
<b>Total Current Liabilities</b>	<b>649,302</b>						<b>649,302</b>
<b>Other liabilities</b>							
Provisions for liabilities and charges	7,236						7,236
Deferred tax	105,509						105,509
Accounts payable due after one year	18,444	9,200	1,428			10,628	29,072
Long term debt	1,293,860						1,293,860
<b>Total Other Liabilities</b>	<b>1,425,049</b>	<b>9,200</b>	<b>1,428</b>			<b>10,628</b>	<b>1,435,677</b>
<b>Shareholders funds</b>							
Called up share capital	9,675						9,675
Share premium account	565,756						565,756
Profit and loss account	1,151,980	7,723	(1,249)	423	(293)	6,604	1,158,584
Equity Reserve		195			293	488	488
<b>Shareholders funds - equity</b>	<b>1,727,411</b>	<b>7,918</b>	<b>(1,249)</b>	<b>423</b>		<b>7,092</b>	<b>1,734,503</b>
<b>Total liabilities and shareholders funds</b>	<b>3,807,375</b>	<b>17,118</b>	<b>179</b>	<b>423</b>		<b>17,720</b>	<b>3,819,482</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.5. Quarterly Income Statement restated – 30 June 2004**

	<b>Irish/UK GAAP €'000</b>	<b>Prior Adj. €'000</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>IFRS €'000</b>
Operating revenue							
Scheduled Revenue	259,059						259,059
Ancillary revenue	43,689						43,689
Total operating revenue	302,748						302,748
<b>Operating expenses</b>							
Staff costs	(34,075)		(47)			(47)	(34,122)
Depreciation & amortisation	(23,571)						(23,571)
Fuel & oil	(51,842)						(51,842)
Maintenance, materials and repairs	(14,073)						(14,073)
Marketing	(7,266)						(7,266)
Aircraft rentals	(8,084)						(8,084)
Route charges	(33,205)						(33,205)
Airport & handling costs	(44,270)						(44,270)
Other costs	(21,574)						(21,574)
<b>Total operating expenses</b>	(237,960)		(47)			(47)	(238,007)
<b>Operating profit - before amortisation of goodwill</b>	64,788		(47)			(47)	64,741
Goodwill	(586)			586		586	0
<b>Operating profit after amortisation of goodwill</b>	64,202		(47)	586		539	64,741
<b>Other (expenses)/income</b>							
Foreign exchange gains	115		5			5	120
Profit on disposal of fixed assets	6						6
Interest receivable and similar income	6,059						6,059
Interest payable and similar charges	(12,630)		(32)			(32)	(12,662)
Purchase accounting adjustment							
<b>Total other (expenses)/income</b>	(6,450)		(27)			(27)	(6,477)
<b>Profit on ordinary activities</b>	57,752		(74)	586		512	58,264
Tax	(5,197)		9			9	(5,188)
<b>Profit after tax</b>	<b>52,555</b>		<b>(65)</b>	<b>586</b>		<b>521</b>	<b>53,076</b>
<b>Basic earnings per share</b>	0.07						0.07
<b>Diluted earnings per share</b>	0.07						0.07

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.6. Quarterly Income Statement restated – 30 September 2004**

	<b>Irish/UK GAAP €'000</b>	<b>Prior Adj.</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>IFRS €'000</b>
Operating revenue							
Scheduled Revenue	617,644						617,644
Ancillary revenue	103,448						103,448
<b>Total operating revenue</b>	<b>721,092</b>						<b>721,092</b>
<b>Operating expenses</b>							
Staff costs	(69,259)	(47)	(47)			(94)	(69,353)
Depreciation & amortisation	(44,904)						(44,904)
Fuel & oil	(113,750)						(113,750)
Maintenance, materials and repairs	(24,898)						(24,898)
Marketing	(10,775)						(10,775)
Aircraft rentals	(16,236)						(16,236)
Route charges	(67,926)						(67,926)
Airport & handling costs	(90,322)						(90,322)
Other costs	(47,505)						(47,505)
<b>Total operating expenses</b>	<b>(485,575)</b>	<b>(47)</b>	<b>(47)</b>			<b>(94)</b>	<b>(485,669)</b>
<b>Operating profit - before amortisation of goodwill</b>	<b>235,517</b>	<b>(47)</b>	<b>(47)</b>			<b>(94)</b>	<b>235,423</b>
Goodwill	(1,172)	586		586		1,172	0
<b>Operating profit after amortisation of goodwill</b>	<b>234,345</b>	<b>539</b>	<b>(47)</b>	<b>586</b>		<b>1,078</b>	<b>235,423</b>
<b>Other (expenses)/income</b>							
Foreign exchange gains	(759)	5	5			10	(749)
Profit on disposal of fixed assets	6						6
Interest receivable and similar income	12,818						12,818
Interest payable and similar charges	(25,921)	(32)	(32)			(64)	(25,985)
<b>Total other (expenses)/income</b>	<b>(13,856)</b>	<b>(27)</b>	<b>(27)</b>			<b>(54)</b>	<b>(13,910)</b>
<b>Profit on ordinary activities</b>	<b>220,489</b>	<b>512</b>	<b>(74)</b>	<b>586</b>		<b>1,024</b>	<b>221,513</b>
Tax	(20,379)	9	9			18	(20,361)
<b>Profit after tax</b>	<b>200,110</b>	<b>521</b>	<b>(65)</b>	<b>586</b>		<b>1,042</b>	<b>201,152</b>
Basic earnings per Share	0.26						0.26
Diluted earnings per share	0.26						0.26

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.7. Quarterly Income Statement restated – 31 December 2004**

	<b>Irish/UK GAAP</b>	<b>Prior Adj.</b>	<b>Retirement Benefits</b>	<b>Business Combination</b>	<b>Share Based Payment</b>	<b>Total Effect</b>	<b>IFRS</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
Operating revenue							
Scheduled Revenue	864,356						864,356
Ancillary revenue	151,180						151,180
<b>Total operating revenue</b>	<b>1,015,536</b>						<b>1,015,536</b>
<b>Operating expenses</b>							
Staff costs	(104,083)	(94)	(47)		(195)	(336)	(104,419)
Depreciation & amortisation	(70,960)						(70,960)
Fuel & oil	(186,236)						(186,236)
Maintenance, materials and repairs	(27,221)						(27,221)
Marketing	(13,400)						(13,400)
Aircraft rentals	(23,636)						(23,636)
Route charges	(101,315)						(101,315)
Airport & handling costs	(134,565)						(134,565)
Other costs	(69,933)						(69,933)
<b>Total operating expenses</b>	<b>(731,349)</b>	<b>(94)</b>	<b>(47)</b>		<b>(195)</b>	<b>(336)</b>	<b>(731,685)</b>
<b>Operating profit – before Amortization of goodwill</b>	<b>284,187</b>	<b>(94)</b>	<b>(47)</b>		<b>(195)</b>	<b>(336)</b>	<b>283,851</b>
Goodwill	(1,702)	1,172		530		1,702	-
<b>Operating profit after Amortization of goodwill</b>	<b>282,485</b>	<b>1,078</b>	<b>(47)</b>	<b>530</b>	<b>(195)</b>	<b>1,366</b>	<b>283,851</b>
<b>Other (expenses)/income</b>							
Foreign exchange gains	(2,835)	10	5			15	(2,820)
Profit on disposal of fixed assets	6						6
Interest receivable and similar income	20,197						20,197
Interest payable and similar charges	(40,992)	(64)	(32)			(96)	(41,088)
Purchase accounting adjustment				11,925		11,925	11,925
<b>Total other (expenses)/income</b>	<b>(23,624)</b>	<b>(54)</b>	<b>(27)</b>	<b>11,925</b>		<b>11,844</b>	<b>(11,780)</b>
<b>Profit on ordinary activities</b>	<b>258,861</b>	<b>1,024</b>	<b>(74)</b>	<b>12,455</b>	<b>(195)</b>	<b>13,210</b>	<b>272,071</b>
Tax	(24,257)	18	9			28	(24,230)
<b>Profit after tax</b>	<b>234,604</b>	<b>1,042</b>	<b>(65)</b>	<b>12,455</b>	<b>(195)</b>	<b>13,237</b>	<b>247,841</b>
<b>Basic earnings per share</b>	<b>0.31</b>						<b>0.33</b>
<b>Diluted earnings per share</b>	<b>0.31</b>						<b>0.32</b>

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**6.8. Quarterly Income Statement restated – 31 March 2005**

	<b>Irish/UK GAAP €'000</b>	<b>Prior Adj. €'000</b>	<b>Retirement Benefits €'000</b>	<b>Business Combination €'000</b>	<b>Share Based Payment €'000</b>	<b>Total Effect €'000</b>	<b>IFRS €'000</b>
Operating revenue							
Scheduled Revenue	1,128,116						1,128,116
Ancillary revenue	208,470						208,470
<b>Total operating revenue</b>	<b>1,336,586</b>						<b>1,336,586</b>
<b>Operating expenses</b>							
Staff costs	(140,997)	(336)	(47)		(293)	(676)	(141,673)
Depreciation & amortisation	(98,703)						(98,703)
Fuel & oil	(265,276)						(265,276)
Maintenance, materials and repairs	(37,934)						(37,934)
Marketing	(19,622)						(19,622)
Aircraft rentals	(33,471)						(33,471)
Route charges	(135,672)						(135,672)
Airport & handling costs	(178,384)						(178,384)
Other costs	(97,038)						(97,038)
<b>Total operating expenses</b>	<b>(1,007,097)</b>	<b>(336)</b>	<b>(47)</b>		<b>(293)</b>	<b>(676)</b>	<b>(1,007,773)</b>
<b>Operating profit - before amortisation of goodwill</b>	<b>329,489</b>	<b>(336)</b>	<b>(47)</b>		<b>(293)</b>	<b>(676)</b>	<b>328,813</b>
Goodwill	(2,125)	1,702		423		2,125	0
<b>Operating profit after amortisation of goodwill</b>	<b>327,364</b>	<b>1,366</b>	<b>(47)</b>	<b>423</b>	<b>(293)</b>	<b>1,449</b>	<b>328,813</b>
<b>Other (expenses)/income</b>							
Foreign exchange gains	(2,323)	15	6			21	(2,302)
Profit on disposal of fixed assets	47	0				0	47
Interest receivable and similar income	28,342	0				0	28,342
Interest payable and similar charges	(57,499)	(96)	(34)			(130)	(57,629)
Purchase accounting adjustment		11,925				11,925	11,925
<b>Total other (expenses)/income</b>	<b>(31,433)</b>	<b>11,844</b>	<b>(28)</b>			<b>11,816</b>	<b>(19,617)</b>
<b>Profit on ordinary activities</b>	<b>295,931</b>	<b>13,210</b>	<b>(75)</b>	<b>423</b>	<b>(293)</b>	<b>13,265</b>	<b>309,196</b>
Tax	(29,190)	27	10			37	(29,153)
<b>Profit after tax</b>	<b>266,741</b>	<b>13,237</b>	<b>(65)</b>	<b>423</b>	<b>(293)</b>	<b>13,302</b>	<b>280,043</b>
Basic earnings per share	0.35						0.37
Diluted earnings per share	0.35						0.37

**Ryanair Holdings plc**  
**Explanation of the financial impact following adoption of IFRS**

**7. Statement of Recognised Income and Expense**

	<b>Irish/UK GAAP</b>	<b>Prior Adj.</b>	<b>Retirement Benefits</b>	<b>Business Combination</b>	<b>Share Based Payment</b>	<b>Total Effect</b>	<b>Restated Under IFRS</b>
	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>	<b>€'000</b>
<b>Statement of Recognised Income and Expense</b>							
<b>30-Jun-04</b>							
<b>Profit for the period</b>	52,555		(65)	586		521	53,076
Actuarial gains/losses on defined benefit plans			(1,352)			(1,352)	(1,352)
Deferred tax on Actuarial gains and losses on DB plans			169			169	169
<b>Profit and Loss Account at end of period</b>	<b>52,555</b>		<b>(1,248)</b>	<b>586</b>		<b>(662)</b>	<b>51,893</b>
<b>30-Sep-04</b>							
<b>Profit for the period</b>	200,110	521	(65)	586		1,042	201,152
Actuarial gains/losses on defined benefit plans		(1,352)	(1,352)			(2,704)	(2,704)
Deferred tax on Actuarial gains and losses on DB plans		169	169			338	338
<b>Profit and Loss Account at end of period</b>	<b>200,110</b>	<b>(662)</b>	<b>(1,248)</b>	<b>586</b>		<b>(1,324)</b>	<b>198,786</b>
<b>31-Dec-04</b>							
<b>Profit for the period</b>	234,604	1,042	(65)	12,455	(195)	13,237	247,841
Actuarial gains/losses on defined benefit plans		(2,704)	(1,352)			(4,056)	(4,056)
Deferred tax on Actuarial gains and losses on DB plans		338	169			507	507
<b>Profit and Loss Account at end of period</b>	<b>234,604</b>	<b>(1,324)</b>	<b>(1,248)</b>	<b>12,455</b>	<b>(195)</b>	<b>9,688</b>	<b>244,292</b>
<b>31-Mar-05</b>							
<b>Profit for the period</b>	266,741	13,237	(65)	423	(293)	13,302	280,043
Actuarial gains/losses on defined benefit plans		(4,056)	(1,353)			(5,409)	(5,409)
Deferred tax on Actuarial gains and losses on DB plans		507	169			676	676
<b>Profit and Loss Account at end of period</b>	<b>266,741</b>	<b>9,688</b>	<b>(1,249)</b>	<b>423</b>	<b>(293)</b>	<b>8,569</b>	<b>275,310</b>