RYANAIR REPORTS RECORD PROFITS OF €401m, PROFITS UP 33% AS TRAFFIC GROWS TO 42.5M

Ryanair, Europe's biggest low fares airline, today (5 June) released record net profits of €401m, a 33% increase over the prior year figure and €11m ahead of previous guidance. Ryanair's traffic grew by 22% to 42.5m, yields rose 7%, as revenues grew by 32% to €2.24bn. Unit costs increased by 9% mainly due to a 50% increase in fuel costs. Despite this significantly higher fuel bill, Ryanair maintained an industry leading after tax margin of 18%.

Summary Table of Results (IFRS) - in Euro

Full Year Results	Mar 31, 2006	Mar 31, 2007	% Increase
Passengers	34.8m	42.5m	22%
Revenue	€1.693bn	€2.237bn	32%
Adjusted Profit after Tax (Note 1&2)	€301.5m	€401.4m	33%
Adjusted Basic EPS(EuroCents)(Note 1,2&3)	19.66	25.99	32%

Note 1 – Excludes €5.2m Net of Tax received from an insurance claim in y/e 31.03.06
Note 2 – Excludes €34.2m due to the release of a deferred Tax Overprovision in y/e 31.03.07
Note 3 – Adjusted by two for one stock split which occurred in February 2007

Ryanair's CEO Michael O'Leary said:

"These record profits and the strong growth in traffic, yields and revenues during a period of much higher oil prices and intense competition is a tribute to the strength of Ryanair's lowest fare model. The highlights of the past year include:

- Profit growth of 33% to €401m – Up €100m on last year.
- Traffic growth of 22% to 42.5m.
- Purchase of 30 new aircraft, bringing the fleet to 133 units at year end.
- Opening 153 new routes (including 3 new bases at Marseille, Madrid and Bremen).
- Fuel costs increased by 50% to €693m.
- Industry leading customer service and No.1 for pricing and punctuality.
- Widened the price gap between Ryanair and our competitors.
- Purchased 25.2% of Aer Lingus plc.
- Strengthened the balance sheet with year end cash of €2.2bn.

The unusual feature of these results was the 7% rise in average fares, despite the 22% growth in traffic. This increase was largely driven by competitor fare increases and competitor fuel surcharges, as well as our checked baggage fees which are designed to encourage passengers to travel with carry-on luggage only. Ancillary Revenues grew by 40% thanks to a better passenger spend, increased penetration, and the growth of excess baggage revenues. In March we announced an agreement with Expedia, our new hotel provider, and we expect that ancillary revenues will continue to grow at a faster rate than scheduled traffic.

Due primarily to a 50% increase in fuel costs, unit costs rose by 9%. This was also impacted by a one off step up in our pilot crewing ratio due to longer sector lengths. We took advantage of recent dollar and oil price weaknesses to extend our fuel hedges to 90% for the remainder of fiscal 2008 at an average cost per barrel which is 10% lower than last year. This cost saving will help us to offset significantly higher airport charges this year at Stansted (where airport charges doubled on 1 April), and Dublin Airport, who continue to impose unjustified price increases despite delivering a sub-standard service through a portacabin facility. These monopoly price increases demonstrate again the abject failure of Aviation Regulators in both Ireland and the UK to protect the interests of consumers.

We continue to press for the break-up of the BAA airport monopoly and welcome the recent OFT and Competition Commission investigation of the BAA. The current BAA Stansted plan to waste almost £4bn building a second runway and terminal (which should cost less than £1bn) provides further proof of this monopoly abuse. Similarly at Dublin, Ryanair opposes the ludicrous plans to waste over €800m building a 15 MPPA passenger terminal which Ryanair is willing to build (and pay for) at a cost of less than €200m. The Irish Regulator has failed to investigate or explain why the DAA's costs of this facility have quadrupled over the past year without any increase in capacity. His current proposal that Ryanair passengers who will never use T2 should pay higher airport charges to fund it, is contrary to the "User Pays" principle of aviation regulation. The significant cost increases associated with these higher airport charges at Stansted and Dublin since April, combined with Gordon Brown's decision to engage in "highway robbery" by doubling UK airport departure taxes has had a negative impact on traffic and yields.

Forward bookings and yields continue to be soft and Ryanair continues to respond with aggressive price promotions including a current offer of £20 off all return fares on all flights. As has always been the case, Ryanair will lead and win every fare war in Europe, because Ryanair has the lowest costs and the lowest fares.
Ryanair has recently extended this price war by launching a unique "lowest price" guarantee. Subject to the terms and conditions of this programme, Ryanair will refund double the difference to any passenger who can find a lower fare from any competitor airline on any Ryanair route. Thus far we have paid remarkably few claims, simply because no other airline can match Ryanair's low fares.

The European Commission's review of Ryanair's proposed offer for Aer Lingus has been ongoing for the past 6 months. The decision by DG Competition to refer this merger to a Phase 2 review was unprecedented and a radical departure from the Commission's long standing policy of encouraging EU airline consolidation. It is difficult to understand how the EU can wave through precedent mergers (such as Air France/KLM, Lufthansa/Eurowings and Lufthansa/SAS) in Phase 1 with minimal remedies, yet in this case a merger of two Irish airlines with bases at a peripheral European city (Dublin), which together account for less than 5% of EU traffic, has been referred to Phase 2. Ryanair's proposed remedies now include guaranteed fare and fuel surcharge reductions of over €100m per annum for Aer Lingus consumers, combined with the surrender of a significant number of Heathrow slots (the most valuable in the world) and Dublin slots. Accordingly, any failure by the European Commission to approve this merger will be an entirely political decision to put the narrow political interests of the Irish Government before those of European competition and European consumers. Ryanair will immediately refer any such prohibition to the European Courts, and given the significant inaccuracies and omissions in the Commission's Statement of Objection we believe that any Court challenge has a high prospect of success.

Ryanair's "lowest fare" business model is strongly cash generative. Cash on hand at March 31st 2007 amounted to €2.2bn. At the AGM on September 22nd 2006 the shareholders authorised that the Directors could re-purchase Ordinary shares ("buyback") amounting to 5% of the Company's issued share capital. The Directors have decided, in the best interests of the Company and its shareholders as a whole, to undertake a buyback programme, under which up to €300 million would be available for return. At the current market price of €5.20 this equates to a buy back of approximately 3.63% of the existing issued share capital of the Company. We anticipate starting the buyback programme on\after June 7th 2007 onward.

Ordinary shares will be repurchased under the programme in accordance with the provisions of the Company's annual re-purchase authority and the requirements of the Irish Stock Exchange and UK Listing Authority rules. The Company's brokers, Davy, will conduct the share buyback programme, and shares repurchased will be cancelled immediately. Only Ordinary shares (and no ADR's) will be repurchased.

As we indicated at the release of our April traffic statistics, we have recently noticed a softening of market conditions which has been reflected in lower load factors and yields. Whilst we remain confident that traffic over the coming year will grow by 22% to over 52 million passengers, we believe that if trading conditions continue to be soft, then yields will fall by up to 5% compared to last year's figure. Unit costs will rise over the coming year by 6% or 7%, largely due to longer sector lengths (+7%), substantially higher airport charges at Stansted and Dublin and a one time increase in cabin crew ratios, although these will be partially offset by the lower fuel costs already secured through our hedging programme. As a result we expect profit growth over the coming year to be more modest and to rise by approximately 5%. At this time with no visibility of Winter bookings and yields, we believe that the Company and our shareholders should remain cautious and conservative. We expect the seasonality established over recent years to continue and the vast majority of our annual profits will be generated in the first half of the fiscal year, with a consequent reduction in profitability and maybe even small losses being recorded during quarters 3 and 4.

Over the coming year Ryanair will increase its fleet by a net 30 aircraft as we have commenced our planned disposal programme and have already sold 5 aircraft delivered in 1999. We will launch at least 3 new bases (2 of which, Dusseldorf-Niederrhein and Bristol, have been announced), and we expect to open more than 50 new routes. We will continue to aggressively stimulate traffic growth by promoting Ryanair's lowest fare guarantee in every market. If market conditions continue to be soft, as is presently the case, then this ambitious traffic growth can only be delivered by discounting fares and reducing yields. This remains an extremely volatile and cyclical business, but over time the price leaders such as Southwest in the U.S. and Ryanair in Europe have repeatedly demonstrated that during periods of adverse trading conditions, the lowest fare and lowest cost carrier makes the greatest gains. Ryanair will continue to offer the lowest fares and the lowest costs in every market we operate to the benefit of our passengers, our people and our shareholders.

ends.

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The directors of Ryanair accept responsibility for the information contained in this announcement, save that the only responsibility accepted by the directors of Ryanair in respect of the information contained in this announcement relating to Aer Lingus and the Aer Lingus Group, which has been compiled from published sources, has been to

ensure that such information has been correctly and fairly reproduced or presented (and no steps have been taken by the directors of Ryanair to verify this information). To the best of the knowledge and belief of the directors of Ryanair (who have taken all reasonable care to ensure that such is the case), the information contained in this announcement for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain of the information included in this release is forward looking and is 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 Ryanair's expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for the replacement aircraft, costs associated with environmental, safety and security measures, actions of the Irish, U.K., 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, 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 economics, social and political factors.

Ryanair is Europe's largest low fares airline with 20 bases and 487 low fare routes across 25 countries. By the end of March 2008 Ryanair will operate a fleet of 163 new Boeing 737-800 aircraft with firm orders for a further 99 new aircraft (all net of planned disposals), which will be delivered over the next 5 years. Ryanair currently employs a team of 4,500 people and expects to carry approximately 52 million scheduled passengers in the current fiscal year.

Ryanair Holdings plc and Subsidiaries

Consolidated Income Statement measured in accordance with IFRS(unaudited)

	Year ended Mar 31, 2007 €'000	Year ended Mar 31, 2006 €'000
Operating revenues		
Scheduled revenues	**1,874,791**	1,433,377
Ancillary revenues	**362,104**	259,153
Total operating revenues -continuing operations	**2,236,895**	1,692,530
Operating expenses		
Staff costs	**226,580**	171,412
Depreciation	**143,503**	124,405
Fuel & oil	**693,331**	462,466
Maintenance, materials & repairs	**42,046**	37,417
Marketing & distribution costs	**23,795**	13,912
Aircraft rentals	**58,183**	47,376
Route charges	**199,240**	164,577
Airport & handling charges	**273,613**	216,301
Other	**104,859**	85,557
Total operating expenses	**1,765,150**	1,323,423
Operating profit before exceptional items	**471,745**	369,107
Aircraft insurance claim	**-**	5,939
Operating profit after exceptional items - continuing operations	**471,745**	375,046
Other income/(expenses)		
Finance income	**62,983**	38,219
Finance expense	**(82,876)**	(73,958)
Foreign exchange (losses)	**(906)**	(1,234)
Gains on disposal of property, plant & equipment	**91**	815
Total other income/(expenses)	**(20,708)**	(36,158)
Profit before tax	**451,037**	338,888
Tax on profit on ordinary activities	**(49,636)**	(32,176)
Exceptional item – release of prior year tax overprovision	**34,199**	-
Profit for the year - all attributable to equity holders of parent	**435,600**	306,712
Basic earnings per ordinary share Euro cent**	**28.20**	20.00
Diluted earnings per ordinary share Euro cent**	**27.97**	19.87
*Basic adjusted earnings per ordinary share Euro cent**	**25.99**	19.66
*Diluted adjusted earnings per ordinary share Euro cent**	**25.77**	19.53
Number of ordinary shares (in 000's)**	**1,544,457**	1,533,666
Number of diluted shares (in 000's)**	**1,557,503**	1,543,562

*** Calculated on profit for the year before exceptional items (net of tax).**
**** Adjusted for share split of 2 for 1 which occurred on February 26, 2007**

Ryanair Holdings plc and Subsidiaries

Consolidated Balance Sheet measured in accordance with IFRS(unaudited)

	Mar 31, 2007 €'000	Mar 31, 2006 €'000
Non-current assets		
Property, plant and equipment	**2,884,053**	2,532,988
Intangible assets	**46,841**	46,841
Available for sale financial asset	**406,075**	-
Derivative financial instruments	**-**	763
Total non-current assets	**3,336,969**	2,580,592
Current assets		
Inventories	**2,420**	3,422
Other assets	**77,707**	29,453
Trade receivables	**23,412**	29,909
Derivative financial instruments	**52,736**	18,872
Cash and cash equivalents	**1,346,419**	1,439,004
Financial assets: cash > 3months	**592,774**	328,927
Restricted cash	**258,808**	204,040
Total current assets	**2,354,276**	2,053,627
Total assets	**5,691,245**	4,634,219
Current liabilities		
Trade payables	**54,801**	79,283
Accrued expenses and other liabilities	**807,136**	570,614
Current maturities of long term debt	**178,918**	153,311
Derivative financial instruments	**56,053**	27,417
Current tax	**20,822**	15,247
Total current liabilities	**1,117,730**	845,872
Non-current liabilities		
Provisions	**28,719**	16,722
Derivative financial instruments	**58,666**	81,897
Deferred income tax liability	**151,032**	127,260
Other creditors	**112,177**	46,066
Long term debt	**1,683,148**	1,524,417
Total non-current liabilities	**2,033,742**	1,796,362
Shareholders' equity		
Issued share capital	**9,822**	9,790
Share premium account	**607,433**	596,231
Retained earnings	**1,905,211**	1,467,623
Other reserves	**17,307**	(81,659)
Shareholders' equity	**2,539,773**	1,991,985
Total liabilities and shareholders' equity	**5,691,245**	4,634,219

Ryanair Holdings plc and Subsidiaries

Consolidated Cashflow Statement measured in accordance with IFRS(unaudited)

	Mar 31, 2007 €'000	Mar 31, 2006 €'000
Operating activities		
Profit before tax	**451,037**	338,888
Adjustments to reconcile profits before tax to net cash provided by operating activities		
Depreciation	**143,503**	124,405
Decrease/(increase) in inventories	**1,002**	(962)
Decrease/(increase) in trade receivables	**6,497**	(9,265)
(Increase) in other current assets	**(30,849)**	(882)
(Decrease) in trade payables	**(24,482)**	(12,835)
Increase in accrued expenses	**233,839**	150,083
Increase in other creditors	**75,351**	11,402
Increase in maintenance provisions	**11,997**	9,486
(Gain) on disposal of fixed assets	**(91)**	(815)
Interest receivable	**48**	(3,959)
Interest payable	**2,671**	1,159
Retirement costs	**589**	507
Share based payment	**3,935**	2,921
Income tax	**(5,194)**	437
Net cash provided by operating activities	**869,853**	610,570
Investing activities		
Capital expenditure (purchase of property, plant and equipment)	**(494,972)**	(546,225)
Proceeds from sale of property, plant and equipment	**495**	8,460
Purchase of equities classified as available for sale	**(344,917)**	-
(Investment) in restricted cash	**(54,768)**	-
(Investment)/reduction in financial assets: cash > 3months	**(263,847)**	200,480
Net cash used in investing activities	**(1,158,009)**	(337,285)
Financing activities		
Net proceeds from shares issued	**11,233**	30,590
Proceeds from long term borrowings	**339,409**	386,809
Repayments of long term borrowings	**(155,071)**	(123,938)
Net cash provided by financing activities	**195,571**	293,461
(Decrease)/increase in cash and cash equivalents	**(92,585)**	566,746
Cash and cash equivalents at beginning of year	**1,439,004**	872,258
Cash and cash equivalents at end of year	**1,346,419**	1,439,004

Ryanair Holdings plc and Subsidiaries

Consolidated Statement of Recognised Income and Expense measured in accordance with IFRS (unaudited)

	Mar 31, 2007 €'000	Mar 31, 2006 €'000
Net actuarial gains from retirement benefit plans	**1,988**	2,327
Cash flow hedge reserve		
New movements into cash flow hedge reserve	**79,025**	65,966
Movements from cash flow hedge reserve	**(32,920)**	(22,960)
Net movements into cash flow hedge reserve	**46,105**	43,006
Net change in fair value of available for sale financial asset	**48,926**	-
Income and Expense recognised directly in equity	**97,019**	45,333
Profit for the period	**435,600**	306,712
Total recognised income and expense	**532,619**	352,045

Reconciliation of adjusted earnings per share (unaudited)

	Mar 31, 2007 €'000	Mar 31, 2006 €'000
Profit for the period under IFRS	**435,600**	306,712
Adjustments		
Aircraft insurance claim	**-**	(5,939)
Taxation adjustment for above	**-**	742
Exceptional item – release of prior year tax overprovision	**(34,199)**	-
Adjusted profit under IFRS	**401,401**	301,515
Number of ordinary shares (in 000's)		
-Basic	**1,544,457**	1,533,666
-Diluted	**1,557,503**	1,543,562
Adjusted earnings per ordinary share		
-Basic (€ cent)	**25.99**	19.66
-Diluted (€ cent)	**25.77**	19.53

Consolidated changes in shareholders' equity

	Ordinary shares €'000	Share premium account €'000	Retained earnings €'000	Other reserves €'000	Total €'000
Balance at April 1, 2006	9,790	596,231	1,467,623	(81,659)	1,991,985
Issue of ordinary equity shares	32	11,202	-	-	11,234
New movements into cash flow hedge reserve	-	-	-	79,025	79,025
Movements from cash flow hedge reserve	-	-	-	(32,920)	(32,920)
Movement in reserves	-	-	-	46,105	46,105
Net change in fair value of available for sale financial asset	-	-	-	48,926	48,926
Share based payments	-	-	-	3,935	3,935
Retirement benefits	-	-	1,988	-	1,988
Profit for the period	-	-	435,600	-	435,600
Balance at March 31, 2007	**9,822**	**607,433**	**1,905,211**	**17,307**	**2,539,773**

Ryanair Holdings plc and Subsidiaries

Consolidated Income Statement measured in accordance with US GAAP (unaudited)

	Year ended Mar 31, 2007 €'000	Year ended Mar 31, 2006 €'000
Operating revenues		
Scheduled revenues	**1,874,791**	1,433,377
Ancillary revenues	**362,104**	259,153
Total operating revenues -continuing operations	**2,236,895**	1,692,530
Operating expenses		
Staff costs	**226,770**	168,921
Depreciation	**145,080**	125,876
Fuel & oil	**693,331**	462,466
Maintenance, materials & repairs	**42,046**	37,417
Marketing & distribution costs	**23,795**	13,912
Aircraft rentals	**58,183**	47,376
Route charges	**199,240**	164,577
Airport & handling charges	**273,613**	216,301
Other	**104,859**	85,494
Total operating expenses	**1,766,917**	1,322,340
Operating profit before exceptional items	**469,978**	370,190
Aircraft insurance claim	**-**	5,939
Operating profit after exceptional items - continuing operations	**469,978**	376,129
Other income/(expenses)		
Finance income	**62,983**	38,219
Finance expense	**(70,425)**	(65,986)
Derivative financial instruments	**(13,337)**	-
Foreign exchange (losses)	**(906)**	(1,234)
Gains on disposal of property, plant & equipment	**91**	815
Total other income/(expenses)	**(21,594)**	(28,186)
Income before taxation	**448,384**	347,943
Taxation	**(49,304)**	(33,111)
Exceptional item – release of prior year tax overprovision	**34,199**	-
Net income attributable to equity holders of parent	**433,279**	314,832
Basic earnings per ADS (Euro cent)**	**140.27**	102.64
Diluted earnings per ADS (Euro cent)**	**139.09**	101.98
*Basic adjusted earnings per ADS (Euro cent)**	**129.20**	100.95
*Diluted adjusted earnings per ADS (Euro cent)**	**128.12**	100.30
No. of ordinary shares (in 000's)**	**1,544,457**	1,533,666
Diluted no. of ordinary shares (in 000's)**	**1,557,503**	1,543,562

*** Calculated on net income before non-recurring items (net of tax).**
(5 ordinary shares equal 1 ADS)
**** Adjusted for share split of 2 for 1 which occurred on February 26, 2007**

Ryanair Holdings plc and Subsidiaries

Summary of significant differences between IFRS and US generally accepted accounting principles(unaudited)

(A) Net income under US GAAP

	<------Year ended----->	
	Mar 31, 2007	Mar 31, 2006
	€'000	€'000
Net income in accordance with IFRS	**435,600**	306,712
Adjustments		
Pensions	**(190)**	(430)
Share based payments	**-**	2,921
Capitalised interest re aircraft acquisition programme	**10,874**	6,501
Derivative financial instruments	**(13,337)**	-
Darley Investments Limited	**-**	63
Taxation - effect of above adjustments	**332**	(935)
Net income in accordance with US GAAP	**433,279**	314,832

(B) Consolidated cashflow statement in accordance with US GAAP

	Mar 31, 2007	Mar 31, 2006
	€'000	€'000
Cash inflow from operating activities	**880,727**	617,071
Cash (outflow) from investing activities	**(1,168,883)**	(343,786)
Cash inflow from financing activities	**195,571**	293,461
(Decrease)/increase in cash and cash equivalents	**(92,585)**	566,746
Cash and cash equivalents at beginning of period	**1,439,004**	872,258
Cash and cash equivalents at end of period	**1,346,419**	1,439,004
Cash and cash equivalents under US GAAP	**1,346,419**	1,439,004
Restricted cash	**258,808**	204,040
Deposits with a maturity of > three months	**592,774**	328,927
Total Cash	**2,198,001**	1,971,971

Ryanair Holdings plc and Subsidiaries

Summary of significant differences between IFRS and US generally accepted accounting principles(unaudited)

(C) Shareholders' funds - equity

	Mar 31, 2007 €'000	Mar 31, 2006 €'000
Shareholders' equity as reported in the consolidated balance sheets in accordance with IFRS	**2,539,773**	1,991,985
Adjustments:		
Pension	**-**	9,240
Capitalised interest (net of amortisation) regarding aircraft acquisition programme	**40,322**	29,448
Derivative financial instruments	**(8,609)**	-
Minimum pension liability (net of tax)	**-**	(4,295)
Tax effect of adjustments (excluding pension)	**(3,964)**	(5,931)
Shareholders' equity as adjusted to accord with US GAAP	**2,567,522**	2,020,447
Opening shareholders' equity under US GAAP	**2,020,447**	1,629,819
Comprehensive income		
Minimum pension liability (net of tax)	-	2,201
Unrealised (losses)/gains on derivative financial instruments (net of tax)	**50,241**	43,005
Available for sale financial asset	**48,926**	-
Net income in accordance with US GAAP	**433,279**	314,832
Reserve movement in pension benefits (net of tax)	**2,178**	-
Adoption of SFAS 158 (including elimination of additional minimum liability)	**(2,718)**	-
Total comprehensive income	**531,906**	360,038
Share based payments	**3,935**	-
Stock issued for cash	**11,234**	30,590
Closing shareholders' equity in accordance with US GAAP	**2,567,522**	2,020,447

Ryanair Holdings plc
Management Discussion and Analysis of Results

Introduction

For the purposes of the MD&A all figures and comments are by reference to the **adjusted income statement** excluding the **exceptional items** referred to below.

Exceptional items in the year ended March 31, 2007 amounted to €34.2m which primarily arose from the one time release of an overprovision, principally from deferred tax. In the year ended March 31, 2006 there was also an exceptional receipt of €5.2m (net of tax) arising from the settlement of an insurance claim for the scribing of 6 Boeing 737-200 aircraft.

Profit after tax increased by 42% to €435.6m compared to €306.7m in the previous year ended March 31, 2006, whilst **adjusted profit after tax** increased by 33% to €401.4m

Summary Year ended March 31, 2007

Profit after tax increased by 33% to €401.4m, compared to €301.5m in the previous year ended March 31, 2006. These results reflect a 7% increase in average fares (including checked in baggage revenues), very strong growth in ancillary revenues, offset by significantly higher fuel costs, which increased by 50% to €693.3m, and a one off step up in pilot crewing ratios which resulted in staff costs rising by 32% to €226.6m. **Total operating revenues** increased by 32% to €2,236.9m, which was faster than the 22% growth in passenger volumes, as average fares rose by 7% and ancillary revenues grew by 40% to €362.1m. **Total revenue per passenger** as a result increased by 8%, whilst **Passenger Load Factor** decreased by 1 point to 82% during the year.

Total operating expenses increased by 33% to €1,765.2m, due to the increased level of activity, and the increased costs, associated with the growth of the airline. **Fuel**, which represents 39% of total operating costs compared to 35% last year, increased by 50% to €693.3m due to substantial increases in the US dollar cost per gallon, partially offset by a positive movement in the US dollar exchange rate versus the euro and an average 3% reduction in fuel consumption resulting from the installation of winglets on our Boeing 737-800 fleet. **Unit costs** excluding fuel and staff costs remained flat. Staff costs rose by 32% reflecting an increase in pilot crewing ratios primarily as a result of the ongoing increases in sector length. As a result, operating **margins** decreased by 1 point to 21%, whilst operating profit increased by 28% to €471.7m.

Net Margins remained flat at 18% for the reasons outlined above.

Adjusted earnings per share have increased by 32% to 25.99 cent for the year.

Balance Sheet

The strong growth in profitability continues to positively impact the balance sheet with **Total Cash** increasing by €226.0m to €2,198.0m despite acquiring a 25.2% stake in Aer Lingus for €344.9m and funding an additional €489.2m in capital expenditure largely from internal resources. This cashflow part funded the extensive aircraft delivery programme and additional aircraft advance payments. **Total debt** net of repayments increased during the year by €184.3m. **Shareholders' Equity** at March 31, 2007 have increased by €547.8m to €2,539.8m, compared to March 31, 2006 due to the €401.4m increase in profitability during the year, the exercise of share options which increased shareholder funds by €11.2m and the impact of the IFRS accounting treatment for derivative financial instruments, financial assets, pensions and stock options are accounted for within equity and which also increased shareholders funds by €99.0m.

<u>Detailed Discussion and Analysis Year ended March 31, 2007</u>

Profit after tax, increased by 33% to €401.4m due to a 7% increase in average fares (including checked in baggage revenues), strong growth in ancillary revenues, offset by increased fuel costs which rose by 50% to €693.3m primarily reflecting the higher US dollar cost per gallon and a one off step up in staff costs, due to higher pilot crewing ratios, which rose by 32% to €226.6m. **Operating margins,** as a result decreased by 1 point to 21%, which in turn resulted in **Operating profit** increasing by 28% to €471.7m compared to year ended March 31, 2006.

Total operating revenues increased by 32% to €2,236.9m whilst passenger volumes increased by 22% to 42.5m. **Total revenue per passenger** increased by 8% in the year due to higher average fares and strong ancillary revenue growth.

Scheduled passenger revenues increased by 31% to €1,874.8m due to a 7% increase in average fares (including checked baggage revenues) reflecting the benign yield environment during the year supported by competitor fuel surcharges. Passenger volumes increased by 22% to 42.5m reflecting increased passenger numbers on existing routes, the successful launch of our new routes and bases. **Load factor** decreased by 1 point to 82% during the year due to the 23% increase in seat capacity.

Ancillary revenues continue to grow faster than passenger volumes with revenues increasing by 40% to €362.1m in the year. This performance reflects the strong growth in on board sales, non-flight scheduled revenues including excess baggage revenue. On March 22, 2007 we announced a new five year hotel partnership with Expedia.

Total operating expenses rose by 33% to €1,765.2m due to the increased level of activity, and the increased costs associated with the growth of the airline particularly higher fuel and staff costs. **Total operating expenses** were also adversely impacted by a 6% increase in the average sector length, whilst higher US dollar fuel prices were partially offset by the strength of the euro exchange rate against the US dollar.

Staff costs have increased by 32% to €226.6m. This primarily reflects a 30% increase in average employee numbers to 4,462 and the impact of pay increases granted during the year. Employee numbers rose due to an increase in pilot crewing ratios as a result of continued increases in sector length. Pilots, who earn higher than the average salary, accounted for 43% of the increase in employees during the year.

Depreciation and amortisation increased by 15% to €143.5m. There are an additional 19 'owned' Boeing 737-800 aircraft in the fleet this year compared to last year. The resultant higher depreciation charge was offset by a combination of lower amortisation due to the retirement of Boeing 737-200 aircraft and the positive impact of a new engine maintenance deal on the cost of amortisation of Boeing 737-800 aircraft. The strengthening of the euro versus the US dollar also had a positive impact on the depreciation and amortisation charge.

Fuel costs rose by 50% to €693.3m due to a 25% increase in the number of hours flown and a 28% increase in the average US dollar cost per gallon of fuel partially offset by the positive impact of the strengthening of the euro versus the US dollar and a 3% reduction in fuel consumption due to the installation of winglets on our Boeing 737-800 fleet.

Maintenance costs increased by 12% to €42.0m, reflecting improved reliability of the Boeing 737-800's operated, due to a combination of the rise in the number of leased Boeing 737-800 aircraft from 17 to 32, a lower level of maintenance costs incurred due to the retirement of the Boeing 737-200's, and the positive impact of the strengthening of the euro versus the US dollar exchange rate.

Marketing and distribution costs increased by 71% to €23.8m due to a higher level of marketing activity and related expenditure compared to the previous year as the number of routes operated rose by 67% to 428 at the year end and the number of bases increased by 3 to 18.

Aircraft rental costs increased by 23% to €58.2m reflecting an additional 15 leased aircraft during the year.

Route charges rose by 21% to €199.2m due to an increase in the number of sectors flown and an increase of 6% in the average sector length, offset by a reduction in enroute charges in certain EU countries.

Airport and handling charges increased by 27% to €273.6m. This is higher than the growth in passenger volumes and reflects the impact of increased costs at certain existing airports, particularly at our Dublin base, which has grown significantly this year and has a much higher average cost per passenger, offset by lower costs at new airports and bases.

Other expenses increased by 23% to €104.9m, which is lower than the growth in ancillary revenues due to improved margins on some existing products and cost reductions on some indirect costs.

Operating margins have declined by 1 point to 21% due to the reasons outlined above whilst **operating profits** have increased by 28% to €471.7m during the year.

Interest receivable has increased by 65% to €63.0m for the year due to the combined impact of higher levels of cash and cash equivalents and increases in average deposit rates earned in the year.

Interest payable increased by 12% to €82.9m due to the drawdown of further debt to part fund the purchase of new aircraft and the adverse impact of higher interest rates.

Foreign exchange losses have decreased during the year to €0.9m due to the positive impact of changes in the US dollar exchange rates against the euro compared to last year.

The **gain on disposal of fixed assets** of €0.1m arises from the disposal of various plant & equipment.

The Company's **Balance Sheet** continues to strengthen due to the strong growth in profits during the year. The Company generated cash from operating activities of €869.9m which part funded the investment in financial assets (Aer Lingus) of €344.9m and capital expenditure incurred during the year with the balance reflected in **Total Cash** of €2,198.0m. Capital expenditure amounted to €494.9m which largely consisted of advance payments for future aircraft deliveries and the delivery of fifteen aircraft. **Long term debt**, net of repayments increased by €184.3m during the year.

Shareholders' Equity at March 31, 2007 has increased by €547.8m to €2,539.8m, compared to March 31, 2006 reflecting the €401.4m increase in profitability during the year and the exercise of share options which increased shareholder funds by €11.2m and the impact of the IFRS accounting treatment for derivative financial instruments, financial assets, pensions and stock options which are accounted for within equity and which also increased shareholders funds by €99.0m.

Notes to the Financial Statements

IFRS

1. Accounting Policies
   This year's financial information has been prepared in accordance with the accounting policies set out in Ryanair's consolidated financial statements for the year ended March 31, 2007, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the EU.

2. Approval of the Preliminary Announcement
   The Audit Committee approved the consolidated financial statements for the half year ended March 31, 2007 on June 01, 2007.

3. Available for Sale Securities
   During the year the company acquired a 25.2% stake in Aer Lingus at a cost of €344.9m. This is reflected at market value at March 31, 2007 at €406.1m.

US GAAP

4. Accounting for Share-Based Payments
   Under SFAS No. 123R, which was adopted by the Company on April 1, 2006, the Company is required to account for share-based employee compensation using a fair value based method. The Company has elected to use the Binomial Lattice option pricing model to determine the fair-value of share-based awards under SFAS No. 123R, consistent with that previously used for pro forma disclosures under SFAS No. 123 ("Accounting for Stock-Based Compensation").

   The Company has elected to use the modified prospective transition method as permitted by SFAS No. 123R and accordingly prior years have not been restated to reflect the impact of the revised standard. In this year's financial information, the Company has, as a result of the adoption of SFAS No. 123R, recorded incremental share-based compensation expense of €3.9m in its US GAAP income statement.

Prior to the adoption of SFAS No. 123R, the Company measured compensation expense for its employee share-based compensation plans using the intrinsic method prescribed by APB Opinion No. 25. The Company applied the disclosure provisions of SFAS No. 123, as if the fair value based method has been applied in measuring compensation expense. Under APB Opinion No. 25, when the exercise price of the Group's employee share options was equal to the market price of the underlying share on the date of grant, no compensation expense was recognised. If the Company had applied the fair value recognition provisions of SFAS No. 123 to share-based compensation during the year ended March 31, 2006, reported income under US GAAP would have changed from €314.8 million to €311.9 million with resulting Net income per ADS, basic and diluted, of 101.69 Euro cents and 101.04 Euro cents respectively.

5. Accounting for Pensions – US GAAP

The Company also adopted the provisions of SFAS No. 158 "Employers' Accounting for Defined Benefit Pension and other Postretirement Plans" in the year to 31 March 2007. This requires the full fair value of the group's defined benefit pension obligations to be recognised within the group's US GAAP balance sheet, whereas previously, under SFAS No. 87 "Employers Accounting for Pensions" such obligations were permitted to be partially recognised in certain circumstances using the "Corridor Method". The adoption of this standard had no effect on the consolidated income statement of the group however, resulted in a net decrease of €2.7m in the group's shareholders' equity in accordance with US GAAP in the year to March 31, 2007 only. In accordance with the transition provisions of that standard shareholders' equity as previously reported for the year to March 31, 2006 remains unchanged.