

RYANAIR Q1 PROFIT FALLS 85% TO €21M FUEL UP 93% AS TRAFFIC GROWS 19% TO 15M.

Ryanair, Europe's largest low fares airline, today (28 July) announced a Q1 profit of €21m down €118m (or 85%) as fuel costs almost doubled and yields fell due to the absence of Easter in this quarter and its presence in the prior year comparable. Despite the absence of Easter, traffic grew by 19% to 15m, as average fares (incl. bag charges) fell by 8% to €42, while total revenues grew 12% to €777m. Unit costs excluding fuel fell by 6%, including fuel they increased by 18%, due to higher oil prices and longer sector lengths.

Summary Table of Results (IFRS) - in Euro

Quarter Ended	June 30, 2007	June 30, 2008	% Change.
Passengers	12.6m	15.0m	+19%
Revenue	€693m	€777m	+12%
Adjusted Profit after Tax (Note 1)	€139m	€21m	- 85%
Adjusted Basic EPS (Euro Cents) (Note 1)	8.98	1.40	-84%

Ryanair's CEO Michael O'Leary said:

"Trading conditions have been difficult in Q1 as we suffered the loss of Easter and the impact of higher fuel prices. Oil prices almost doubled in Q1 from \$61 to \$117 (per barrel) as our fuel bill rose 93% to €367m. Fuel now represents almost 50% of our total operating costs compared to 36% last year.

Yields fell by 8%, as we opened new routes and bases and suffered the absence of Easter in the quarter which distorts the prior year comparables. Yields were also impacted by a reduction in checked in baggage penetration rates as more passengers switch to web check-in and carry on baggage facilities. Traffic grew by 19% to 15m, whilst load factors at 81% were almost in line with Q1 last year despite the absence of Easter. Ancillary revenues grew by 25%, again faster than the rate of traffic growth, and we expect this to continue for the remainder of the year. Passengers will shortly be able to use their mobile phones and Blackberry's on 10 Dublin based aircraft in a trial test which will expand to almost 40 aircraft by the year end.

We have taken advantage of the recent weakness in oil prices and are now hedged 90% for September at \$129 per barrel, 80% for Q3 at \$124 per barrel, but are unhedged for Q4. We continue to believe that oil prices remain subject to irrational exuberance. While many of our high fare competitors continue to increase fuel surcharges, Ryanair remains committed to our guarantee of no fuel surcharges - ever. We will continue to absorb higher oil costs, even if it means short-term losses, while we continue to deliver Europe's guaranteed lowest fares to our 58 million passengers.

Unit costs excluding fuel fell by 6%, better than we previously expected. Including fuel unit costs rose 18%. We have responded to these much higher oil prices by aggressively tackling costs in all other areas. In the last quarter we have added cheaper, fuel efficient aircraft. We have implemented a company wide pay freeze and redundancies in our Dublin Call Centre. We have renegotiated many of our airport maintenance and handling

contracts and we plan to introduce check-in kiosks in October at our main bases in Dublin and Stansted to further reduce airport staff and handling costs. The increased discretionary charges for baggage and airport check-in have encouraged more passengers to use web check-in and carry-on luggage and this is helping to significantly reduce our handling costs.

We have recently announced capacity reductions for the coming winter at our two highest cost airports in Stansted (15 aircraft grounded) and Dublin (4 aircraft) where regulatory failure has allowed these monopolies to further increase their already high airport charges. These high costs make it more profitable to ground some aircraft rather than fly them at Dublin and Stansted this winter. Despite these cutbacks, Ryanair's traffic will still grow by approx. 9% this winter as we switch route and capacity growth to lower cost airports and bases. Accordingly, passenger volumes for the year will grow by 14% to 58m, slightly lower than the 16% previously guided.

The demise of low fare air travel is again being predicted by high fare airlines like BA and others who are still losing shorthaul traffic to Ryanair. Higher oil prices won't end low fare air travel, it just increases the attraction of Ryanair's guaranteed lowest fares, as consumers become more price sensitive and switch away from high fare/fuel surcharging airlines like BA. Higher oil prices will speed up the decline of high fare shorthaul travel this winter as many European airlines consolidate or go bust. We believe that oil prices of approx. \$130 per barrel are unsustainable over the medium term, but we don't know when they are going to fall. The airline industry is cyclical, and this downturn will provide enormous opportunities for strong, well financed airlines, such as Ryanair to grow.

The outlook for the remainder of the fiscal year which is entirely dependent on fares and fuel prices remains poor. The emerging economic recession in the UK and Ireland caused by the global credit crisis and high oil prices means that consumer confidence is plummeting, and we believe this will have an adverse impact on fares for the rest of the year. We will respond as always with lower fares and aggressive pricing to keep people flying and maintain our high load factors. We now believe that our average fares for the year may fall by as much as 5% if European airfares plunge this winter. Ryanair will lead this downward pricing at a time when most of our competitors are hoping to raise fares and fuel surcharges. The market this winter will be heavily impacted by the timing and scale of EU airline bankruptcies and consolidations which are inevitable at these higher oil prices. Ryanair's better than anticipated savings which will flow from capacity and cost reductions already achieved will partly offset these lower yields. On the basis of our existing fuel hedges, Q4 oil prices at approx. \$130 per barrel, and average fares falling by 5% for the full year, we expect to record a full year result of between breakeven and a loss of €60m.

The capacity reductions which will ensue from this winter's wave of airline bankruptcies and consolidations will create more opportunities for Ryanair to grow. When oil prices fall significantly (as we believe they will over the medium term) then our earnings should rebound strongly. We have one of the strongest Balance Sheets in the industry and the business continues to be strongly cash generative with over €2.2bn in cash. With the lowest fares and lowest cost base in the industry Ryanair is the best positioned airline in Europe to take advantage of the opportunities that these very difficult trading conditions will create.

Note 1.

Quarter end June 2008, excludes exceptional costs of i) Accelerated Depreciation of €17.9m on 15 aircraft to be disposed in 2009/10 and, ii) a €93.6m write down of our stake in Aer Lingus.

ends.

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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 28 bases and 729 low fare routes across 26 countries. By the end of March 2009 Ryanair will operate a fleet of 195 new Boeing 737-800 aircraft with firm orders for a further 70 new aircraft (all net of planned disposals), which will be delivered over the next 4 years. Ryanair currently employs a team of 6,000 people and expects to carry approximately 58 million scheduled passengers in the current fiscal year.

Ryanair Holdings plc and Subsidiaries
*Condensed Consolidated Interim Balance Sheet measured in
accordance with IFRS (unaudited) as at June 30, 2008*

	At Jun 30, 2008 <u>€000</u>	At Mar 31, 2008 <u>€000</u>
Non-current assets		
Property, plant and equipment	3,551,294	3,582,126
Intangible assets	46,841	46,841
Available for sale financial assets	218,023	311,462
Total non-current assets	<u>3,816,158</u>	<u>3,940,429</u>
Current assets		
Inventories	1,886	1,997
Other assets	124,448	169,580
Current tax	1,069	1,585
Trade receivables	46,580	34,178
Derivative financial instruments	6,034	10,228
Restricted cash	303,572	292,431
Financial assets: cash > 3months	312,016	406,274
Cash and cash equivalents	1,634,461	1,470,849
Total current assets	<u>2,430,066</u>	<u>2,387,122</u>
Total assets	<u>6,246,224</u>	<u>6,327,551</u>
Current liabilities		
Trade payables	162,079	129,289
Accrued expenses and other liabilities	968,864	919,349
Current maturities of debt	329,214	366,801
Derivative financial instruments	123,032	141,711
Total current liabilities	<u>1,583,189</u>	<u>1,557,150</u>
Non-current liabilities		
Provisions	47,425	42,790
Derivative financial instruments	48,990	75,685
Deferred income tax	153,098	148,088
Other creditors	111,159	101,950
Non-current maturities of debt	1,887,825	1,899,694
Total non-current liabilities	<u>2,248,497</u>	<u>2,268,207</u>
Shareholders' equity		
Issued share capital	9,390	9,465
Share premium account	588,285	592,761
Capital redemption reserve	28,102	23,432
Retained earnings	1,876,900	2,000,422
Other reserves	(88,139)	(123,886)
Shareholders' equity	<u>2,414,538</u>	<u>2,502,194</u>
Total liabilities and shareholders' equity	<u>6,246,224</u>	<u>6,327,551</u>

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Income Statement measured in accordance with IFRS (unaudited) for the quarter ended June 30, 2008

	Pre Exceptional Results Jun-30 2008 €000	Exceptional Items Jun-30 2008 €000	Total Period Ended Jun-30 2008 €000	Period Ended Jun-30 2007 €000
Operating revenues				
Scheduled revenues	630,111	-	630,111	575,948
Ancillary revenues	146,768	-	146,768	117,058
Total operating revenues -continuing operations	776,879	-	776,879	693,006
Operating expenses				
Staff costs	80,457	-	80,457	75,927
Depreciation	47,173	17,858	65,031	34,778
Fuel & oil	366,550	-	366,550	190,389
Maintenance, materials & repairs	14,307	-	14,307	12,630
Marketing & distribution costs	2,958	-	2,958	8,314
Aircraft rentals	19,088	-	19,088	18,182
Route charges	74,155	-	74,155	63,173
Airport & handling charges	113,823	-	113,823	101,807
Other	32,660	-	32,660	30,344
Total operating expenses	751,171	17,858	769,029	535,544
Operating profit - continuing operations	25,708	(17,858)	7,850	157,462
Other finance income/(expenses)				
Finance income	22,732	-	22,732	20,056
Finance expense	(30,037)	-	(30,037)	(22,924)
Foreign exchange gain/(loss)	2,478	-	2,478	1,366
Loss on impairment of available for sale financial asset	-	(93,582)	(93,582)	-
Gain on disposal of property, plant & equipment	99	-	99	-
Total other income/(expenses)	(4,728)	(93,582)	(98,310)	(1,502)
(Loss)/profit before tax	20,980	(111,440)	(90,460)	155,960
Tax on (loss)/profit on ordinary activities	-	-	-	(17,046)
(Loss)/profit for the period- all attributable to equity holders of parent	20,980	(111,440)	(90,460)	138,914
Basic (loss)/earnings per ordinary share euro cent			(6.08)	8.98
Diluted (loss)/earnings per ordinary share euro cent			(6.08)	8.88
*Basic adjusted earnings per ordinary share euro cent			1.40	8.98
*Diluted adjusted earnings per ordinary share euro cent			1.40	8.88
Weighted average number of ordinary shares (in 000's)			1,488,470	1,547,099
Weighted average number of diluted shares (in 000's)			1,488,470	1,564,182

* Calculated on profit for the year before exceptional items

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Cashflow Statement measured in accordance with IFRS (unaudited) for the quarter ended June 30, 2008

	Period Ended Jun 30, 2008 <u>€000</u>	Period Ended Jun 30, 2007 <u>€000</u>
Operating activities		
(Loss)/profit before tax	(90,460)	155,960
<i>Adjustments to reconcile (losses)/ profits before tax to net cash provided by operating activities</i>		
Depreciation	65,031	34,778
Decrease in inventories	111	160
(Increase) in trade receivables	(12,402)	(1,923)
Decrease in other current assets	47,883	10,313
Increase/(decrease) in trade payables	32,790	(6,057)
Increase in accrued expenses	43,817	36,260
Increase in other creditors	9,209	13,062
Increase in maintenance provisions	4,635	2,295
(Gain) on disposal of property, plant and equipment	(99)	-
Loss on impairment of available for sale financial asset	93,439	-
(Increase) in interest receivable	(2,751)	(7,096)
Increase in interest payable	1,996	2,468
Retirement costs	108	147
Share based payments	678	8,076
Income tax refunded/(paid)	516	(186)
Net cash provided by operating activities	194,501	248,257
Investing activities		
Capital expenditure (purchase of property, plant and equipment)	(110,401)	(96,622)
Proceeds from sale of property, plant and equipment	78,794	-
Net (investment) in restricted cash	(11,141)	(68,284)
Net reduction/(investment) in financial assets: cash > 3months	94,258	(24,410)
Net cash used in investing activities	51,510	(189,316)
Financing activities		
Shares purchased under share buy back programme	(33,062)	(40,053)
Net proceeds from shares issued	119	2,988
Net (decrease) in long term borrowings	(49,456)	(23,231)
Net cash provided by/(used in) financing activities	(82,399)	(60,296)
Increase/(decrease) in cash and cash equivalents	163,612	(1,355)
Cash and cash equivalents at beginning of the year	1,470,849	1,346,419
Cash and cash equivalents at end of the year	1,634,461	1,345,064

Ryanair Holdings plc and Subsidiaries
***Condensed Consolidated Interim Statement of Recognised Income
and Expense measured in accordance with IFRS (unaudited)
for the quarter ended June 30, 2008***

	Period Ended Jun 30, 2008 <u>€000</u>	Period Ended Jun 30, 2007 <u>€000</u>
Cash flow hedge reserve – effective portion of fair value changes to derivatives:		
Net movements into cash flow hedge reserve	35,069	25,463
Net (decrease) in available for sale financial asset	-	(41,043)
Income and expenditure recognised directly in equity	35,069	(15,580)
(Loss)/profit for the year	(90,460)	138,914
Total recognised income and expense	(55,391)	123,334

Ryanair Holdings plc and Subsidiaries

Operating and Financial Overview

Introduction

For the purposes of the Management Discussion and Analysis (“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 period ended June 30, 2008 amounted to €11.4m consisting of the impairment of the Aer Lingus shareholding of €3.6m and an accelerated depreciation charge of €7.9m on aircraft to be disposed in 2009/10.

Adjusted profit excluding exceptional items decreased by 85% to €21.0m. Including exceptional items the loss in the period amounted to €0.5m compared to a profit of €38.9m in the quarter ended June 30, 2007.

Summary Quarter ended June 30, 2008

Profit after tax decreased by 85% to €21.0m compared to €38.9 in the quarter ended June 30, 2007 primarily due to a 93% increase in fuel costs. **Total operating revenues** increased by 12% to €776.9m, slower than the 19% growth in passenger volumes, as average fares decreased by 8%, due to the absence of Easter and lower baggage penetration rates. Ancillary revenues grew by 25% to €146.8m during the quarter. **Total revenue per passenger** as a result decreased by 6%, whilst **Load Factor** decreased by 1% during the quarter to 81%.

Total operating expenses increased by 40% to €751.2m, primarily due to the increase in fuel prices, the higher level of activity, and increased costs, associated with the growth of the airline. Fuel, which represents 49% of total operating costs compared to 35% in the quarter ended June 30, 2007, increased by 93% to €366.6m due to the increase in the price per gallon and an increase in the number of hours flown, offset by a positive movement in the US dollar exchange rate versus the euro. **Unit costs excluding fuel** fell by 6%. Including fuel they rose by 18%. **Operating margins** fell by 19 points to 3% whilst **operating profit** decreased by 84% to €25.7m.

Net margins decreased to 3% from 20% at June 30, 2007 for the reasons outlined above.

Earnings per share decreased to 1.40 cent for the quarter compared 8.98 cent in the quarter ended June 30, 2007.

Balance sheet

The Group’s **balance sheet** reflects the cash generative strength of the business. The Group generated cash from operating activities of €194.5m and a further €78.8m from the sale of Boeing 737-800 aircraft which part funded a €3.1m share buy back programme and capital expenditure incurred during the period with the remaining balance reflected in **Total cash** of €2,250.0m. Capital expenditure amounted to €10.4m which largely consisted of advance aircraft payments for future aircraft deliveries and the delivery of three aircraft. **Long term debt**, net of repayments, decreased by €49.5m during the quarter.

Detailed Discussion and Analysis Quarter ended June 30, 2008

Adjusted profit after tax, decreased by 85% to €21.0m primarily due to a 93% increase in fuel costs. Total operating revenues grew by 12% due to a 19% increase in passenger numbers compared to the quarter ended June 30, 2007, an 8% decrease in fares due to the absence of Easter, lower baggage penetration rates and strong growth in ancillary revenues. The growth in revenues was offset primarily by the increase in fuel prices which rose by 93% to €366.6m, increases in route charges and airport costs. **Operating margins**, as a result, fell by 19 points to 3%, whilst **operating profit** decreased by 84% to €25.7m.

Total operating revenues increased by 12% to €776.9m whilst passenger volumes increased by 19% to 15.0m. **Total revenue per passenger** decreased by 6% due to the fall in average fares of 8%.

Scheduled passenger revenues increased by 9% to €630.1m reflecting a 19% increase in traffic due to increased passenger numbers on existing routes and the successful launch of new routes and bases, offset by an 8% decrease in average fares due to the absence of Easter and lower baggage penetration rates. **Load factor** decreased by 1% compared to the quarter ended June 30, 2007.

Ancillary revenues continue to outpace the growth of passenger volumes and rose by 25% to €146.8m in the quarter. This performance reflects the growth in onboard sales, non-flight scheduled revenues, and other ancillary products.

Total operating expenses rose by 40% to €751.2m primarily due to the 93% increase in fuel prices, the higher level of activity, and the increased costs associated with the growth of the airline. **Total operating expenses** were also adversely impacted by a 2% increase in average sector length.

Staff costs have increased by 6% to €80.5m. Excluding the charge of €7.0m for a one off share option grant in the quarter ended June 30, 2007 staff costs increased by 11%. This primarily reflects a 33% increase in average employee numbers to 6,280. Cabin crew, who earn lower than the average salary accounted for the vast majority of the increase.

Depreciation and amortisation increased by 36% to €47.2m. This reflects, net of disposals, an additional 39 lower cost 'owned' aircraft in the fleet this quarter compared to the quarter ended June 30, 2007 offset by the positive impact on amortisation of the stronger euro versus the US dollar.

Fuel costs rose by 93% to €366.6m due to the increase in fuel costs and a 22% increase in the number of hours flown.

Maintenance costs increased by 13% to €14.3m primarily due to a combination of the growth in the number of leased aircraft from 35 to 39 and the increased level of activity, offset by the positive impact of a stronger euro versus US dollar exchange rate.

Marketing and distribution costs decreased by 64% to €3.0m due to the tight control on expenditure and the increased focus on internet based promotions.

Aircraft rental costs increased by 5% to €19.1m as the number of leased aircraft increased by 4 to 39 during the quarter.

Route charges rose by 17% to €74.2m due to an increase in the number of sectors flown and a 2% increase in the average sector length.

Airport and handling charges increased by 12% to €113.8m due to the 19% increase in passenger volumes, offset by lower costs at new airports and bases launched and savings achieved on handling costs.

Other expenses increased by 8% to €2.7m, 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 19 points to 3% due to the reasons outlined above and operating profits have decreased by 84% to €5.7m compared to the quarter ended June 30, 2007.

Interest receivable has increased by 13% to €2.7m for the quarter primarily due to the increase in average deposit rates earned in the period.

Interest payable increased by 31% to €30.0m due to the drawdown of debt to part finance the purchase of new aircraft and the adverse impact of higher interest rates.

Foreign exchange gains during the quarter of €2.5m arose on the retranslation of foreign currency deposits.

Exceptional items:

Accelerated depreciation of €17.9m arose on aircraft to be disposed in 2009/10.

Impairment charge: During the quarter the Group recognised an impairment charge of €3.6m on its Aer Lingus shareholding reflecting the decline in the Aer Lingus share price from €2.00 per share at March 31, 2008 to €1.40 per share at June 30, 2008.

Balance sheet

The Group's **balance sheet** reflects the cash generative strength of the business. The Group generated cash from operating activities of €194.5m and a further €78.8m from the sale of Boeing 737-800 aircraft which part funded a €3.1m share buy back programme and capital expenditure incurred during the period with the remaining balance reflected in **Total cash** of €2,250.0m. Capital expenditure amounted to €10.4m which largely consisted of advance aircraft payments for future aircraft deliveries and the delivery of three aircraft. **Long term debt**, net of repayments, decreased by €49.5m during the quarter.

Shareholders' Equity at March 31, 2008 decreased by €37.7m to €2,414.5m, compared to March 30, 2008 due to the €90.2m decrease in profitability during the quarter, offset by the impact of IFRS accounting treatment for derivative financial assets, pensions, stock option grants and a share buy back. (See details in note 14).

Statement of the directors in respect of the three month financial report

We confirm our responsibility for the three month financial statements and that to the best of our knowledge:

* the condensed set of financial statements comprising the condensed income statement, the condensed statement of recognised income and expense, the condensed balance sheet and the related notes have been prepared in accordance with IAS 34 Interim Financial Reporting;

* the interim management report includes a fair review of the information required by:

(a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first three months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining nine months of the year; and

(b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first three months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditors have not reviewed these condensed financial statements.

On behalf of the Board

David Bonderman
Chairman
July 28, 2008

Michael O'Leary
Chief Executive

Ryanair Holdings plc and Subsidiaries

Notes

1. Reporting entity

Ryanair Holdings plc (the “Company”) is a company domiciled in Ireland. The condensed consolidated interim financial statements of the Company for the quarter ended June 30, 2008 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended March 31, 2008 are available at www.ryanair.com

2. Statement of compliance

These unaudited condensed consolidated interim financial statements (“the interim financial statements”) have been prepared in accordance with International Accounting Standard No. 34 (“IAS 34”) “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent published consolidated financial statements of the Group.

The comparative figures included for the year ended March 31, 2008 do not constitute statutory financial statements of the Group within the meaning of regulation 40 of the European Communities (companies, group accounts) regulations, 1992. Statutory financial statements for the year ended March 31, 2008 are being filed with the companies’ office. The auditors’ report on these financial statements was unqualified.

The Audit Committee, upon delegation of authority by the Board of Directors, approved the interim financial statements for the three months ended June 30, 2008 on July 25, 2008.

3. Significant accounting policies

Except as stated otherwise below, this quarter’s financial information has been prepared in accordance with the accounting policies set out in the Group’s most recent published consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and in compliance with IFRS’s as issued by the International Accounting Standards Board.

4. Generally Accepted Accounting Policies

The Management Discussion and Analysis of Results (Operating and Financial Overview) for the quarter ended June 30, 2008 and the comparative year are based on the adjusted results reported under the Group’s IFRS accounting policies.

5. Estimates

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

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

In the year ended March 31, 2008 management reassessed its estimates of the recoverable amount of aircraft residual values following certain recent and forward aircraft disposals and aircraft pricing trends in the market.

6. Seasonality of operations

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

7. Income tax expense

The Group's consolidated effective tax rate in respect of operations for the quarter ended June 30, 2008 was 0% due to the loss in the quarter.

8. Capital and reserves

Share buy back programme.

Pursuant to the share buy-back programme announced in February 2008, from April 1, 2008 to date, the Company has repurchased and cancelled 11.9 million shares at a total cost of €33 million. This is equivalent to 0.8% of the issued share capital of the Company at June 30, 2008.

9. Share based payments

The terms and conditions of the share option programme are disclosed in the most recent published consolidated financial statements. The charge to the income statement in the period of approximately €0.7 million is related to the fair value of various share options granted in prior periods, which are being recognised within the income statement in accordance with employee services rendered.

10. Contingencies

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

11. Capital commitments

During the quarter ended June 30, 2008, the Group exercised three options under the 2005 contract with Boeing whereby it will increase its "firm" aircraft deliveries by this amount during the 2011 fiscal year. This brings Ryanair's total firm orders for Boeing 737-800 aircraft to 135 and the total fleet size (net of planned disposals) to 265 by 2013.

12. Available for sale financial assets (Aer Lingus)

In the quarter ended June 30, 2008, the Group recognised an impairment charge of €3.6 million on its shareholding in Aer Lingus reflecting a further decline in the Aer Lingus share price from €2.00 per share at March 31, 2008 to €1.40 at June 30, 2008.

13. Loans and borrowings

The following is the movement in loans and borrowings (non-current and current) during the quarter:

	€000
Balance at April 1, 2008	2,266,496
Loans raised to finance aircraft/simulator purchases	48,621
Repayments of debt borrowed	(98,078)
Balance at June 30, 2008	2,217,039

14. Changes in shareholders' equity

	Ordinary shares €000	Share premium account €000	Retained earnings €000	Other Reserves		Total €000
				Capital redemption Shares €000	Other Reserves €000	
Balance at March 31, 2007	9,822	607,433	1,905,211	-	17,307	2,539,773
Issue of ordinary equity shares	21	8,382	-	-	-	8,403
Repurchase of ordinary equity shares	-	-	(299,994)	-	-	(299,994)
Capital redemption reserve fund	(378)	(23,054)	-	23,432	-	-
Effective portion of changes in fair value of cash flow hedges					(129,960)	(129,960)
Net change in fair value of cash flow hedges transferred to the profit and loss					26,768	26,768
Net movement out of cash flow reserve	-	-	-	-	(103,192)	(103,192)
Share based payments	-	-	-	-	10,925	10,925
Retirement benefits	-	-	4,497	-	-	4,497
Subtotal	(378)	(23,054)	(295,497)	23,432	(141,193)	(436,690)
Profit for the financial year	-	-	390,708	-	-	390,708
Balance at March 31, 2008	9,465	592,761	2,000,422	23,432	(123,886)	2,502,194
Issue of ordinary equity shares	-	119	-	-	-	119
Repurchase of ordinary equity shares	-	-	(33,062)	-	-	(33,062)
Capital redemption reserve fund	(75)	(4,595)	-	4,670	-	-
Net movement into cash flow reserve	-	-	-	-	35,069	35,069
Share-based payments	-	-	-	-	678	678
Subtotal	(75)	(4,595)	(33,062)	4,670	35,747	2,685
Loss for the period	-	-	(90,460)	-	-	(90,460)
Balance at June 30, 2008	9,390	588,285	1,876,900	28,102	(88,139)	2,414,538

15. Analysis of operating revenues and segmental analysis

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

Revenue is analysed by geographical area (by country of origin) as follows:

	Quarter Ended Jun 30, 2008 €000	Quarter Ended Jun 30, 2007 €000
United Kingdom	261,163	275,538
Other European countries	515,716	417,468
Total operating revenues	776,879	693,006

All of the Group's operating profit arises from low fares airline-related activities, its only business segment. The major revenue earning assets of the Group are comprised of its aircraft fleet, which is registered in Ireland and therefore principally all profits accrue in Ireland. Since the Group's aircraft fleet is flexibly employed across its route network in Europe, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

16. Earnings per share

For the quarter ended June 30, 2008, there was no difference in the weighted average number of ordinary shares used for basic and diluted net loss per ordinary share, as the effect of all potentially dilutive ordinary shares outstanding was anti-dilutive.

17. Property, plant and equipment

Acquisitions and disposals

During the quarter ended June 30, 2008, the Group acquired assets with a cost of €10.4 million (quarter ended June 30, 2007: €6.6 million). There were four Boeing 737-800 aircraft disposed of during the quarter, the sale proceeds of which amounted to €78.8m. Deposits have been received in relation to future aircraft disposals.

18. Post balance sheet events

In July 2008, the Group acquired a further 3.5 million shares in Aer Lingus plc at a cost of €4.2 million, bringing Ryanair's total holding in Aer Lingus to 29.8%.

19. US GAAP Reconciliation

Following on from the issuance by the SEC of Rule 3235 "Acceptance from Foreign Private Issuers of Financial Statements prepared in accordance with International Financial Reporting Standards without reconciliation to US GAAP", the Group has chosen to exclude a US GAAP Reconciliation from these interim financial statements.