RYANAIR FULL YEAR RESULTS AHEAD OF EXPECTATIONS
RECORD NET PROFIT OF €302M AS TRAFFIC GROWS TO 35M

Ryanair, Europe's No.1 low fares airline today (Tuesday, 6 June 2006) announced record after tax profits of €302m, some €7m ahead of previous expectations. Traffic grew by 26% to 35m passengers, yields were up 1%, as total revenues grew by 28% to €1.69bn. Excluding fuel, unit costs fell by 6% (including fuel they rose by 5%). Fuel costs rose by 74% to €462m. Despite these substantially higher fuel costs, Ryanair achieved an 18% after tax margin, as adjusted net profits increased for the year by 12% to €302m.

Summary Table of Results (IFRS) - in Euro

Year Ended	**Mar 31, 2005**	**Mar 31, 2006**	**% Increase**
Passengers	27m	35m	26%
Revenue	€1,319m	€1,693m	28%
Adj. Profit after Tax (note 1 &2)	€268m	€302m	12%
Basic EPS (Euro Cents) (note1 & 2)	35.28	39.32	11%

Note 1: Adjusted profit and EPS to March 31, 2005 excludes an amount of €11.9m (net of tax) resulting from changes in the accounting treatment for Goodwill arising on the Buzz acquisition following the adoption of IFRS (International Financial Reporting Standards) Note 2: Adjusted profit after tax and EPS for the year ended March 31, 2006 excludes an amount of €5.2m (net of tax) arising from the settlement of an aircraft insurance claim.

Announcing these results Ryanair's Chief Executive, Michael O'Leary, said:

"Ryanair has again delivered record traffic and profits despite substantially higher oil prices, intense competition and the absence of Easter from the fourth quarter. This robust performance validates our lowest fare/lowest cost model which continues to grow profitably in Europe even during adverse market conditions, when many of our competitors are reporting losses.

Highlights of the past 12 months include:

- After tax profit of €302m, an increase of 12% despite a 74% increase in fuel costs.
- Cost discipline continues with a 6% unit cost reduction excluding fuel.
- Average yields increased by 1% despite a 27% increase in capacity.
- Significant traffic growth of 26% to 35m passengers, across 330 routes with 103 aircraft.
- The retirement of our remaining B737-200's, reduced the average age of Ryanair's fleet to 2½ years, the youngest in Europe.
- 46 new routes and 1 new base have already been announced for the remainder of 2006.
- Our balance sheet has been further strengthened with cash increasing €366m to €1.97 billion.

"The key to Ryanair's traffic and profit growth was our refusal to levy fuel surcharges on our passengers at a time when most other airlines in Europe are introducing or increasing them. In some cases other airline surcharges exceed our average fares. This is driving millions of passengers to Ryanair. We will continue to absorb significantly higher oil prices thanks to the benign yield environment and continuing unit cost reductions.

"We have taken advantage of the recent short-term fall in oil prices to hedge 90% of our needs from June to October 2006 at an average price of $70 a barrel. The recent weakness in the dollar will help us to partially offset these higher oil prices. We remain unhedged from October onwards, and will continue to look for opportunities to hedge further into the future, but only if suitable pricing opportunities present themselves. As always hedging will eliminate near-term uncertainty and risk, it will not deliver lower costs during periods of rising oil prices.

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

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

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

"Ancillary revenues continue to grow strongly. From an already high base we expect these revenues will grow at a faster rate than scheduled traffic for the coming year. We are close to finalising new initiatives to offer our customers mobile phone services on board in 2007 and website gambling which we believe will give a further boost to ancillary revenues in this fiscal year.

"Negotiations on pilot pay were successfully concluded at 14 of our 15 bases (excluding Dublin) at the end of April. Pilots at 13 bases have voted for a one year deal with a basic pay increase of 1.8%, whilst the Luton base voted for a 4 year deal which incorporated a 5% pay increase this year, as well as improved rosters. The Dublin pilots continued to absent themselves from these direct negotiations with the company, as is their right and consequently they have not yet negotiated any pay increase this year.

"We are also continuing to campaign for the breakup of the BAA airport monopoly in the UK. We welcome the OFT's recent announcement that it is considering looking into the BAA's monopoly over the main London Airports. It should examine why the BAA is pushing ahead with plans to spend some £4b on a second runway at Stansted that should only cost around £1b. The contradiction between the BAA's position 3 months ago – that it couldn't afford to build this runway in Stansted without doubling passenger charges – with its recent announcement that it will return over £1 billion to its shareholders this year, is typical of the overcharging monopoly. This clearly demonstrates how the BAA has been featherbedding its balance sheet, at the expense of airline users and the travelling public. It also proves that the CAA has failed to regulate this overcharging monopoly in the interests of users. Competition between the London airports will improve facilities and reduce costs. Regulation has clearly failed.

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

"Accordingly we remain cautious about our profit guidance for the coming year. Whilst we are confident that traffic will grow by 20% to 42m passengers and yields will be flat, we expect that profit growth will be more modest in the +5% to +10% range if oil prices remain at $70 a barrel. Profitability will also be more seasonally pronounced due to the presence of Easter in Q.1, the impact of competitor fuel surcharges, and the higher proportion of "sun" routes operated this Summer. We expect that in excess of 85% of annual profits (compared to 80% last year) will be earned in the first half of this fiscal year, and thereafter profitability in Q.3 and Q.4 will be reduced (against last years comparables) as the proportion of annual profits earned in the last two quarters falls to less than 15% of the annual total.

"It is Ryanair's resolute commitment to offering the lowest fares in every market which has made us Europe's largest low fares airline. Shortly we will become the "World's Favourite" airline, as we expect to overtake Lufthansa's international passenger traffic later this year, thereby making Ryanair the world's largest international scheduled airline by passenger numbers. Ryanair will continue to deliver the lowest costs and the lowest air fares in Europe for the benefit of our customers, our people and our shareholders".

Ends. Tuesday, 6 June 2006

For further information please contact:	Howard Millar	Pauline McAlester
	Ryanair Holdings Plc	Murray Consultants
www.ryanair.com	**Tel: 353-1-8121212**	**Tel: 353-1-4980300**

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 16 bases and 341 low fare routes across 22 countries. By the end of March 2007 Ryanair will operate an entire fleet of 134 new Boeing 737-800 aircraft with firm orders for a further 100 new aircraft (net of planned disposals), which will be delivered over the next 5 years. Ryanair currently employs a team of 3,300 people and expects to carry approximately 42 million scheduled passengers in the current year.

Ryanair Holdings plc and Subsidiaries

Consolidated Income Statement in accordance with IFRS(unaudited)

	Year ended March 31, 2006 €'000	Year ended March 31, 2005 €'000
Operating revenues		
Scheduled revenues	**1,433,377**	1,128,116
Ancillary revenues	**259,153**	190,921
Total operating revenues -continuing operations	**1,692,530**	1,319,037
Operating expenses		
Staff costs	**171,412**	141,673
Depreciation and amortisation	**112,856**	98,703
Other operating expenses		
Fuel & oil	**462,466**	265,276
Maintenance, materials and repairs	**48,966**	37,934
Marketing and distribution costs	**13,912**	19,622
Aircraft rentals	**47,376**	33,471
Route charges	**164,577**	135,672
Airport and Handling charges	**216,301**	178,384
Other	**85,557**	79,489
Total operating expenses	**1,323,423**	990,224
Operating profit before exceptional items	**369,107**	328,813
Purchase accounting adjustment	**-**	11,925
Aircraft insurance claim	**5,939**	-
Operating profit after exceptional items	**375,046**	340,738
Other (expenses)/income		
Foreign exchange (losses)	**(1,234)**	(2,302)
Gain on disposal of fixed assets	**815**	47
Interest receivable and similar income	**38,219**	28,342
Interest payable and similar charges	**(73,958)**	(57,629)
Total other (expenses)/income	**(36,158)**	(31,542)
Profit before taxation	**338,888**	309,196
Tax on profit on ordinary activities	**(32,176)**	(29,153)
Profit for the year	**306,712**	280,043
Earnings per ordinary share		
-Basic(Euro cent)	**40.00**	36.85
-Diluted(Euro cent)	**39.74**	36.65
Adjusted earnings per ordinary share*		
-Basic(Euro cent)	**39.32**	35.28
-Diluted(Euro cent)	**39.07**	35.09
-Basic	**766,833**	759,911
-Diluted	**771,781**	764,003

*** Calculated on profit for the year before exceptional items(net of tax).**

Ryanair Holdings plc and Subsidiaries

Consolidated Balance Sheets in accordance with IFRS(unaudited)

	March 31, 2006 €'000	March 31, 2005 €'000
Non-current assets		
Property, plant & equipment	**2,532,988**	2,117,892
Intangible assets	**46,841**	46,841
Derivative financial instruments	**763**	-
Deferred tax	**11,321**	1,328
Total Non-current assets	**2,591,913**	2,166,061
Current assets		
Inventories	**3,422**	2,460
Other assets	**29,453**	24,612
Accounts receivable	**29,909**	20,644
Deferred tax	**3,427**	-
Derivative financial instruments	**18,872**	-
Restricted cash	**204,040**	204,040
Financial assets: cash > 3months	**328,927**	529,407
Cash and cash equivalents	**1,439,004**	872,258
Total current assets	**2,057,054**	1,653,421
Total assets	**4,648,967**	3,819,482
Current liabilities		
Accounts payable	**79,283**	92,118
Accrued expenses and other liabilities	**570,614**	418,653
Current maturities of long term debt	**153,311**	120,997
Derivative financial instruments	**27,417**	-
Current tax	**16,663**	17,534
Total current liabilities	**847,288**	649,302
Other liabilities		
Provisions for liabilities and charges	**16,722**	7,236
Derivative financial instruments	**81,897**	-
Deferred tax	**140,592**	105,509
Other creditors	**46,066**	29,072
Long term debt	**1,524,417**	1,293,860
Total other liabilities	**1,809,694**	1,435,677
Shareholders' funds - equity		
Called - up share capital	**9,790**	9,675
Share premium account	**596,231**	565,756
Profit and loss account	**1,467,623**	1,158,584
Other reserves	**(81,659)**	488
Shareholders' funds - equity	**1,991,985**	1,734,503
Total liabilities and shareholders' funds	**4,648,967**	3,819,482

Ryanair Holdings plc and Subsidiaries

Consolidated Cashflow Statement in accordance with IFRS(unaudited)

	March 31, 2006 €'000	March 31, 2005 €'000
Operating activities		
Profit before taxation	**338,888**	309,196
Adjustments to reconcile profits before tax to net cash provided by operating activities		
Depreciation	**112,856**	98,703
(Increase) in inventories	**(962)**	(424)
(Increase) in accounts receivable	**(9,265)**	(5,712)
(Increase) in other current assets	**(882)**	(4,855)
(Decrease)/increase in accounts payable	**(12,835)**	24,182
Increase in accrued expenses	**150,083**	89,406
Increase/(decrease) in other creditors	**11,402**	(11,603)
Increase in maintenance provision	**9,486**	714
Gain on disposal of fixed assets	**(815)**	(47)
Interest receivable	**(3,959)**	(505)
Interest payable	**1,159**	3,420
Retirement costs	**507**	167
Share based payment	**2,921**	488
Income tax	**437**	(3,581)
Net cash provided by operating activities	**599,021**	499,549
Investing activities		
Capital expenditure (purchase of property, plant and equipment)	**(534,676)**	(620,340)
Proceeds from sale of property, plant and equipment	**8,460**	2,234
(Investment) in restricted cash	**-**	(4,040)
Reduction/(investment) in financial assets: cash > 3months	**200,480**	(216,662)
	(325,736)	(838,808)
Financing activities		
Net proceeds from shares issued	**30,590**	5,382
Increase in long term debt	**262,871**	461,875
Net cash used in financing activities	**293,461**	467,257
Increase in cash and cash equivalents	**566,746**	127,998
Cash and cash equivalents at beginning of year	**872,258**	744,260
Cash and cash equivalents at end of year	**1,439,004**	872,258

Ryanair Holdings plc and Subsidiaries

Consolidated Statement of Changes in Shareholders' Funds - Equity
in accordance with IFRS (unaudited)

	Ordinary shares €'000	Share premium account €'000	Profit and loss account €'000	Other reserves €'000	Total €'000
Balance at April 1, 2005	9,675	565,756	1,158,584	488	1,734,503
Issue of ordinary equity shares	115	30,475	-	-	30,590
Movement in reserves	-	-	2,327	(82,147)	(79,820)
Profit for the year	-	-	306,712	-	306,712
Balance at March 31, 2006	**9,790**	**596,231**	**1,467,623**	**(81,659)**	**1,991,985**

Reconciliation of adjusted earnings per share(unaudited)

		Year ended March 31, 2006 €'000	Year ended March 31, 2005 €'000
Profit for the year under IFRS		**306,712**	280,043
Adjustments			
Purchase accounting adjustment			(11,925)
Aircraft Insurance Claim		**(5,939)**	-
Taxation adjustment for above		**742**	**-**
Adjusted profit under IFRS		**301,515**	268,118
Number of ordinary shares(in 000's)			
	-Basic	**766,833**	759,911
	-Diluted	**771,781**	764,003
Adjusted earnings per ordinary share			
	-Basic(€ cent)	**39.32**	35.28
	-Diluted(€ cent)	**39.07**	35.09

Ryanair Holdings plc and Subsidiaries

Consolidated Income Statement in accordance with US GAAP (unaudited)

	Year ended March 31, 2006 €'000	Year ended March 31, 2005 €'000
Operating revenues		
Scheduled revenues	**1,433,377**	1,128,116
Ancillary revenues	**259,153**	190,921
Total operating revenues		
-continuing operations	**1,692,530**	1,319,037
Operating expenses		
Staff costs	**168,920**	141,427
Depreciation and amortisation	**114,327**	101,103
Other operating expenses		
Fuel & oil	**462,466**	265,276
Maintenance, materials and repairs	**48,966**	37,934
Marketing and distribution costs	**13,912**	19,622
Aircraft rentals	**47,376**	33,471
Route charges	**164,577**	135,672
Airport and Handling charges	**216,301**	178,384
Other	**85,494**	79,401
Total operating expenses	**1,322,339**	992,290
Operating profit before exceptional items	**370,191**	326,747
Purchase accounting adjustment	**-**	11,925
Aircraft insurance claim	**5,939**	-
Operating profit after exceptional items	**376,130**	338,672
Other (expenses)/income		
Foreign exchange (losses)	**(1,234)**	(2,302)
Gain on disposal of fixed assets	**815**	47
Interest receivable and similar income	**38,219**	28,342
Interest payable and similar charges	**(65,986)**	(49,784)
Total other (expenses)/income	**(28,186)**	(23,697)
Income before taxation	**347,944**	314,975
Taxation	**(33,111)**	(31,561)
Net income	**314,833**	283,414
Net income per ADS		
-Basic(Euro cent)	**205.28**	186.48
-Diluted(Euro cent)	**203.97**	185.48
Adjusted net income per ADS *		
-Basic(Euro cent)	**201.89**	178.63
-Diluted(Euro cent)	**200.60**	177.68
Weighted Average number of shares		
-Basic	**766,833**	759,911
-Diluted	**771,781**	764,003

*** Calculated on net income before non-recurring items(net of tax).**

(5 ordinary shares equal 1 ADS)

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------>	
	March 31, 2006 €'000	**March 31, 2005 €'000**
Net income in accordance with IFRS	**306,712**	280,043
Adjustments		
Pensions	**(430)**	(242)
Share based payments	**2,922**	488
Capitalised interest (net of amortisation) regarding aircraft acquisition programme	**6,501**	5,445
Darley Investments Limited	**63**	88
Taxation- effect of above adjustments	**(935)**	(2,408)
Net income in accordance with US GAAP	**314,833**	283,414

(B) Consolidated cashflow statement in accordance with US GAAP

	March 31, 2006 €'000	**March 31, 2,005 €'000**
Cash inflow from operating activities	**599,021**	499,549
Cash (outflow) from investing activities	**(325,736)**	(838,808)
Cash inflow from financing activities	**293,461**	467,257
Increase in cash and cash equivalents	**566,746**	127,998
Cash and cash equivalents at beginning of year	**872,258**	744,260
Cash and cash equivalents at end of year	**1,439,004**	872,258
Cash and cash equivalents under US GAAP	**1,439,004**	872,258
Restricted cash	**204,040**	204,040
Deposits with a maturity of between three and six months	**328,927**	529,407
Cash and liquid resources in accordance with IFRS	**1,971,971**	1,605,705

Ryanair Holdings plc and Subsidiaries

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

(C) Shareholders' funds - equity

	March 31, 2006 €'000	March 31, 2005 €'000
Shareholders' equity as reported in the consolidated balance Sheets in accordance with IFRS	**1,991,985**	1,734,503
Adjustments:		
Pension	**9,241**	11,998
Capitalised interest(net of amortisation) regarding aircraft acquisition programme	**29,448**	22,947
Darley Investments Limited	**-**	(63)
Minimum pension liability(net of tax)	**(4,295)**	(6,496)
Unrealised losses on derivative financial instruments(net of tax)	**-**	(128,074)
Tax effect of adjustments(excluding pension & derivative adjustments)	**(5,931)**	(4,996)
Shareholders' equity as adjusted to accord with US GAAP	**2,020,448**	1,629,819
Opening shareholders' equity under US GAAP	**1,629,819**	1,356,281
Comprehensive income		
Minimum pension liability(net of tax)	**2,201**	(3,865)
Unrealised gains/(losses) on derivative financial instruments(net of tax)	**43,005**	(11,393)
Net income in accordance with US GAAP	**314,833**	283,414
Total comprehensive income	**360,039**	268,156
Stock issued for cash	**30,590**	5,382
Closing shareholders' equity in accordance with US GAAP	**2,020,448**	1,629,819

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 profit and loss account** excluding the exceptional items and goodwill referred to below.

Exceptional items in the year ended March 31, 2006 consist of a receipt of €5.2m (net of tax) in quarter 1 arising from the settlement of an insurance claim for the scribing of 6 Boeing 737-200 aircraft.

Following the adoption of IFRS (International Financial Reporting Standards) the Company was obliged to change its accounting treatment for Business acquisitions. This has resulted in a one-off, non-cash release of €11.9m in the year ended March 31, 2005. (see note 5 attached).

Profit after tax increased by 10% to €306.7m compared to €280.1m in the previous year ended March 31, 2005, whilst adjusted profit after tax increased by 12% to €301.5m

The results for the year and comparative year have been prepared in accordance with International Financial Reporting Standard ("IFRS") accounting policies expected to be adopted in the annual financial statements for the year ended 31 March 2006, and a detailed explanation of the financial impact of the adoption of these policies was set out in a separate document issued with the quarterly financial results for the period to 30 June 2005.

Summary Year ended March 31, 2006

Profit after tax increased by 12% to €301.5m, compared to €268.1m in the previous year ended March 31, 2005. These results were achieved by strong growth in passenger volumes and continued tight cost control, excluding fuel costs, which were significantly higher than in the comparative period. **Total operating revenues** increased by 28% to €1,692.5m, which was faster than the 26% growth in passenger volumes, as average fares rose by 1% and ancillary revenues grew by 36% to €259.2m. **Total revenue per passenger** as a result increased by 2%, whilst **Passenger Load Factor** decreased by 1 point to 83% during the year.

Total operating expenses increased by 34% to €1,323.4, due to the increased level of activity, and the increased costs, primarily fuel, route charges, staff costs, and airport & handling costs associated with the growth of the airline. **Fuel**, which represents 35% of total operating costs compared to 27% last year, increased by 74% to €462.5m due to substantial increases in the cost per gallon of fuel partly offset by a positive movement in the US$ exchange rate. **Unit costs** excluding fuel declined by 6% as all other major cost items increased, other than maintenance and aircraft rentals, at a slower rate than the growth in passenger volumes. This is despite the impact on last year's comparative figures of the release of maintenance provisions of €5.2m arising from the return of 6 leased Boeing 737-300's to the lessor. Due to the significantly higher fuel costs incurred, **operating margins** declined by 3 points to 22%, whilst operating profit increased by 12% to €369.1m.

Net Margins declined by 2 points to 18% for the reasons outlined above.

Adjusted earnings per share have increased by 11% to 39.32 cent for the year.

Balance Sheet

The Company's profit growth continues to generate strong cashflow from operations which for the year to March 31, 2006 amounted to €599.0m. This cashflow part funded the extensive aircraft delivery programme, and additional aircraft deposits, whilst the balance remaining is reflected in the €366.3m increase in **Total Cash** since March 31, 2005. Capital expenditure net of sales proceeds amounted to €526.2m during the year made up predominantly of the cost of delivery of 21 737-800 aircraft. **Long Term Debt**, drawndown to part fund aircraft deliveries, increased by €262.9m, net of repayments.

Shareholders' Funds at March 31, 2006 have increased by €257.5m to €1,992.0m, compared to March 31, 2005.

Detailed Discussion and Analysis Year ended March 31, 2006

Profit after tax, increased by 12% to €301.5m due to **average fares** increasing by 1% and strong **ancillary revenue** growth, which was offset by much higher fuel costs that increased by 74% to €462.5m reflecting the higher US$ cost per gallon. **Operating margins,** as a result, fell by 3 points to 22%, which in turn resulted in **operating profit** increasing by 12% to €369.1m compared to the previous year ended March 31 2005.

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

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

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

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

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

Depreciation and amortisation increased by 14% to €112.9m. A higher depreciation charge due to an increase in the size of the 'owned' fleet from 74 to 86, was offset by a lower amortisation charge due to the retirement of 737-200 aircraft and the positive impact of a new engine maintenance deal on the cost of aircraft amortisation. The strengthening of the Euro to US$ also had a positive impact on the depreciation and amortisation charge on new aircraft deliveries.

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

Maintenance costs increased by 29% to €49.0m reflecting improved reliability of the 737-800s operated and a lower level of maintenance costs incurred due to the return of six 737-300's, the retirement of the 737-200's, and the positive impact of the strengthening of the Euro exchange rate, partially offset by an increase in the number of leased 737-800 aircraft from 13 to 17.

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

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

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

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

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

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

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

Interest payable increased by 28% to €74.0m due to the drawdown of further debt to part fund the purchase of new aircraft.

Foreign exchange losses have decreased during the year to €1.1m due to the positive impact of changes in the Sterling and US Dollar exchange rates against the Euro compared to last year.

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

The Company's **Balance Sheet** continues to reflect the significant capital expenditure programme being undertaken by the group. An additional 21 aircraft were delivered during the year which in conjunction with the payment of deposits on future deliveries accounted for the bulk of €534.7m spent on capital expenditure during the year. During the same period the Company generated cash from operating activities of €599.0m that part funded the capital expenditure programme which the balance reflected in **Total Cash** of €1,972.0m. The exercise of share options, primarily by pilots generated a further €30.6m cash for the Group. **Total Debt**, net of repayments increased by €262.9m during the year.

Shareholders' Funds at March 31, 2006 have increased by €257.5m to €1,992.0m, compared to March 31, 2005 reflecting the €306.7m increase in profitability during the year, and the exercise of share options which increased funds by €30.6m, offset by a reduction of €82.1m resulting from changes in the accounting treatment for derivative financial instruments, pensions and stock options following the adoption of IFRS.

Notes to the Financial Statements

1. Accounting Policies

   This period's financial information has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") in issue that were are adopted by the EU and effective (or available for early adoption) at 31 March 2006. These accounting policies are set out in the document titled "Explanation of the financial impact following adoption of IFRS" published in August 2005 with the first quarter financial results.

2. Approval of the Preliminary Announcement

   The Audit Committee approved the consolidated financial statements for the year ended March 31, 2006 on 1st June, 2006.

3. Generally Accepted Accounting Policies

   The Management Discussion and Analysis of Results for the year ended March 31,2006 and the comparative period are based on the results reported under the group's preliminary IFRS accounting policies, as adjusted for certain exceptional items.

4. Ancillary Products and Services

   In order to more accurately reflect the structure of certain ancillary contracts and to provide more meaningful information to users the Group has taken the opportunity to reclassify certain ancillary revenues and costs (primarily car hire and travel insurance). This has resulted in a reduction in revenues of €25.8 million with a corresponding reduction in costs in the period ended March 31, 2006 (March 31, 2005: €17.5 million). This has resulted in an increase in net margin of 0.3% to 17.8% in the period ended March 31, 2006 (March 31, 2005 0.3% to 20.3%). Going forward the Group intends to report ancillary revenues and costs on a basis consistent with the treatment described herein.

5. Purchase Accounting Adjustment

Subsequent to the acquisition of Buzz Stansted in April 2003 Ryanair renegotiated the terms and conditions of onerous aircraft 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 permitted that such an adjustment could be made to the provisional value of the assets and liabilities acquired as part of the original business combination; provided that the adjustment was made either in the reporting period that the combination took place or 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 year to March 31, 2005.