BRITISH AIRWAYS

PRELIMINARY FINANCIAL RESULTS 2006-2007

OPERATING AND FINANCIAL STATISTICS (Note 1)

		Three months ended March 31		Better/	Twelve months ended March 31		Better/
		2007	*2006 Restated*	(Worse)	**2007**	*2006 Restated*	(Worse)
Revenue	£m	**1,932**	*2,054*	(5.9)%	**8,492**	*8,213*	3.4%
Operating profit	£m	**31**	*98*	(68.4)%	**602**	*694*	(13.3)%
Profit before tax	£m	**27**	*98*	(72.4)%	**611**	*616*	(0.8)%
Profit after tax	£m	**(71)**	*88*	nm	**438**	*464*	(5.6)%
Loss from discontinued operations	£m	**(53)**	*(5)*	nm	**(134)**	*3*	nm
Net assets	£m	**2,411**	*2,074*	16.2%	**2,411**	*2,074*	16.2%
Basic earnings per share	p	**(6.5)**	*7.5*	nm	**37.2**	*40.1*	(7.2)%

	Three months ended March 31		Better/	Twelve months ended March 31		Better/
	2007	*2006 Restated*	(Worse)	**2007**	*2006 Restated*	(Worse)
TOTAL GROUP OPERATIONS						
TRAFFIC AND CAPACITY						
RPK (m)	**26,003**	*26,351*	(1.3)%	**112,851**	*109,713*	2.9%
ASK (m)	**36,405**	*35,895*	1.4%	**148,321**	*144,194*	2.9%
Passenger load factor (%)	**71.4**	*73.4*	(2.0)pts	**76.1**	*76.1*	-
CTK (m)	**1,084**	*1,238*	(12.4)%	**4,695**	*4,929*	(4.7)%
RTK (m)	**3,728**	*3,878*	(3.9)%	**16,112**	*15,909*	1.3%
ATK (m)	**5,550**	*5,635*	(1.5)%	**22,882**	*22,719*	0.7%
Overall load factor (%)	**67.2**	*68.8*	(1.6)pts	**70.4**	*70.0*	0.4pts
Passengers carried (000)	**7,269**	*7,470*	(2.7)%	**33,068**	*32,432*	2.0%
Tonnes of cargo carried (000)	**177**	*202*	(12.4)%	**762**	*795*	(4.2)%
FINANCIAL						
Operating margin (%)	**1.6**	*4.8*	(3.2)pts	**7.1**	*8.5*	(1.4)pts
Passenger revenue per RPK (p)	**6.26**	*6.48*	(3.4)%	**6.44**	*6.31*	2.1%
Passenger revenue per ASK (p)	**4.47**	*4.76*	(6.1)%	**4.90**	*4.80*	2.1%
Cargo revenue per CTK (p)	**12.18**	*12.84*	(5.1)%	**13.16**	*12.94*	1.7%
Total traffic revenue per RTK (p)	**47.21**	*48.12*	(1.9)%	**48.91**	*47.53*	2.9%
Total traffic revenue per ATK (p)	**31.71**	*33.11*	(4.2)%	**34.44**	*33.28*	3.5%
Total expenditure on operations per RTK (p)	**52.23**	*50.44*	(3.5)%	**49.26**	*47.26*	(4.2)%
Total expenditure on operations per ATK (p)	**35.08**	*34.71*	(1.1)%	**34.68**	*33.10*	(4.8)%
Average fuel price before hedging (US cents/US gallon)	**198.48**	*191.59*	(3.6)%	**209.60**	*188.22*	(11.4)%
TOTAL AIRLINE OPERATIONS (Note 2)						
OPERATIONS						
Average Manpower Equivalent (MPE)	**42,073**	*43,316*	2.9%	**42,683**	*43,814*	2.6%
ATKs per MPE (000)	**131.9**	*130.1*	1.4%	**536.1**	*518.5*	3.4%
Aircraft in service at period end	**242**	*284*	(42)	**242**	*284*	(42)

nm: Not meaningful
Note 1: Statistics relate to continuing operations unless otherwise stated.
Note 2: Excludes non airline activity companies, principally, Airmiles Travel Promotions Ltd, BA Holidays Ltd, BA Travel Shops Ltd and Speedbird Insurance Company Ltd.

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SUMMARY

Group Performance

Group profit before tax for the year was £611 million, a decline of 0.8% compared with £616 million in the previous year. The results include a number of one-off items including a provision of £350 million for settlement of the fines and claims in connection with the competition investigations into longhaul passenger and cargo fuel surcharges and a pension credit of £396 million as a result of a change to the New Airways Pension Scheme (NAPS).

Operating profit at £602 million, was £92 million worse than last year. The operating margin of 7.1% was 1.4 points lower than last year. The reduction in operating profit primarily reflects increased operating costs – up 5.5% - partially offset by improvements in revenue – up 3.4%.

Turnover

Group revenue for the year was £8,492 million, up 3.4% compared with last year, on a flying programme 0.7% larger in ATKs.

Passenger revenue was up 4.9% to £7,263 million. This was primarily driven by longhaul premium and World Traveller Plus. Passenger yields were up 2.1% per RPK, and seat factor was in line with last year at 76.1% on capacity 2.9% higher in ASKs.

Cargo revenue at £618 million was down 3.1% in the full year. Cargo volumes measured in CTKs were down 4.7% in the full year, with yields up 1.7%. The decline in volumes has been driven by a combination of capacity, competitive, market and operational factors. Operational issues in the second half of the year were a significant factor in the volume decline.

Overall load factor for the year was 70.4%, up 0.4 points on last year.

For the three month period, Group revenue - - at £1,932 million - - was down 5.9% on a flying programme 1.5% smaller in ATKs.

Passenger revenue, which was impacted by the threat of industrial action by cabin crew, was down 4.6%. Passenger yields were down 3.4% per RPK; seat factor was down 2.0 points at 71.4% on capacity 1.4% higher in ASKs.

Cargo volumes for the quarter (CTKs) were down 12.4% compared with last year, with yields (revenue/CTK) down 5.1%. The reduction of freighter aircraft from four hulls to three accounted for 4% of the capacity decline. The further reduction in CTKs was due to a challenging operational environment in the quarter and soft cargo market conditions.

Overall load factor for the quarter was down 1.6 points at 67.2%.

Costs

Unit costs excluding non-recurring items (pence/ATK) in the full year were up 4.8% versus last year. This was due to a cost increase of 5.5% on capacity up 0.7%. Excluding fuel costs, unit costs in the full year were marginally up at 0.4%.

For the quarter, unit costs excluding non-recurring items increased by 1.1% on the same period last year as a result of a cost reduction of 0.5% on capacity 1.5% lower in ATKs. The reduction in ATKs was partly due to one less freighter in the third quarter this year versus last. Excluding fuel, unit costs were down 0.7%.

Employee costs in the full year increased by 0.8% compared with last year. Redundancy costs supporting the management restructuring programme announced in December 2005, and pension and wage increases were only partially offset by the non-recurrence of the Employee Reward Plan (ERP), which did not trigger in the year.

Aircraft operating lease costs reduced by 10% compared with last year, primarily due to lower lease rentals following negotiations on lease extensions, and exchange benefits as a result of a weaker US dollar.
Fuel and oil costs, at £1,931 million, increased by 22.1% due to an increase in fuel price net of hedging, partially offset by a weaker US dollar.

Engineering and other aircraft costs reduced by 6.1% compared with last year. This primarily reflects lower aircraft maintenance sub-contract costs, savings on fleet insurance costs, reduced cargo freighter activity and a favourable exchange impact due to the weaker US dollar.

Handling charges, catering and other operating costs increased by £15 million to £930 million. This was due to increases in airport authority and catering charges, partially offset by the favourable impact of the weaker US dollar.

Selling and marketing costs fell by 0.5% in the full year. This reflected the continued impact of savings on commission and the favourable impact of exchange rates, partially offset by an increase in promotional spend.

Accommodation, ground equipment and IT costs increased by 6.9% in the full year compared with last year. This reflects an increase in IT development spend, higher legal fees, consultancy costs associated with the Group’s Sarbanes-Oxley programme, and Terminal 5 consultancy spend.

Non Operating Items

For the twelve month period, interest expense was £168 million, £46 million lower than last year due to the impact of lower debt levels. Interest income was £129 million, £37 million higher than last year, reflecting the higher cash balances. The retranslation of currency borrowings generated a credit of £13 million, compared with a charge of £12 million last year. This is primarily due to the weakening of the US dollar this year versus a strengthening US dollar last year. Profit on sale of fixed assets and investments was £47 million, mainly reflecting the £48 million profit on sale of the Groups' holding in World Network Services. Income relating to fixed asset investments of £14 million was primarily due to income from The Airline Group.

Interest income at £32 million in the quarter was £7 million higher than last year reflecting higher cash balances and the impact of changes in interest rates. The profit on sale of fixed assets and investments at £2 million was £25 million lower than last year. The £27 million profit last year included £26 million from the disposal of the London Eye.

Tax

The tax charge for the year was £173 million (2006: £152 million) giving an effective tax rate for the year of 28% (2006: 25%). No tax relief has been assumed on the £350 million provision against potential settlement of the competition investigations and this has added 10% to the effective tax rate. The tax charge benefited from the recognition of Advance Corporation Tax of £74 million (2006: £20 million) previously written off. All of the Advanced Corporation Tax previously written off has now been recognised through the profit and loss account.

The Group paid corporation taxes totalling £128 million during the year (2006: £57 million).

Earnings Per Share

The total earnings attributable to shareholders for the year was £290 million, equivalent to 25.5 pence per share, a decline of 36.9% compared with last year's earnings per share of 40.4 pence.

For the three month period, the loss attributable to shareholders was £128 million, equivalent to an 11.1 pence per share, compared with last year's earnings per share of 7.1 pence.

The Board has recommended that no dividend be paid.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short term loans and deposits, were £991 million at March 31, down £650 million since the start of the year. The net debt/total capital ratio reduced by 15.1 points from March 31 2006 to 29.1%. The net debt/total capital ratio including operating leases was down 13.4 points from March 31 to 39.6%.

Cash Flow

The net cash inflow from operating activities for the twelve months was £756 million, £583 million lower than last year. This was primarily driven by the lower operating profit before non-recurring items, changes in working capital and the reduction in the pensions deficit as a result of the £240 million payment to NAPS in February. Including current interest bearing deposits, the cash position at March 31, 2007 was £2,355 million, a reduction of £85 million compared with March 31, 2006. This included £560 million held in escrow for the benefit of NAPS, which was subsequently paid to the pension fund on April 2, 2007.

Aircraft Fleet

The number of aircraft in service at March 31, 2007 was 242. Future deliveries include orders for four Boeing 777-200 ER aircraft for delivery in late 2008 or 2009.

Following the disposal of the regional business of BA Connect the Turboprops, Embraer RJ145 and British Aerospace 146 fleets were transferred to Flybe.

BA Connect

In accordance with IFRS 5, the disposal of BA Connect has been treated as discontinued operations. This is due to the fact that BA Connect represented a separate major line of business and the operations and cashflows could be clearly distinguished for financial reporting purposes.

The loss from discontinued operations in the year was £134 million, which includes the £106 million impairment charge, £21 million of costs associated with the sale and a £28 million loss on disposal. This was partially offset by a tax credit of £24 million.

Following the disposal aviance UK has been awarded a five year contract by British Airways to undertake ground handling at Manchester, Aberdeen, Edinburgh and Glasgow airports.

BA Cityflyer was launched at London City Airport from the remaining business of BA Connect. The airline operates 250 services to six UK and European destinations.

Iberia

The company has not made a final decision about the future of its 10 per cent share holding in Iberia and continues to examine its options including full disposal. It has however ruled out further capital investment as part of any consortium offer and will not make an independent bid for the airline.

Pensions

Following the consultation with members and agreement with the trustees to address the £2.1 billion actuarial deficit in NAPS, the company agreed to make a one-off cash injection of £800 million into NAPS, of which £240 million was paid in February 2007. A further £560 million held in escrow at the year end, for the benefit of NAPS, was subsequently paid to the pension fund on April 2, 2007.

Changes to the scheme rules, which capped pensionable pay at inflation, resulted in a one-off accounting credit of £396 million. This, together with the £240 million payment, has resulted in the deficit reducing from £2.1 billion to £1.6 billion. The deficit will reduce further following the £560 million payment.

The shared solution has helped secure the pensions of the scheme’s members and bring the deficit and ongoing company contributions to an affordable level.

Competition Investigations

The investigations by the Department of Justice in the USA, the European Commission and the UK Office of Fair Trading into anti-competitive activity on long haul passenger and cargo fuel surcharges are continuing. However, British Airways has now completed the information gathering required by these authorities.

BA has a long-standing, clear and comprehensive competition compliance policy. This policy requires all staff to comply with the law at all times. It has become apparent that there have been breaches of this policy in relation to discussions about these surcharges with competitors.

As a result it is now appropriate for the company to make a provision of £350 million in its full year accounts, which represents the company’s best estimate of the amounts that could be required to settle all known claims in relation to these matters.

The provision relates to potential Government fines in a number of countries in respect of competition investigations into long haul passenger and cargo fuel surcharges. It also relates to civil claims in the USA, Australia and Canada. Under IAS 37 the provision represents the estimate of the amount to settle competition authority and civil claims at the Balance Sheet date, but recognises that the final amount that would be required to pay all claims and potential fines is subject to uncertainty.

A detailed breakdown of the claim is not presented as it may seriously prejudice the position of the company in the regulatory investigations and in its potential litigation.

Terminal 5

The opening of Terminal 5 is just 313 days away and tickets are now available for sale.

We remain on schedule to begin operational testing in September of this year.

Industrial Relations

Over two thirds of Heathrow Customer Service staff have been balloted and agreed to work practice changes in advance of the company's move to Terminal 5. We have agreed the changes with staff in ground transport services, aircraft movements, equipment services, baggage handling, loading and aircraft dispatch.

We expect to conclude changes with the remaining staff group who handle passenger services imminently.

Outlook

In terms of current performance, we have seen some weakness in non-premium segments notably on the North Atlantic. To some degree, complete visibility is hampered by the ongoing baggage restrictions which impact all cabins but particularly premium. Our revenue guidance of 5-6% increase is unchanged but we now expect to be at the lower of end of this range.

Cost control remains a key focus and full year costs, excluding fuel, are still expected to be some £50 million higher than the year just reported.

Our full year fuel bill is still expected to be up some £100 million at just over £2 billion.

Our goal to achieve a 10 per cent operating margin by March 2008 remains on track, although year over year improvements are likely to be delivered predominantly in the second half as we cycle against record results in the period to 10th August last year.

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and the Company's plans and objectives for future operations, including, without limitation, discussions of the Company's Business Plan programs, expected future revenues, financing plans and expected expenditures and divestments. All forward-looking statements in this report are based upon information known to the Company on the date of this report. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemize all of the many factors and specific events that could cause the Company's forward looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of an airline operating in the global economy. Fuller information on some factors which could result in material difference to the results is available in the company's Annual Report for the year ended 31 March 2007, which is available on www.bashareholders.com.

CONSOLIDATED INCOME STATEMENT

	Three months ended March 31		Better/	Twelve months ended March 31		Better/
	2007 £m	*2006 £m*	(Worse)	**2007 £m**	*2006 £m*	(Worse)
		Restated			*Restated*	
Traffic Revenue*						
Passenger	**1,628**	*1,707*	(4.6)%	**7,263**	*6,924*	4.9%
Cargo	**132**	*159*	(17.0)%	**618**	*638*	(3.1)%
	1,760	*1,866*	(5.7)%	**7,881**	*7,562*	4.2%
Other revenue	**172**	*188*	(8.5)%	**611**	*651*	(6.1)%
TOTAL REVENUE	**1,932**	*2,054*	(5.9)%	**8,492**	*8,213*	3.4%
Employee costs	**560**	*611*	8.3%	**2,277**	*2,260*	(0.8)%
Depreciation, amortisation and impairment	**184**	*180*	(2.2)%	**714**	*715*	0.1%
Aircraft operating lease costs	**20**	*24*	16.7%	**81**	*90*	10.0%
Fuel and oil costs	**455**	*431*	(5.6)%	**1,931**	*1,581*	(22.1)%
Engineering and other aircraft costs	**105**	*112*	6.3%	**414**	*441*	6.1%
Landing fees and en route charges	**120**	*126*	4.8%	**517**	*520*	0.6%
Handling charges, catering and other operating costs	**222**	*218*	(1.8)%	**930**	*915*	(1.6)%
Selling costs	**131**	*120*	(9.2)%	**436**	*438*	0.5%
Currency differences	**(5)**	*(4)*	25.0%	**18**	*(19)*	nm
Accommodation, ground equipment and IT costs	**155**	*138*	(12.3)%	**618**	*578*	(6.9)%
TOTAL EXPENDITURE ON OPERATIONS BEFORE NON-RECURRING ITEMS	**1,947**	*1,956*	0.5%	**7,936**	*7,519*	(5.5)%
OPERATING (LOSS)/PROFIT BEFORE NON-RECURRING ITEMS	**(15)**	*98*	nm	**556**	*694*	(19.9)%
Credit arising on changes to pension scheme	**396**		nm	**396**		nm
Provision for settlement of competition investigations	**(350)**		nm	**(350)**		nm
OPERATING PROFIT	**31**	*98*	(68.4)%	**602**	*694*	(13.3)%
Fuel derivative gains/(losses)	**18**	*10*	80.0%	**(12)**	*19*	nm
Finance costs	**(51)**	*(55)*	7.3%	**(168)**	*(214)*	21.5%
Finance income	**32**	*25*	28.0%	**129**	*92*	40.2%
Net financing expense relating to pensions	**(7)**	*(6)*	(16.7)%	**(19)**	*(18)*	(5.6)%
Retranslation credits/(charges) on currency borrowings	**1**		nm	**13**	*(12)*	nm
Profit on sale of property, plant and equipment and investments	**2**	*27*	(92.6)%	**47**	*27*	74.1%
Share of post tax profits in associates accounted for using the equity method		*1*	nm	**5**	*28*	(82.1)%
Income/(expense) relating to other investments	**1**	*(2)*	nm	**14**		nm
PROFIT BEFORE TAX	**27**	*98*	(72.4)%	**611**	*616*	(0.8)%
Tax	**(98)**	*(10)*	nm	**(173)**	*(152)*	(13.8)%
(LOSS)/PROFIT AFTER TAX FROM CONTINUING OPERATIONS	**(71)**	*88*	nm	**438**	*464*	(5.6)%
(Loss)/profit from discontinued operations (after tax)	**(53)**	*(5)*	nm	**(134)**	*3*	nm
(LOSS)/PROFIT AFTER TAX	**(124)**	*83*	nm	**304**	*467*	(34.9)%
Attributable to:						
Equity holders of the parent	**(128)**	*80*	nm	**290**	*451*	(35.7)%
Minority interest	**4**	*3*	33.3%	**14**	*16*	(12.5)%
	(124)	*83*	nm	**304**	*467*	(34.9)%
EARNINGS PER SHARE						
Continuing operations:						
Basic	**(6.5)p**	*7.5p*	nm	**37.2p**	*40.1p*	(7.2)%
Fully diluted	**(6.5)p**	*7.4p*	nm	**36.8p**	*39.5p*	(6.8)%
Discontinuing operations:						
Basic	**(4.6)p**	*(0.4)p*	nm	**(11.7)p**	*0.3p*	nm
Fully diluted	**(4.6)p**	*(0.4)p*	nm	**(11.7)p**	*0.3p*	nm
Total:						
Basic	**(11.1)p**	*7.1p*	nm	**25.5p**	*40.4p*	(36.9)%
Fully diluted	**(11.1)p**	*7.0p*	nm	**25.2p**	*39.8p*	(36.7)%

nm: Not meaningful

* Fuel surcharges of £145 million for the quarter and £519 million for the twelve months previously presented within 'other revenue' in the March 2006 income statement, have been reclassified and included within 'traffic revenue'.

CONSOLIDATED BALANCE SHEET

	March 31 2007 £m	*March 31 2006 £m Restated*
NON-CURRENT ASSETS		
Property, plant and equipment		
Fleet	**6,153**	*6,606*
Property	**932**	*974*
Equipment	**272**	*302*
	7,357	*7,882*
Goodwill	**40**	*72*
Landing rights	**139**	*115*
Other intangible assets	**33**	*46*
	212	*233*
Investments in associates	**125**	*131*
Other investments	**107**	*33*
Employee benefit assets	**116**	*137*
Other financial assets	**28**	*89*
TOTAL NON-CURRENT ASSETS	**7,945**	*8,505*
NON-CURRENT ASSETS HELD FOR SALE	**8**	*3*
CURRENT ASSETS AND RECEIVABLES		
Expendable spares and other inventories	**76**	*83*
Trade receivables	**654**	*685*
Other current assets	**346**	*458*
Other current interest bearing deposits	**1,642**	*2,042*
Cash and cash equivalents	**713**	*398*
	2,355	*2,440*
TOTAL CURRENT ASSETS AND RECEIVABLES	**3,431**	*3,666*
TOTAL ASSETS	**11,384**	*12,174*
SHAREHOLDERS' EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Issued share capital	**288**	*283*
Share premium	**933**	*888*
Investment in own shares	**(10)**	
Other reserves	**1,000**	*690*
TOTAL SHAREHOLDERS' EQUITY	**2,211**	*1,861*
MINORITY INTEREST	**200**	*213*
TOTAL EQUITY	**2,411**	*2,074*
NON-CURRENT LIABILITIES		
Interest bearing long-term borrowings	**2,929**	*3,602*
Employee benefit obligations	**1,142**	*1,803*
Provisions for deferred tax	**930**	*896*
Other provisions	**153**	*135*
Other long-term liabilities	**194**	*232*
TOTAL NON-CURRENT LIABILITIES	**5,348**	*6,668*
CURRENT LIABILITIES		
Current portion of long-term borrowings	**417**	*479*
Trade and other payables	**2,744**	*2,822*
Current tax payable	**54**	*75*
Short-term provisions	**410**	*56*
TOTAL CURRENT LIABILITIES	**3,625**	*3,432*
TOTAL EQUITY AND LIABILITIES	**11,384**	*12,174*

CONSOLIDATED CASHFLOW STATEMENT

	Twelve months ended March 31 **2007 £m**	*2006 £m Restated*	Better/ (Worse)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	**602**	*694*	(92)
Operating (loss)/profit from discontinued operations	**(122)**	*11*	(133)
Credit arising from changes to pension scheme	**(396)**		(396)
Depreciation, amortisation and impairment (includes £120 million (2006: £2 million) from discontinued operations)	**834**	*717*	117
Operating cash flow before working capital changes	**918**	*1,422*	(504)
Decrease in inventories, trade and other receivables	**61**	*23*	38
(Decrease)/increase in trade and other payables and provisions	**(15)**	*150*	(165)
Cash payment to NAPS pension scheme	**(240)**		(240)
Provision for settlement of competition investigation	**350**		350
Other non-cash movements	**(2)**	*12*	(14)
Cash generated from operations	**1,072**	*1,607*	(535)
Interest paid	**(188)**	*(211)*	23
Taxation	**(128)**	*(57)*	(71)
NET CASH FLOW FROM OPERATING ACTIVITIES	**756**	*1,339*	(583)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**(331)**	*(275)*	(56)
Purchase of intangible assets	**(36)**	*(8)*	(28)
Purchase of interest in associate		*(5)*	5
Purchase of minority interest	**(13)**		(13)
Purchase of other investments		*(2)*	2
Proceeds from sale of associated companies	**3**		3
Proceeds from sale of other investments	**52**	*1*	51
Proceeds from sale of property, plant and equipment	**7**	*9*	(2)
Cash outflow from disposal of subsidiary company	**(149)**	*(6)*	(143)
Proceeds from sale of interest in the London Eye Company Ltd		*78*	(78)
Interest received	**113**	*78*	35
Dividends received	**1**	*22*	(21)
Decrease/(increase) in interest bearing deposits	**389**	*(911)*	1,300
NET CASH FLOW FROM INVESTING ACTIVITIES	**36**	*(1,019)*	1,055
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings	**(97)**	*(64)*	(33)
Capital elements of finance leases and hire purchase arrangements repaid	**(388)**	*(415)*	27
Exercise of share options	**50**	*21*	29
Purchase of own shares	**(12)**		(12)
Distributions made to holders of perpetual securities	**(14)**	*(14)*	
NET CASH FLOW FROM FINANCING ACTIVITIES	**(461)**	*(472)*	11
Net increase/(decrease) in cash and cash equivalents	**331**	*(152)*	483
Net foreign exchange difference	**(16)**	*1*	(17)
Cash and cash equivalents at April 1	**398**	*549*	(151)
CASH AND CASH EQUIVALENTS AT MARCH 31	**713**	*398*	315

These summary financial statements were approved by the Directors on May 17, 2007.

NOTES TO THE ACCOUNTS
For the period ended March 31, 2007

1 BASIS OF PREPARATION

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended March 31, 2007 have been applied in the preparation of these summary financial statements. These are in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS)* issued by the International Accounting Standards Board (IASB) and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB. These interim financial statements have not been prepared in accordance with IAS 34 - 'Interim Reporting' as permitted under IFRS.

The comparative information presented for the quarter and twelve months ended March 31, 2006 has been restated to reclassify the operations of BA Connect as a discontinued operation. In addition, fuel surcharges of £145 million for the quarter and £519 million for the twelve months previously presented within 'other revenue' in the March 2006 income statement, have been reclassified and included within 'traffic revenue'. In addition, cash and cash equivalents has been restated to reflect a reduction of £509 million, with an offset to other current interest bearing deposits, due to a change in accounting policies. Previously the Group classified deposits with a qualifying financial institution maturing within three months of the balance sheet date as cash and cash equivalents. The Group now only classifies deposits maturing within three months of the acquisition date as cash and cash equivalents.

* For the purposes of these statements IFRS also include International Accounting Standards (IAS).

2 FINANCE COSTS / INCOME

	Three months ended March 31		Twelve months ended March 31	
	2007 £m	*2006 £m*	**2007 £m**	*2006 £m*
FINANCE COSTS				
Interest payable on bank and other loans and finance charges payable under finance leases and hire purchase contracts	**53**	*56*	**188**	*215*
Release of prior year provisions			**(15)**	
Interest capitalised	**(2)**	*(1)*	**(5)**	*(1)*
Total finance costs	**51**	*55*	**168**	*214*
FINANCE INCOME				
Bank interest receivable	**32**	*25*	**129**	*92*
Total finance income	**32**	*25*	**129**	*92*
NET FINANCING EXPENSE RELATING TO PENSIONS				
Net financing expense relating to pensions	**6**		**18**	*17*
Amortisation of actuarial losses on pensions	**1**		**1**	*1*
Net financing expense relating to pensions	**7**	*6*	**19**	*18*
Retranslation credits/(charges) on currency borrowings	**1**		**13**	*(12)*

3 PROFIT ON SALE OF PROPERTY, PLANT AND EQUIPMENT AND INVESTMENTS

	Three months ended March 31		Twelve months ended March 31	
	2007 £m	*2006 £m*	**2007 £m**	*2006 £m*
Net profit on the disposal of investment in WNS			**48**	
Net profit on disposal of the investment in The London Eye Company Ltd		*26*		*26*
Net profit/(loss) on sale of other investments		*5*	**(1)**	*5*
Net profit/(loss) on the disposal of property, plant and equipment	**2**	*(4)*		*(4)*
	2	*27*	**47**	*27*

4 TAX

The tax charge for the year on profits from continuing operations is £173 million made up of a current tax charge of £121 million and £52 million by way of deferred taxes in the UK. The current tax charge comprises UK corporation tax of £144 million, after offset of Advance Corporation Tax previously written off of £(22) million, overseas tax of £1 million and prior tax credits totalling £(24) million. The deferred taxes amount includes the benefit of £(52) million of Advance Corporation Tax previously written off. There is a total tax credit of £(24) million in respect of the losses arising from discontinued operations during the year. In addition, a tax credit of £(18) million was credited directly to equity. The current tax provision amounts to £54 million at March 31, 2007 (March 31, 2006: £75 million). The deferred tax provision amounts to £930 million at March 31, 2007 (March 31, 2006: £896 million). The tax charge for the quarter on profits from continuing operations is £98 million, which comprises £(18) million of current tax credit and a deferred tax charge of £116 million. There is a total tax credit of £(3) million in respect of the results arising from discontinued operations during the quarter.

5 DISCONTINUED OPERATIONS

On November 3, 2006, the Group announced that it had reached an agreement in principle to sell the regional operation of its subsidiary airline BA Connect to Flybe. The acquisition of BA Connect by Flybe excluded the London City Airport routes and the BA Connect-operated service from Manchester to New York. The disposal was completed on March 5, 2007. The business sold comprised the majority of the Regional airline business segment as disclosed in the Group's financial statements for the year ended March 31, 2006. The Group paid Flybe £129 million, and has taken a 15 per cent investment in Flybe Group Limited, valued at £49 million at March 31, 2007.

Following the sale of the regional business of BA Connect to Flybe in March 2007, the Group has agreed contractual terms to transfer its regional ground handling to aviance UK. The restructuring provision included in discontinued operations relates to costs associated with the reduction in staff at the regional airports, whose employment was attributed to the BA Connect operations and third party flights.

Prior to the sale and transfer of the operations to discontinued operations, an impairment review was carried out on the assets, including goodwill, of the BA Connect business, prompted by the ongoing deterioration in trading performance against plan. This resulted in an impairment charge of £106 million, representing goodwill of £32 million and fleet assets of £74 million. The pre-tax impairment charge gave rise to a deferred tax credit of £22 million which has been recognised in the income statement (now presented in discontinued operations).

Results from discontinued operations

The results from discontinued operations, which have been included in the consolidated income statement, are as follows:

	Three months ended March 31		Twelve months ended March 31	
	2007 £m	*2006 £m*	**2007 £m**	*2006 £m*
Revenue	**36**	*66*	**233**	*302*
Operating expenses	**(41)**	*(71)*	**(231)**	*(291)*
Impairment			**(106)**	
Restructuring costs	**(18)**		**(18)**	
Operating (loss)/profit	**(23)**	*(5)*	**(122)**	*11*
Disposal transaction costs	**(3)**		**(3)**	
Loss arising on disposal of net assets	**(28)**		**(28)**	
Net finance costs	**(2)**	*(2)*	**(5)**	*(7)*
(Loss)/profit before tax	**(56)**	*(7)*	**(158)**	*4*
Tax				
UK Corporation tax credit	**4**	*2*	**3**	*3*
Tax arising from disposal of discontinued operations	**(4)**		**(4)**	
Total current income tax credit (discontinued operations)		*2*	**(1)**	*3*
Deferred tax credit/(charge)	**3**		**25**	*(4)*
Total tax credit/(charge)	**3**	*2*	**24**	*(1)*
(Loss)/profit from discontinued operations	**(53)**	*(5)*	**(134)**	*3*

Assets and liabilities of the discontinued operations at the date of disposal

The major classes of assets and liabilities of the discontinued operations at the date of disposal were as follows:

	£m
Tangible assets	**78**
Intangible assets	**1**
Deferred tax asset	**8**
Other non-current assets	**4**
Expendable spares and other inventories	**3**
Trade receivables	**23**
Cash and cash equivalents	**129**
Other provisions	**(43)**
Other long-term liabilities	**(85)**
Trade payables	**(41)**
Total net assets disposed of	**77**
Investment in Flybe (consideration)	**49**
Loss arising on disposal of net assets	**(28)**

NOTES TO THE ACCOUNTS (Continued)
For the period ended March 31, 2007

5 DISCONTINUED OPERATIONS (continued)

	£m
Cash and cash equivalents in BA Connect on disposal	**(129)**
Settlement of trade receivable with the Company	**(17)**
Transaction costs	**(3)**
Cash outflow from disposal of BA Connect	**(149)**

The cash flows relating to the discontinued operations to the date of disposal were as follows:

	Twelve months ended March 31	
	2007 £m	*2006 £m*
Operating cash flows	**16**	*21*
Investing cash flows	**(2)**	*(1)*
Financing cash flows	**(20)**	*(18)*

Excludes £149 million cash outflow from disposal of BA Connect.

6 EARNINGS PER SHARE

Basic earnings per share for the quarter ended March 31, 2007 are calculated on a weighted average of 1,148,880,000 ordinary shares (March 31, 2006: 1,130,106,000) and for the twelve months ended March 31, 2007, on a weighted average of 1,141,133,000 ordinary shares (March 31, 2006: 1,116,178,000) as adjusted for shares held for the purposes of employee share ownership plans including the Long Term Incentive Plan. Diluted earnings per share for the quarter ended March 31, 2007 are calculated on a weighted average of 1,161,940,000 ordinary shares (March 31, 2006: 1,145,055,000) and for the twelve months ended March 31, 2007 on a weighted average of 1,151,943,000 ordinary shares (March 31, 2006: 1,138,545,000).

The number of shares in issue at March 31, 2007 was 1,151,575,000 (March 31, 2006: 1,130,882,000) ordinary shares of 25 pence each.

7 RECONCILIATION OF MOVEMENT IN NET DEBT TO CHANGES IN CASH FLOWS

	Twelve months ended March 31	
	2007 £m	*2006 £m*
Increase/(decrease) in cash and cash equivalents during the period	**331**	*(152)*
Net cash outflow from decrease in debt and lease financing	**485**	*479*
(Decrease)/increase in current interest bearing deposits maturing after 3 months	**(389)**	*911*
Reduction in finance leases and loans due to disposal of BA Connect	**85**	
Change in net debt resulting from cash flows	**512**	*1,238*
New finance leases taken out and hire purchase arrangements made	**(9)**	*(11)*
Conversion of Convertible Capital Bonds		*112*
Exchange and other non cash movements	**147**	*(58)*
Movement in net debt during the period	**650**	*1,281*
Net debt at April 1	**(1,641)**	*(2,922)*
Net debt at March 31	**(991)**	*(1,641)*

Net debt comprises the current and non-current portions of long-term borrowings, convertible long-term borrowings and overdrafts, less cash and cash equivalents plus interest-bearing short-term deposits.

8 ANALYSIS OF LONG-TERM BORROWINGS

	March 31 2007 £m	*March 31 2006 £m*
Interest bearing long-term borrowings comprise:		
Loans	**878**	*1,030*
Finance Leases	**1,275**	*1,418*
Hire purchase arrangements	**776**	*1,154*
	2,929	*3,602*
Current portion of long-term borrowings comprise:		
Loans	**68**	*86*
Finance Leases	**80**	*105*
Hire purchase arrangements	**269**	*288*
	417	*479*

9 RESERVES

	March 31 2007 £m	*March 31 2006 £m*
Balance at April 1	**690**	*152*
Transitional effects from the adoption of IAS 39 and IAS 32		*183*
Profit for the year	**290**	*451*
Exchange and other movements	**20**	*(96)*
	1,000	*690*

10 PROVISION FOR SETTLEMENT OF COMPETITION INVESTIGATIONS

The £350 million provision in respect of competition investigations relates to potential government fines in the following jurisdictions in relation to cargo fuel surcharges: USA, Europe, Australia, Canada, New Zealand and South Africa and, in relation to long haul passenger fuel surcharges: USA and the UK. It also relates to civil claims in the USA, Australia and Canada. The provision represents the estimate of the amount to settle competition authority and civil claims at March 31, 2007, but recognises that the final amount required to pay all claims and fines is subject to uncertainty. A detailed breakdown of the claim is not presented as it may seriously prejudice the position of the Company in the regulatory investigations and in its potential litigation.

11 The figures for the three months ended March 31, 2007 are unaudited and do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the twelve months ended March 31, 2007 form part of the Annual Report and Accounts and were approved by the Board of Directors but have not been delivered to the Registrar of Companies; the report of the auditors on the accounts is unqualified.

AIRCRAFT FLEET

(for information only)

	Number in service with Group companies at March 31, 2007					
	On Balance Sheet Aircraft	Off Balance Sheet Aircraft	Total March 2007	Changes Since March 2006	Future Deliveries	Options
					(Note 6)	(Note 7)
AIRLINE OPERATIONS (Note 1)						
Boeing 747-400	57		**57**			
Boeing 777	40	3	**43**		4	4
Boeing 767-300	21		**21**			
Boeing 757-200	13		**13**			
Airbus A319	21	12	**33**			
Airbus A320 (Note 2)	8	18	**26**	**(1)**	10	28
Airbus A321	7		**7**		4	
Boeing 737-300		5	**5**			
Boeing 737-400	19		**19**			
Boeing 737-500		9	**9**			
Turboprops (Note 3)				**(8)**		
Embraer RJ145 (Note 3)				**(28)**		
Avro RJ100 (Note 4)		9	**9**	**(1)**		
British Aerospace 146 (Note 3)				**(4)**		
GROUP TOTAL (Note 5)	**186**	**56**	**242**	**(42)**	**18**	**32**

Notes:

1. Includes those operated by British Airways Plc and BA Cityflyer.
2. Certain future deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
3. Aircraft disposed of as part of the sale of BA Connect.
4. Excludes one Avro RJ100 stood down pending return to lessor and six Avro RJ100 sub-leased to Swiss International Airlines.
5. Excludes two British Aerospace ATPs stood down pending return to lessor, and 12 Jetstream 41s sub-leased to Eastern Airways.
6. Future year deliveries have increased by four to 18 to include four Boeing 777-200ER deliveries.
7. Options have increased by four to 32 to include four Boeing 777-200ER aircraft.