

**INTERIM RESULTS 2000-2001 (unaudited)**

		Three months ended September 30		Increase/ (Decrease)	Six months ended September 30		Increase/ (Decrease)
		2000	1999		2000	1999	
Turnover	£m	<b>2,552</b>	2,413	5.8%	<b>4,862</b>	4,635	4.9%
Operating profit	£m	<b>264</b>	117	125.6%	<b>361</b>	211	71.1%
Operating margin	%	<b>10.3</b>	4.8	5.5pts	<b>7.4</b>	4.6	2.8pts
Profit before tax	£m	<b>200</b>	40	400.0%	<b>150</b>	240	(37.5)%
Retained profit/(loss) for the period	£m	<b>137</b>	(27)	nm	<b>78</b>	161	(51.6)%
Capital and reserves at period end	£m	<b>3,577</b>	3,750	(4.6)%	<b>3,577</b>	3,750	(4.6)%
Earnings per share							
<i>Basic</i>	p	<b>17.9</b>	2.8	539.3%	<b>12.4</b>	20.3	(38.9)%
<i>Diluted</i>	p	<b>17.3</b>	2.8	517.9%	<b>12.2</b>	19.7	(38.1)%
<u>Dividends per share</u>	p	<b>5.1</b>	5.1	0.0%	<b>5.1</b>	5.1	0.0%

nm: Not meaningful

**Shareholder Value**  
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**GROUP PROFIT AND LOSS ACCOUNT (unaudited)**

	Three months ended		Increase/ (Decrease)	Six months ended		Increase/ (Decrease)
	September 30			September 30		
	2000 £m	1999 £m		2000 £m	1999 £m	
Traffic Revenue						
<i>Scheduled passenger</i>	<b>2,152</b>	2,011	7.0%	<b>4,095</b>	3,879	5.6%
<i>Scheduled cargo</i>	<b>152</b>	145	4.8%	<b>292</b>	269	8.6%
<i>Non-scheduled services</i>	<b>18</b>	28	(35.7)%	<b>34</b>	49	(30.6)%
	<b>2,322</b>	2,184	6.3%	<b>4,421</b>	4,197	5.3%
<i>Other revenue</i>	<b>230</b>	229	0.4%	<b>441</b>	438	0.7%
<b>TOTAL TURNOVER</b>	<b>2,552</b>	2,413	5.8%	<b>4,862</b>	4,635	4.9%
<i>Employee costs</i>	<b>579</b>	667	(13.2)%	<b>1,172</b>	1,269	(7.6)%
<i>Depreciation</i>	<b>181</b>	160	13.1%	<b>351</b>	314	11.8%
<i>Aircraft operating lease costs</i>	<b>49</b>	44	11.4%	<b>105</b>	88	19.3%
<i>Fuel and oil costs</i>	<b>254</b>	193	31.6%	<b>503</b>	366	37.4%
<i>Engineering and other aircraft costs</i>	<b>173</b>	179	(3.4)%	<b>338</b>	354	(4.5)%
<i>Landing fees and en route charges</i>	<b>168</b>	180	(6.7)%	<b>339</b>	363	(6.6)%
<i>Handling charges, catering and other operating costs</i>	<b>357</b>	350	2.0%	<b>688</b>	663	3.8%
<i>Selling costs</i>	<b>303</b>	295	2.7%	<b>596</b>	585	1.9%
<i>Accommodation, ground equipment costs and currency differences</i>	<b>224</b>	228	(1.8)%	<b>409</b>	422	(3.1)%
<b>TOTAL OPERATING EXPENDITURE</b>	<b>2,288</b>	2,296	(0.3)%	<b>4,501</b>	4,424	1.7%
<b>OPERATING PROFIT</b>	<b>264</b>	117	125.6%	<b>361</b>	211	71.1%
Share of operating profits in associates	<b>28</b>	29	(3.4)%	<b>28</b>	30	(6.7)%
<b>TOTAL OPERATING PROFIT INCLUDING ASSOCIATES</b>	<b>292</b>	146	100.0%	<b>389</b>	241	61.4%
Other income	<b>2</b>	2		<b>2</b>	3	(33.3)%
(Loss)/profit on sale of fixed assets and investments	<b>(9)</b>	14	nm	<b>(67)</b>	191	nm
Interest						
<i>Net payable</i>	<b>(77)</b>	(63)	22.2%	<b>(147)</b>	(128)	14.8%
<i>Retranslation charges on currency borrowings</i>	<b>(8)</b>	(59)	nm	<b>(27)</b>	(67)	nm
<b>PROFIT BEFORE TAX</b>	<b>200</b>	40	400.0%	<b>150</b>	240	(37.5)%
Taxation	<b>(4)</b>	(7)	(42.9)%	<b>(10)</b>	(17)	(41.2)%
<b>PROFIT AFTER TAX</b>	<b>196</b>	33	493.9%	<b>140</b>	223	(37.2)%
Non equity minority interest*	<b>(4)</b>	(3)	nm	<b>(7)</b>	(5)	nm
<b>PROFIT FOR THE PERIOD</b>	<b>192</b>	30	540.0%	<b>133</b>	218	(39.0)%
Dividends paid and proposed	<b>(55)</b>	(57)	(3.5)%	<b>(55)</b>	(57)	(3.5)%
<b>RETAINED PROFIT/(LOSS) FOR THE PERIOD</b>	<b>137</b>	(27)	nm	<b>78</b>	161	(51.6)%

nm: Not meaningful

\* Cumulative Preferred Securities

## OPERATING AND FINANCIAL STATISTICS (unaudited)

MAINLINE SCHEDULED SERVICES	Three months ended		Increase/ (Decrease)	Six months ended		Increase/ (Decrease)
	September 30			September 30		
	2000	1999		2000	1999	
<i>TRAFFIC AND CAPACITY</i>						
RPK (m)	<b>33,059</b>	33,046	0.0%	<b>63,677</b>	62,825	1.4%
ASK (m)	<b>42,540</b>	43,554	(2.3)%	<b>84,893</b>	85,936	(1.2)%
Passenger load factor(%)	<b>77.7</b>	75.9	1.8pts	<b>75.0</b>	73.1	1.9pts
CTK (m)	<b>1,235</b>	1,118	10.5%	<b>2,432</b>	2,151	13.1%
RTK (m)	<b>4,554</b>	4,415	3.1%	<b>8,808</b>	8,411	4.7%
ATK (m)	<b>6,322</b>	6,309	0.2%	<b>12,544</b>	12,412	1.1%
Overall load factor (%)	<b>72.0</b>	70.0	2.0pts	<b>70.2</b>	67.8	2.4pts
Passengers carried (000)	<b>10,289</b>	10,295	(0.1)%	<b>19,835</b>	19,730	0.5%
Tonnes of cargo carried (000)	<b>235</b>	221	6.3%	<b>467</b>	425	9.9%
<i>FINANCIAL</i>						
Passenger revenue per ASK (p)	<b>4.76</b>	4.27	11.5%	<b>4.54</b>	4.17	8.9%
Passenger revenue per RPK (p)	<b>6.12</b>	5.63	8.7%	<b>6.05</b>	5.71	6.0%
Cargo revenue per CTK(p)	<b>12.22</b>	12.70	(3.8)%	<b>11.92</b>	12.23	(2.5)%
Average fuel price before hedging (US cents/US gallon)	<b>99.56</b>	63.62	56.5%	<b>94.24</b>	57.95	62.6%
<b>TOTAL GROUP OPERATIONS</b> <i>(including Deutsche BA, 'go', CityFlyer Express and in 1999 only Air Liberte)</i>						
<i>TRAFFIC AND CAPACITY</i>						
RPK (m)	<b>35,093</b>	35,873	(2.2)%	<b>67,389</b>	67,905	(0.8)%
ASK (m)	<b>45,333</b>	47,465	(4.5)%	<b>90,160</b>	93,278	(3.3)%
RTK (m)	<b>4,741</b>	4,689	1.1%	<b>9,148</b>	8,904	2.7%
ATK (m)	<b>6,608</b>	6,690	(1.2)%	<b>13,083</b>	13,127	(0.3)%
Passengers carried (000)	<b>12,615</b>	12,983	(2.8)%	<b>24,248</b>	24,716	(1.9)%
<i>FINANCIAL</i>						
Total traffic revenue per RTK (p)	<b>48.98</b>	46.57	5.2%	<b>48.33</b>	47.14	2.5%
Total traffic revenue per ATK (p)	<b>35.14</b>	32.65	7.6%	<b>33.79</b>	31.97	5.7%
Net operating expenditure per RTK (p)	<b>43.41</b>	44.08	(1.5)%	<b>44.38</b>	44.77	(0.9)%
Net operating expenditure per ATK (p)	<b>31.14</b>	30.90	0.8%	<b>31.03</b>	30.36	2.2%
<i>OPERATIONS</i>						
Average Manpower Equivalent (MPE)	<b>62,793</b>	65,607	(4.3)%	<b>62,102</b>	65,393	(5.0)%
ATKs per MPE (000)	<b>105.2</b>	102.0	3.1%	<b>210.6</b>	200.7	4.9%
Aircraft in service at period end	<b>334</b>	340	(6)	<b>334</b>	340	(6)

## **CHAIRMAN'S STATEMENT**

### ***Group Performance***

Group profit before tax for the three months ended September 30, 2000 was £200 million -- up £160 million on last year.

The improvement reflected a higher mix of premium passengers and better average fares, combined with continued cost efficiencies. Mainline yields were up on a year ago for the fourth successive quarter. Unit costs increased less than one percent, and productivity improved 3.1%. Operating profit more than doubled to £264 million, despite the impact of higher fuel prices and the suspension of Concorde services; operating margin increased by 5.5 points to 10.3%.

Group profit before tax for the six months to September 30 was £150 million; operating profit -- at £361 million -- was up 71% on a year ago.

An interim dividend of 5.1 pence per share has been declared, unchanged from last year. The dividend will be payable to shareholders on the register at November 17.

### ***Turnover***

Group turnover for the three months was up 5.8% -- at £2,552 million -- on a flying programme 4.5% smaller. Mainline passenger yields were up 8.7%. In line with our strategy, we continued to grow point-to-point business faster than transfer, premium faster than non-premium, and longhaul faster than shorthaul. Premium traffic grew 7.2%; non premium declined 1%.

For the six month period, turnover grew by 4.9% to £4,862 million on a flying programme 3.3% smaller.

In the three month period, Cargo revenue increased by 4.8% compared with last year, on tonnage 6.3% higher.

### ***Unit Costs***

Unit costs for the three months were 0.8% higher than the same quarter last year. But for the increase in fuel prices they would have fallen, despite the upward pressure caused by the reduction in Available Tonne Kilometres (ATKs). Cost efficiencies more than offset cost increases in respect of wage and supplier prices, adverse exchange rate changes and added product costs.

Productivity for the quarter (as measured by ATKs per manpower equivalent) rose by 3.1% year over year.

### ***Non Operating Items***

Income from associates, primarily our share of Qantas's results, for the three months to September 30, was £28 million -- almost flat year over year.

Losses on disposals of fixed assets and investments for the three months were £9 million, chiefly reflecting the scrapping of obsolete engine modifications. In the same period last year, profits on disposals of £14 million were made.

For the six month period, losses on disposal were £67 million and included a £56 million book loss on the disposal of Air Liberte, but this was after crediting shareholders' reserves with £173 million of goodwill written off in earlier years. A small profit on the disposal of our 14% trade investment in Hogg Robinson was also made. Last year's profit included £149 million from the disposal of our remaining shares in Galileo International.

Net interest expense for the quarter was lower than last year, mainly because book charges for the revaluation of yen debts (used to fund aircraft acquisitions) were £55 million lower. The revaluation -- a non cash item required by standard accounting practice -- results from the strengthening of the yen against sterling. Last year the second quarter charge was £62 million.

### ***Earnings Per Share***

For the three month period, the profit attributable to shareholders was £192 million, equivalent to 17.9 pence per share, compared with earnings of 2.8 pence last year.

For the six month period, the profit attributable to shareholders was £133 million, equivalent to 12.4 pence per share, compared with earnings of 20.3 pence last year.

### ***Net Debt / Total Capital Ratio***

Borrowings, net of cash and short term loans and deposits, fell to £5,724 million at September 30, 2000 – down £192 million since March 31, 2000 -- due primarily to the improved operating performance and the normal seasonal increase in cash balances. This reduction lowered the net debt/total capital ratio by 2.4 points to 61.5%.

Shareholders' funds increased because of the retained profit for the period and the write back of goodwill on the Air Liberte disposal.

### ***Aircraft Fleet***

In the quarter ending September 30, 2000 the fleet in service reduced by 3 aircraft to 334.

This included additions of 4 Airbus A319, 2 Boeing 737-500s and 2 Embraer RJ145. Disposals included 3 Boeing 767-300, 3 Boeing 757-200, 4 Boeing 737-200 and 1 ATR 42 operated by CityFlyer Express.

Concorde services are currently suspended following the Air France accident on July 25. We remain confident that the Civil Aviation Authority in the UK will re-issue the certificate of airworthiness; services will resume as soon as possible.

In early October we announced that further rationalisation of our winter 2000 and summer 2001 flying programmes would enable us eventually to dispose of four 747-400 aircraft.

### ***Subsidiaries and Associates***

Following the successful establishment of **Go** as a leading no-frills airline in Europe, BA intends to realise the value created and offer the subsidiary for sale.

Effective April 1, 2000 Air Liberte was sold to Taitbout Antibes for net proceeds of £30 million.

### ***Alliance Development***

In late September we announced the decision to terminate talks with KLM. We had made considerable progress but always recognised that this was a complex proposal, involving not only commercial and economic issues, but aeropolitical, regulatory and other matters. It was not possible to resolve these; relations between the two parties remain amicable.

We remain committed to the **oneworld** alliance; its growth continued with the addition of Aer Lingus and LAN Chile in June 2000. Following its purchase by Air Canada, Canadian Airlines, a founder member of **oneworld**, left the alliance in June 2000.

### ***Outlook***

The outlook for the second half is better than last year. Lower capacity growth in our main markets and continued economic growth are positive factors, although the situation in the Middle East is cause for concern.

Benefits from the new fleet and network strategy and from the sustained drive for cost efficiency are now showing up in our financial results, although high fuel prices continue to impact earnings. Further improvements are anticipated from the renewed attention to customer service, the increased focus on employee morale and the phased introduction of new products (initial customer reaction is excellent).

Note:

Copies of the summary Interim Statement will be issued to all shareholders through the medium of the British Airways Investor newspaper. Copies of the full Interim report are available from the Company's registered office and on the Internet at [www.british-airways.com/investor](http://www.british-airways.com/investor).

**GROUP BALANCE SHEET (unaudited)**

	September 30 (unaudited)	March 31 (audited)
	2000 £m	2000 £m
<b>FIXED ASSETS</b>		
Intangible Assets	61	62
Tangible Assets	10,348	10,294
Investments	483	567
	<b>10,892</b>	10,923
<b>CURRENT ASSETS</b>		
Stocks	73	78
Debtors	1,463	1,368
Cash, short-term loans and deposits	1,295	1,146
	<b>2,831</b>	2,592
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>(3,341)</b>	(3,366)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(510)</b>	(774)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>10,382</b>	10,149
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Borrowings and other creditors	(6,618)	(6,615)
Convertible Capital Bonds 2005	(113)	(113)
	<b>(6,731)</b>	(6,728)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	<b>(74)</b>	(81)
	<b>3,577</b>	3,340
<b>CAPITAL AND RESERVES</b>		
Called up share capital	271	270
Reserves	3,114	2,877
	<b>3,385</b>	3,147
Minority interest	16	16
Non equity minority interest	176	177
	<b>3,577</b>	3,340
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)</b>	Six months ended September 30 (unaudited)	Year ended March 31 (audited)
	2000 £m	2000 £m
Profit/(loss) for the period	133	(21)
Other recognised gains and losses relating to the period <i>Exchange and other movements</i>	(15)	(20)
<b>Total recognised gains and losses</b>	<b>118</b>	(41)

These summary financial statements were approved by the Directors on November 6, 2000.

**GROUP CASH FLOW STATEMENT (unaudited)**

	Six months ended September 30 (unaudited)	Year ended March 31 (audited)	
	2000 £m	1999 £m	2000 £m
CASH INFLOW FROM OPERATING ACTIVITIES	884	681	1,186
DIVIDENDS RECEIVED FROM ASSOCIATES			44
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(172)	(156)	(315)
TAXATION	3	7	(2)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(111)	25	(146)
ACQUISITIONS AND DISPOSALS	28	(21)	(218)
EQUITY DIVIDENDS PAID	(137)	(188)	(242)
Cash inflow before management of liquid resources and financing	495	348	307
MANAGEMENT OF LIQUID RESOURCES	(195)	(393)	9
FINANCING	(342)	67	(319)
(Decrease)/Increase in cash in the period	(42)	22	(3)

**GROUP FINANCING SURPLUS /(REQUIREMENT)**

Cash inflow before management of liquid resources and financing	495	348	307
Acquisitions under loans, finance leases and hire purchase arrangements	(229)	(328)	(659)
Total financing surplus /(requirement)for the period	266	20	(352)

Total tangible fixed asset expenditure, net of progress payment refunds	519	667	1,291
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## NOTES TO THE ACCOUNTS

For the period ended September 30, 2000

### 1 ACCOUNTING CONVENTION

The accounts have been prepared on the basis of the accounting policies set out in the Report and Accounts for the year ended March 31, 2000 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985 and are consistent with those applied in the previous year.

	Six months ended September 30		Year ended March 31
	2000 £m	1999 £m	2000 £m
<b>2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES</b>			
Group operating profit	361	211	84
Depreciation charges	351	314	648
Other items not involving the movement of cash	8	21	39
(Increase)/decrease in stocks and debtors	(115)	(200)	4
Increase in creditors	279	335	411
<b>Cash inflow from operating activities</b>	<b>884</b>	<b>681</b>	<b>1,186</b>
<b>3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
(Decrease)/increase in cash during the period	(42)	22	(3)
Cash outflow from decrease in debt and lease financing	344	130	516
<b>Cash outflow/(inflow) from liquid resources</b>	<b>195</b>	<b>393</b>	<b>(9)</b>
Change in net debt resulting from cash flows	497	545	504
New loans and finance leases taken out and hire purchase arrangements made	(229)	(328)	(659)
Divested from subsidiary undertakings sold during the period	69		
Assumed from subsidiary undertakings acquired during the year			(42)
Conversion of Convertible Capital Bonds		13	13
Exchange movements	(145)	(72)	(206)
<b>Movement in net debt during the period</b>	<b>192</b>	<b>158</b>	<b>(390)</b>
<b>Net debt at April 1</b>	<b>(5,916)</b>	<b>(5,526)</b>	<b>(5,526)</b>
<b>Net debt at period end</b>	<b>(5,724)</b>	<b>(5,368)</b>	<b>(5,916)</b>

	Three months ended September 30		Six months ended September 30	
	2000 £m	1999 £m	2000 £m	1999 £m
<b>4 OTHER INCOME AND CHARGES</b>				
Income from trade investments	1	1	1	2
Other	1	1	1	1
<b>Other income and charges represented by:</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>3</b>
Group	2	2	2	3
Associates	2	2	2	3



**NOTES TO THE ACCOUNTS (continued)**

For the period ended September 30, 2000

	Three months ended		Six months ended	
	2000 £m	1999 £m	2000 £m	1999 £m
<b>5 PROFIT ON SALE OF FIXED ASSETS AND INVESTMENTS</b>				
Net profit on sale of investment in Galileo International Inc.				149
Net loss on disposal of Air Liberte (Note 1 below)			(56)	
Net (loss)/profit on disposal of other fixed assets and investments	(9)	14	(11)	42
	(9)	14	(67)	191
Represented by:				
Group	(10)	10	(68)	187
Associates	1	4	1	4
	(9)	14	(67)	191

Note 1 - The loss on disposal of Air Liberte is subject to final determination of the cost involved in completing the transaction.

<b>6 INTEREST</b>				
Net payable:				
Interest payable less amount capitalised	101	86	191	171
Interest receivable	(24)	(23)	(44)	(43)
	77	63	147	128
Retranslation charges on currency borrowings	8	59	27	67
	85	122	174	195
Net interest payable represented by:				
Group	80	118	169	191
Associates	5	4	5	4
	85	122	174	195

**7 TAXATION**

Tax on the profit on ordinary activities has been provided for on the basis of the estimated rate of charge for the year ending March 31, 2001.

**8 DIVIDENDS PAID AND PROPOSED**

There was no charge to the profit and loss account in relation to 1999-00 final dividends paid to Convertible Capital Bond holders(1998-99: £1 million), who converted their bonds in June 2000, in accordance with the terms of the bonds.

**9 EARNINGS PER SHARE**

Basic earnings per share are calculated on a weighted average of 1,075,267,000 ordinary shares (September 1999: 1,074,528,000) as adjusted for shares held for the purposes of employee share ownership plans including the Long Term Incentive Plan. Diluted earnings per share are calculated on a weighted average of 1,123,463,000 ordinary shares (September 1999: 1,126,460,000) after allowing for the conversion rights attaching to the Convertible Capital Bonds and for adjustments to income to eliminate interest payable on the Convertible Capital Bonds.

The number of shares in issue at September 30, 2000 was 1,082,108,000 (September 30, 1999: 1,081,225,000; March 31, 2000: 1,081,515,000) ordinary shares of 25 pence each.

**NOTES TO THE ACCOUNTS (continued)***For the period ended September 30, 2000*

	2000 £m	September 30 1999 £m	March 31 2000 £m
<b>10 TANGIBLE ASSETS</b>			
Fleet	<b>8,469</b>	8,294	8,437
Property	<b>1,509</b>	1,419	1,488
Equipment	<b>370</b>	302	369
	<b>10,348</b>	10,015	10,294
<b>11 INVESTMENTS</b>			
Associated undertakings	<b>450</b>	341	507
Trade investments	<b>8</b>	32	35
Investment in own shares	<b>25</b>	25	25
	<b>483</b>	398	567
<b>12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Loans	<b>75</b>	199	140
Finance leases	<b>89</b>	88	120
Hire purchase arrangements	<b>311</b>	273	288
	<b>475</b>	560	548
Overdrafts - unsecured		6	5
Corporate taxation	<b>30</b>	37	18
Other creditors and accruals	<b>2,836</b>	2,604	2,795
	<b>3,341</b>	3,207	3,366
<b>13 BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Loans	<b>896</b>	980	903
Finance leases	<b>1,906</b>	1,520	1,768
Hire purchase arrangements	<b>3,629</b>	3,762	3,725
	<b>6,431</b>	6,262	6,396
Other creditors and accruals	<b>187</b>	230	219
	<b>6,618</b>	6,492	6,615
<b>14 RESERVES</b>			
Balance at April 1	<b>2,877</b>	3,087	3,087
Retained profit/(loss) for the period	<b>78</b>	161	(216)
Exchange and other adjustments	<b>(15)</b>	13	(20)
Reduction in reserves resulting from shares issued to a Qualifying Employee Share Ownership Trust in relation to the 1993 Share Save Scheme		(2)	(2)
Net Movement on goodwill	<b>173</b>	7	7
Premium arising from issue of ordinary share capital	<b>1</b>	21	21
	<b>3,114</b>	3,287	2,877

15 The figures for the three months and six months ended September 30, 2000 and 1999 are unaudited and do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The figures for the year ended March 31, 2000 have been extracted from the full accounts with certain minor presentational changes for that year, which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report.

## **INDEPENDENT REVIEW REPORT TO BRITISH AIRWAYS Plc**

### **Introduction**

We have been instructed by the Company to review the financial information set out on page 2 and pages 6 to 10 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

### **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Financial Services Authority require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

### **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of the Group's management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an audit opinion on the financial information.

### **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for both the three months and six months ended September 30, 2000.

*Ernst & Young*  
London

November 6, 2000

## UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) INFORMATION

The accounts have been prepared in accordance with accounting principles accepted in the United Kingdom which differ in certain respects from those generally accepted in the United States. The significant differences are the same as those set out in the Report and Accounts for the year ended March 31, 2000.

The adjusted net income and shareholders' equity applying US GAAP are set out below:

	Three months ended September 30		Six months ended September 30	
	2000 £m	1999 £m	2000 £m	1999 £m
Profit for the period as reported in the Group profit and loss account	192	30	133	218
US GAAP adjustments	6	14	1	(67)
<b>Net income as so adjusted to accord with US GAAP</b>	<b>198</b>	<b>44</b>	<b>134</b>	<b>151</b>
Net income per Ordinary Share as so adjusted				
Basic	18.5p	4.1p	12.5p	14.1p
Diluted	17.8p	4.1p	12.3p	13.8p
Net income per American Depositary Share as so adjusted				
Basic	185p	41p	125p	141p
Diluted	178p	41p	123p	138p

	September 30		March 31
	2000 £m	1999 £m	2000 £m
Shareholders' equity as reported in the Group balance sheet	3,385	3,557	3,147
US GAAP adjustments	(1,142)	(529)	(758)
<b>Shareholders' equity as so adjusted to accord with US GAAP</b>	<b>2,243</b>	<b>3,028</b>	<b>2,389</b>

## AIRCRAFT FLEET

### Number in service with Group companies at September 30, 2000

MAINLINE (Notes 1 & 2)	On balance sheet Aircraft	Operating leases off balance sheet		Total	Future deli- veries	Options
		Exten- dible	Other			
Concorde (Note 3)	7			7		
Boeing 747-200	12	3		15		
Boeing 747-400	57			57		
Boeing 777	35			35	9	16
Boeing 767-300	22			22		
Boeing 757-200	44	2	3	49		
Airbus A318					12	12
Airbus A319 (Note 4)		15		15	24	124
Airbus A320	10			10	20	
Boeing 737-200			6	6		
Boeing 737-300			7	7		
Boeing 737-400	22		12	34		
Boeing 737-500			5	5		
Embraer RJ145			5	5	2	14
Turbo Props (Note 5)			16	16		
Sub total	209	20	54	283	67	166
<b>DEUTSCHE BA, 'go' and CITYFLYER EXPRESS (Note 6)</b>						
Boeing 737-300			31	31		
Avro RJ100		10		10	6	6
Turbo Props (Note 7)		10		10		
Sub total		20	31	51	6	6
<b>GROUP TOTAL</b>	<b>209</b>	<b>40</b>	<b>85</b>	<b>334</b>	<b>73</b>	<b>172</b>

#### Notes:

- 1 Includes those operated by British Airways Plc, British Airways (European Operations at Gatwick) Ltd and Brymon Airways Ltd.
- 2 Excludes 1 McDonnell Douglas DC-10-30, 4 Boeing 737-200s, 2 Boeing 767-300s and 3 Boeing 757-200s stood down pending disposal or return to lessor, 1 Boeing 737-500 and 1 Boeing 777-200ER have been delivered but are not yet in service.
- 3 Concorde services are currently suspended following the Air France accident on July 25. We remain confident that the Civil Aviation Authority in the UK will re-issue the certificate of airworthiness; services will resume as soon as possible.
- 4 Options include reserved delivery positions and, if taken, may be A319, A320 or A321.
- 5 de Havilland Canada DHC-8s.
- 6 Net reductions since March 31, 2000 include 14 McDonnell Douglas aircraft, 15 Fokker aircraft and 3 ATR aircraft, totalling 32 aircraft disposed of with Air Liberte.
- 7 7 ATR 72s and 3 ATR 42s for CityFlyer Express.