INTERIM RESULTS 2001-2002 (unaudited)

		Three months ended September 30		Increase/	Six months ended September 30		Increase/
		2001	*2000*	(Decrease)	**2001**	*2000*	(Decrease)
Turnover	£m	**2,251**	*2,552*	(11.8)%	**4,548**	*4,862*	(6.5)%
Operating profit	£m	**72**	*264*	(72.7)%	**122**	*361*	(66.2)%
Operating margin	%	**3.2**	*10.3*	(7.1)pts	**2.7**	*7.4*	(4.7)pts
Profit before tax	£m	**5**	*200*	(97.5)%	**45**	*150*	(70.0)%
Retained profit for the period	£m	**19**	*70*	(72.9)%	**45**	*28*	60.7%
Capital and reserves at period end	£m	**2,399**	*2,526*	(5.0)%	**2,399**	*2,526*	(5.0)%
Earnings per share							
Basic	p	**1.8**	*11.6*	(84.5)%	**4.2**	*7.7*	(45.5)%
Diluted	p	**1.8**	*11.2*	(83.9)%	**4.2**	*7.7*	(45.5)%
Dividends per share	p	**na**	*5.1*	nm	**na**	*5.1*	nm

nm: Not meaningful
na: Not applicable

GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	Three months ended September 30			Six months ended September 30		
		Restated	Increase/		Restated	Increase/
	2001 £m	*2000 £m*	(Decrease)	**2001 £m**	*2000 £m*	(Decrease)
Traffic Revenue						
Scheduled Passenger	**1,903**	*2,152*	(11.6)%	**3,850**	*4,095*	(6.0)%
Scheduled Cargo	**112**	*152*	(26.3)%	**242**	*292*	(17.1)%
Non-scheduled services	**20**	*18*	11.1%	**35**	*34*	2.9%
	2,035	*2,322*	(12.4)%	**4,127**	*4,421*	(6.7)%
Other revenue	**216**	*230*	(6.1)%	**421**	*441*	(4.5)%
TOTAL TURNOVER	**2,251**	*2,552*	(11.8)%	**4,548**	*4,862*	(6.5)%
Employee costs	**608**	*579*	5.0%	**1,220**	*1,172*	4.1%
Depreciation	**192**	*181*	6.1%	**378**	*351*	7.7%
Aircraft operating lease costs	**45**	*49*	(8.2)%	**101**	*105*	(3.8)%
Fuel and oil costs	**294**	*254*	15.7%	**577**	*503*	14.7%
Engineering and other aircraft costs	**154**	*173*	(11.0)%	**315**	*338*	(6.8)%
Landing fees and en route charges	**160**	*168*	(4.8)%	**328**	*339*	(3.2)%
Handling charges, catering and other operating costs	**299**	*357*	(16.2)%	**602**	*688*	(12.5)%
Selling costs	**216**	*303*	(28.7)%	**469**	*596*	(21.3)%
Accommodation, ground equipment costs and currency differences	**211**	*224*	(5.8)%	**436**	*409*	6.6%
TOTAL OPERATING EXPENDITURE	**2,179**	*2,288*	(4.8)%	**4,426**	*4,501*	(1.7)%
OPERATING PROFIT	**72**	*264*	(72.7)%	**122**	*361*	(66.2)%
Share of operating profits in associates	**7**	*28*	(75.0)%	**8**	*28*	(71.4)%
TOTAL OPERATING PROFIT INCLUDING ASSOCIATES	**79**	*292*	(72.9)%	**130**	*389*	(66.6)%
Other (charges)/income	**(1)**	*2*	nm		*2*	nm
Profit/(loss) on sale of fixed assets and investments	**9**	*(9)*	nm	**101**	*(67)*	nm
Interest						
Net payable	**(82)**	*(77)*	6.5%	**(163)**	*(147)*	10.9%
Retranslation charges on currency borrowings		*(8)*	nm	**(23)**	*(27)*	(14.8)%
PROFIT BEFORE TAX	**5**	*200*	(97.5)%	**45**	*150*	(70.0)%
Taxation	**18**	*(71)*	(125.4)%	**7**	*(60)*	(111.7)%
PROFIT AFTER TAX	**23**	*129*	(82.2)%	**52**	*90*	(42.2)%
Non equity minority interest*	**(4)**	*(4)*		**(7)**	*(7)*	
PROFIT FOR THE PERIOD	**19**	*125*	(84.8)%	**45**	*83*	(45.8)%
Dividends paid and proposed		*(55)*	nm		*(55)*	nm
RETAINED PROFIT FOR THE PERIOD	**19**	*70*	(72.9)%	**45**	*28*	60.7%

nm: Not meaningful

* Cumulative Preferred Securities

Comparatives have been restated to reflect the full provision for deferred tax as required by FRS 19 'Deferred Tax'

OPERATING AND FINANCIAL STATISTICS (unaudited)

	Three months ended September 30		Increase/ (Decrease)	Six months ended September 30		Increase/ (Decrease)
	2001	*2000*		**2001**	*2000*	
TOTAL AIRLINE OPERATIONS (Note 1)						
(including British Regional Air Lines from May 10th, 2001 and go until June 14th 2001)						
TRAFFIC AND CAPACITY						
RPK (m)	**29,297**	*35,093*	(16.5)%	**57,943**	*67,388*	(14.0)%
ASK (m)	**39,629**	*45,333*	(12.6)%	**80,609**	*90,160*	(10.6)%
Passenger load factor(%)	**73.9**	*77.4*	(3.5)pts	**71.9**	*74.7*	(2.8)pts
CTK (m)	**937**	*1,235*	(24.1)%	**2,030**	*2,433*	(16.6)%
RTK (m)	**3,868**	*4,741*	(18.4)%	**7,783**	*9,148*	(14.9)%
ATK (m)	**5,969**	*6,608*	(9.7)%	**12,093**	*13,083*	(7.6)%
Overall load factor (%)	**64.8**	*71.7*	(6.9)pts	**64.4**	*69.9*	(5.5)pts
Passengers carried (000)	**11,306**	*12,615*	(10.4)%	**22,599**	*24,248*	(6.8)%
Tonnes of cargo carried (000)	**178**	*236*	(24.6)%	**387**	*471*	(17.8)%
FINANCIAL						
Passenger revenue per RPK (p)	**6.56**	*6.18*	6.1%	**6.70**	*6.13*	9.3%
Passenger revenue per ASK (p)	**4.85**	*4.79*	1.3%	**4.82**	*4.58*	5.2%
Cargo revenue per CTK(p)	**11.95**	*12.31*	(2.9)%	**11.92**	*12.00*	(0.7)%
Total traffic revenue per RTK (p)	**52.61**	*48.98*	7.4%	**53.03**	*48.33*	9.7%
Total traffic revenue per ATK (p)	**34.09**	*35.14*	(3.0)%	**34.13**	*33.79*	1.0%
Average fuel price before hedging (US cents/US gallon)	**87.43**	*99.56*	(12.2)%	**88.33**	*94.24*	(6.3)%
OPERATIONS						
Average Manpower Equivalent (MPE)	**59,902**	*59,005*	1.5%	**59,871**	*58,465*	2.4%
ATKs per MPE (000)	**99.6**	*112.0*	(11.0)%	**202.0**	*223.8*	(9.7)%
Aircraft in service at period end	**373**	*334*	39	**373**	*334*	39
TOTAL GROUP OPERATIONS						
FINANCIAL						
Net operating expenditure per RTK (p)	**50.75**	*43.41*	16.9%	**51.46**	*44.38*	16.0%
Net operating expenditure per ATK (p)	**32.89**	*31.14*	5.6%	**33.12**	*31.03*	6.7%

Note 1 Excludes non airline activity companies, principally, Airmiles Travel Promotions Ltd, Mileage Ltd, BA Holidays Ltd, BA Travel Shops Ltd, Speedwing International Group and The London Eye Company Ltd.

CHAIRMAN’S STATEMENT

The unprecedented events of September 11, have had such a major impact on our industry that in reviewing our financial position at the end of September, we have also outlined some of the actions we have taken to reduce our exposure to the demand downturn. First we describe how the Company has performed for the three and six months ended September 30, 2001.

Group Performance

Group profit before tax for the three months ended September 30, 2001 was £5 million -- down £195 million on last year.

Operating profit - - at £72 million was 73% below last year’s level. This reflected both the slowdown in the United States and other economies and a large reduction in passenger numbers resulting from the September 11 terrorist attacks in the United States. An estimated £40 million of operating profit was lost in the following seven days, with further losses continuing for the rest of the month. However, yields for the quarter were up 6.1% on a year ago, the eighth successive quarter of improvement. Excluding the impact of adverse exchange rates and fuel prices, unit costs increased by only 1%.

Group profit before tax for the six months to September 30, was £45 million; operating profit -- at £122 million -- was down 66% on a year ago.

As previously announced there will be no interim dividend, compared to the 5.1 pence per share declared last year.

Turnover

Group turnover for the three months was down 11.8% -- at £2,251 million -- on a flying programme 12.6% smaller in Available Seat Kilometres (ASKs). Passenger yields were up 6.1%. The unprecedented closure of United States airspace and the subsequent consequences around the British Airways’ network reduced traffic, measured in Revenue Passenger Kilometres (RPKs), by 22% in the month of September. Traffic for the quarter as a whole, was down 16.5% compared to last year, with premium traffic declining 19.3% and non premium 13.2%.

For the six month period, turnover declined by 6.5% to £4,548 million on a flying programme 10.6% smaller.

In the three month period, Cargo revenue was particularly affected by September 11, declining 26.3%, principally as a result of reduced demand - - tonnage down 24.6% compared to last year.

Unit Costs

Unit costs for the three months were 5.6% higher than the same quarter last year. 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 and further product investment.

Non Operating Items

Income from associates, primarily our share of the Qantas results, for the three months to September 30, was £7 million – 75% down on the £28 million profit of last year.

Profits on disposals of fixed assets and investments for the three months were £9 million, compared to a £9 million loss for the same period last year.

For the six month period, profits on disposal were £101 million and included a £98 million profit on the disposal of **go**. Last year's loss on disposal for the same six months of £67 million largely reflected the book loss on the disposal of Air Liberte.

Net interest expense for the quarter was £3 million lower than last year, mainly because book charges for the revaluation of yen debts (used to fund aircraft acquisitions) were £8 million lower. The year over year revaluation benefit -- a non cash item required by standard accounting practice -- results from the strengthening of sterling against the yen.

Earnings Per Share

For the three month period, the profit attributable to shareholders was £19 million, equivalent to 1.8 pence per share, compared with earnings of 11.6 pence per share last year.

For the six month period, the profit attributable to shareholders was £45 million, equivalent to 4.2 pence per share, compared with earnings of 7.7 pence per share last year.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short term loans and deposits were £6,528 million at September 30, 2001 – up £305 million since March 31, 2001 -- due primarily to further finance leases taken out for new aircraft and borrowings taken on by the Group on the acquisition of British Regional Air Lines. Net debt/total capital ratio increased by 0.9 points to 65.4%.

Shareholders' funds increased because of the retained profit for the period.

Cash balances at September 30, were £1,060 million, up £127 million since March 31, 2001. This includes additional funds of £250 million flowing into the Group following a bond issue in August 2001.

Aircraft Fleet

In the quarter ending September 30, 2001 the fleet in service reduced by 1 aircraft to 373.

This included additions of 2 Boeing 777s, 4 Airbus A319s, 1 Boeing 737-300 and 1 Embraer RJ145. Disposals included 4 Boeing 747-200s and 5 Boeing 757-200s.

Following the re-issue of Concorde's certificate of airworthiness by the Civil Aviation Authority we will resume services to New York on November 7, 2001 and to Barbados on December 1, 2001.

Subsidiaries and Associates

On May 10, we completed the purchase of British Regional Air Lines and on June 14, we sold our no frills subsidiary **go**.
On October 18, Qantas announced a rights issue to fund future aircraft orders. We decided not to participate in this rights issue and as a consequence our shareholding in Qantas is likely to fall from 25% to approximately 22%. This may reduce slightly further, once the take up of an additional Share Purchase Plan for non institutional investors is known.

Alliance Development

In August we announced plans with American Airlines for a new alliance that includes profit sharing on nine transatlantic routes, codesharing, frequent flyer interchangeability and joint scheduling, pricing and marketing. We have applied for anti-trust immunity and clearance with the US and European authorities. If approved, it will result in many consumer benefits, including easier transfers, improved check-in and airport facilities, and access to more destinations.

Steps we have taken as a consequence of September 11

We have taken a number of actions to mitigate, as far as possible, the adverse impact on the Company’s financial position. These include reductions in manpower, salaries, capital spend, advertising expenditure and discretionary expenses .

As a response to the reduced number of passengers we announced additional capacity reductions of 8%. and a reduction of manpower equivalents by 7,200, of which 2,300 have already been achieved. This will rise to more than 5,000 by the end of December with the balance by March 31, 2002.

So far we have accelerated the early retirement of the Boeing 747-200 fleet, as well as accelerating previously announced changes at Gatwick.

Cash

From September 11, until October 31, we generated operating cash of £22 million. As a general rule we have monthly payments of around £75 million for interest expense, debt and capital payments. In the same period, we completed and drew down £165 million of financing. Our cash balance at September 30, was £1,060 million and at October 31, was £1,080 million.

At September 11, we had undrawn facilities of £100 million. We increased facilities by a further £70 million by September 30, and have by November 5, further increased facilities by another £643 million. Combined with our October 31, cash balance we currently have a total liquidity resource of £1.9 billion. Such facilities are currently considered adequate for our foreseeable needs. Further funding opportunities are available, if the need for such arises.

Outlook

The outlook for the second half is difficult to predict, although we anticipate a significant operating loss for the year. We have taken precautionary steps to reduce our exposure to lower passenger demand by removing excess capacity and implementing cash and cost saving measures throughout the Group. We have also had to make difficult and painful decisions to reduce our number of employees. Finally, we have taken prudent steps to increase our liquidity.
We remain committed to our strategy of focusing on maximising our share of profitable business and reducing less profitable capacity, as well as removing further costs to improve the business. We are ready to take advantage of consolidation opportunities as they arise in the changing market place. We are confident we will be well placed in the restructured airline industry, as it emerges when global demand returns .

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.

GROUP BALANCE SHEET (unaudited)

		September 30 Restated	March 31 Restated
	2001 £m	*2000 £m*	2001 £m
FIXED ASSETS			
Intangible assets	**109**	*61*	60
Tangible assets	**10,827**	*10,288*	10,662
Investments	**451**	*483*	426
	11,387	*10,832*	11,148
CURRENT ASSETS			
Stocks	**202**	*133*	170
Debtors	**1,205**	*1,463*	1,444
Cash, short-term loans and deposits	**1,060**	*1,295*	936
	2,467	*2,891*	2,550
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	**(3,080)**	*(3,341)*	(3,308)
NET CURRENT LIABILITIES	**(613)**	*(450)*	(758)
TOTAL ASSETS LESS CURRENT LIABILITIES	**10,774**	*10,382*	10,390
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings and other creditors	**(7,142)**	*(6,618)*	(6,788)
Convertible Capital Bonds 2005	**(112)**	*(113)*	(113)
	(7,254)	*(6,731)*	(6,901)
PROVISIONS FOR DEFERRED TAX	**(1,058)**	*(1,051)*	(1,051)
PROVISIONS FOR LIABILITIES AND CHARGES	**(63)**	*(74)*	(70)
	2,399	*2,526*	2,368
CAPITAL AND RESERVES			
Called up share capital	**271**	*271*	271
Reserves	**1,934**	*2,063*	1,893
	2,205	*2,334*	2,164
Minority interest	**8**	*16*	18
Non equity minority interest	**186**	*176*	186
	2,399	*2,526*	2,368

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)

		Six months ended September 30 Restated	Year ended March 31 Restated
	2001 £m	*2000 £m*	2001 £m
Profit for the period	**45**	*83*	64
Other recognised gains and losses relating to the period			
Exchange and other movements	**(4)**	*(15)*	(30)
Total recognised gains and losses	**41**	*68*	34

These summary financial statements were approved by the Directors on November 6, 2001.
Comparatives have been restated to reflect the full provision for deferred tax as required by FRS 19 ‘Deferred Tax’ and a reclassification of certain engineering expendable parts from fixed assets to stock.

GROUP CASH FLOW STATEMENT (unaudited)

	Six months ended September 30		Year ended March 31
	2001 £m	*2000 £m*	2001 £m
CASH INFLOW FROM OPERATING ACTIVITIES	**611**	*884*	1,251
DIVIDENDS RECEIVED FROM ASSOCIATES	**10**		33
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(173)**	*(172)*	(342)
TAXATION		*3*	15
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**(238)**	*(111)*	(457)
ACQUISITIONS AND DISPOSALS	**(19)**	*28*	26
EQUITY DIVIDENDS PAID	**(137)**	*(137)*	(194)
Cash inflow before management of liquid resources and financing	**54**	*495*	332
MANAGEMENT OF LIQUID RESOURCES	**(118)**	*(195)*	159
FINANCING	**68**	*(342)*	(521)
Increase/(decrease) in cash in the period	**4**	*(42)*	(30)

GROUP FINANCING (REQUIREMENT)/SURPLUS			
Net cash inflow before management of liquid resources and financing	**54**	*495*	332
Acquisitions under finance leases and hire purchase arrangements	**(263)**	*(229)*	(663)
Total financing (requirement)/surplus for the period	**(209)**	*266*	(331)

Total tangible fixed asset expenditure, net of progress payment refunds	**645**	*519*	1,405

NOTES TO THE ACCOUNTS
For the period ended September 30, 2001

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, 2001 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985 and are consistent with those applied in the previous year, with the exception of the implementation of FRS 19 'Deferred Tax'. As described in Note 7, the comparative figures have been restated as a result of implementing this standard. In addition, expendable stocks have been reclassified from fixed assets to stocks and comparative figures restated resulting in increased stock at September 30, 2000 of £60 million and at March 31, 2001 of £104 million.

	Six months ended September 30		Year ended March 31
	2001 £m	*2000 £m*	2001 £m
2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES			
Group operating profit	**122**	*361*	380
Depreciation and amortisation	**378**	*351*	715
Other items not involving the movement of cash		*8*	(1)
Decrease/(increase) in stocks and debtors	**156**	*(115)*	(38)
(Decrease)/increase in creditors	**(45)**	*279*	195
Cash inflow from operating activities	**611**	*884*	1,251
3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash during the period	**4**	*(42)*	(30)
Net cash (inflow)/outflow from decrease in debt and lease financing	**(68)**	*344*	524
Cash outflow/(inflow) from liquid resources	**118**	*195*	(159)
Change in net debt resulting from cash flows	**54**	*497*	335
New finance leases taken out and hire purchase arrangements made	**(263)**	*(229)*	(663)
Divested from subsidiary undertakings sold during the period		*69*	69
Assumed from subsidiary undertakings acquired during the period	**(117)**		
Conversion of Convertible Capital Bonds	**1**		
Exchange movements	**20**	*(145)*	(48)
Movement in net debt during the period	**(305)**	*192*	(307)
Net debt at April 1	**(6,223)**	*(5,916)*	(5,916)
Net debt at period end	**(6,528)**	*(5,724)*	(6,223)

	Three months ended September 30		Six months ended September 30	
	2001 £m	*2000 £m*	**2001 £m**	*2000 £m*
4 OTHER (CHARGES) AND INCOME				
(Charges)/income from trade investments	**(1)**	*1*		*1*
Other		*1*		*1*
	(1)	*2*		*2*
Other (charges) and income represented by:				
Group	**(1)**	*2*		*2*
Associates				
	(1)	*2*		*2*

NOTES TO THE ACCOUNTS (continued)
For the period ended September 30, 2001

	Three months ended September 30		Six months ended September 30	
	2001 £m	*2000 £m*	**2001 £m**	*2000 £m*
5 PROFIT/(LOSS) ON SALE OF FIXED ASSETS AND INVESTMENTS				
Net profit on disposal of **go** (Note 1 below)	**(2)**		**98**	
Net loss on disposal of Air Liberte				*(56)*
Net profit/(loss)on disposal of other fixed assets and investments	**11**	*(9)*	**3**	*(11)*
	9	*(9)*	**101**	*(67)*
Represented by:				
Group	**9**	*(10)*	**101**	*(68)*
Associates		*1*		*1*
	9	*(9)*	**101**	*(67)*

Note 1 - The profit on disposal of **go** is subject to final determination of the costs associated with the transaction.

	Three months ended September 30		Six months ended September 30	
	2001 £m	*2000 £m*	**2001 £m**	*2000 £m*
6 INTEREST				
Net payable:				
Interest payable less amount capitalised	**98**	*101*	**192**	*191*
Interest receivable	**(16)**	*(24)*	**(29)**	*(44)*
	82	*77*	**163**	*147*
Retranslation charges on currency borrowings		*8*	**23**	*27*
	82	*85*	**186**	*174*
Net interest payable represented by:				
Group	**78**	*80*	**182**	*169*
Associates	**4**	*5*	**4**	*5*
	82	*85*	**186**	*174*

7 TAXATION

During the period ended June 30, 2001 the company implemented FRS 19 'Deferred Tax', which requires full provision for deferred tax. Under the options allowed the company chose not to discount the resulting provision. Within the tax credit for the six months ended September 30, 2001 is a net credit of £3 million which arises as a result of implementing this standard, including a charge of £13 million relating to the sale of **go** (net of £10 million capital losses brought forward). In addition the comparatives have been restated, resulting in an increase to the tax charge of £50 million for the six months ended September 30, 2000 and an increase to the tax charge of £50 million for the year ended March 31, 2001. The deferred tax provision is included on balance sheet and amounts to £1,058 million at September 30, 2001 (March 31, 2001: £1,051 million; September 30, 2000: £1,051 million). None of the deferred tax is expected to become payable in the forseeable future.

8 EARNINGS PER SHARE

Basic earning per share for the quarter ended September 30, 2001 are calculated on a weighted average of 1,076,054,000 ordinary shares (September 2000: 1,075,448,000) and for the six months ended September 30, 2001, on a weighted average of 1,076,002,000 ordinary shares (September 2000: 1,075,267,000) 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 September 30, 2001 are calculated on a weighted average of 1,080,692,000 ordinary shares (September 2000: 1,132,663,000) and for the six months ended September 30, 2001 on a weighted average of 1,082,450,000 ordinary shares (September 2000: 1,084,208,000).

The number of shares in issue at September 30, 2001 was 1,082,741,000 (September 30, 2000: 1,082,108,000; March 31, 2001: 1,082,552,000) ordinary shares of 25 pence each.

NOTES TO THE ACCOUNTS (continued)
For the period ended September 30, 2001

		September 30		March 31
		2001 £m	*2000 £m*	2001 £m
9	TANGIBLE ASSETS			
	Fleet	**8,937**	*8,409*	8,761
	Property	**1,367**	*1,509*	1,418
	Equipment	**523**	*370*	483
		10,827	*10,288*	10,662
10	INVESTMENTS			
	Associated undertakings	**386**	*450*	381
	Trade investments	**40**	*8*	20
	Investment in own shares	**25**	*25*	25
		451	*483*	426
11	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	Loans	**56**	*75*	49
	Finance leases	**104**	*89*	106
	Hire purchase arrangements	**406**	*311*	329
		566	*475*	484
	Overdrafts - unsecured			3
	Corporate taxation	**27**	*30*	31
	Other creditors and accruals	**2,487**	*2,836*	2,790
		3,080	*3,341*	3,308
12	BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR			
	Loans	**1,289**	*896*	992
	Finance leases	**2,380**	*1,906*	2,240
	Hire purchase arrangements	**3,241**	*3,629*	3,327
		6,910	*6,431*	6,559
	Other creditors and accruals	**232**	*187*	229
		7,142	*6,618*	6,788
13	RESERVES			
	Balance at April 1	**1,893**	*2,877*	2,877
	Prior year adjustment *		*(1,001)*	(1,001)
	Balance at April 1 as restated (see Note 7)	**1,893**	*1,876*	1,876
	Retained profit/(loss) for the period	**45**	*28*	(129)
	Exchange and other adjustments	**(4)**	*(15)*	(30)
	Net movement on goodwill		*173*	173
	Premium arising from issue of ordinary share capital		*1*	3
		1,934	*2,063*	1,893

* Prior year adjustment relates to the adoption of FRS19 ‘Deferred Tax’

14 The figures for the three months and six months ended September 30, 2001 and 2000 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, 2001 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 within the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement and Notes to the Accounts 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 for use in the United Kingdom. A review consists principally of making enquiries of Group 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 United Kingdom 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, 2001.

Ernst & Young LLP
London

November 6, 2001

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, 2001, with the exception of the implementation of FRS 19 'Deferred Tax'. The comparatives have been adjusted to reflect this change. In addition the company has adopted FAS 133 effective from April 1, 2001.

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

	Three months ended September 30	Restated	Six months ended September 30	Restated
	2001 £m	*2000 £m*	**2001 £m**	*2000 £m*
Profit for the period as reported in the Group profit and loss account	**19**	*125*	**45**	*83*
US GAAP adjustments	**54**	*73*	**70**	*51*
Net income as so adjusted to accord with US GAAP	**73**	*198*	**115**	*134*
Net income per Ordinary Share as so adjusted				
Basic	**6.8p**	*18.5p*	**10.7p**	*12.5p*
Diluted	**6.6p**	*17.8p*	**10.5p**	*12.3p*
Net income per American Depositary Share as so adjusted				
Basic	**68p**	*185p*	**107p**	*125p*
Diluted	**66p**	*178p*	**105p**	*123p*

	September 30	Restated	March 31 Restated
	2001 £m	*2000 £m*	2001 £m
Shareholders' equity as reported in the Group balance sheet	**2,205**	*2,334*	2,164
US GAAP adjustments	**87**	*(91)*	170
Shareholders' equity as so adjusted to accord with US GAAP	**2,292**	*2,243*	2,334

AIRCRAFT FLEET

Number in service with Group companies at September 30,2001

	On balance sheet Aircraft	Operating Leases off balance sheet		Total Sept 2001	Changes since June 2001	Future Deliveries	Options
		Extendible	Other				
AIRLINE OPERATIONS (Note 1 & 2)							
Concorde (Note 3)	7			**7**			
Boeing 747-200	7	1		**8**	**(4)**		
Boeing 747-400	56			**56**			
Boeing 777	43			**43**	**2**	1	16
Boeing 767-300	21			**21**			
Boeing 757-200	33	2	1	**36**	**(5)**		
Airbus A318						12	12
Airbus A319(Note 4)	18	10		**28**	**4**	11	117
Airbus A320	10			**10**		20	
Boeing 737-300			28	**28**	**1**		
Boeing 737-400	22	5	7	**34**			
Boeing 737-500			10	**10**			
Turbo Props (Note 5)	1	5	40	**46**			
Embraer RJ145	12	5	10	**27**	**1**	3	17
Avro RJ100	1	15		**16**			6
British Aerospace 146	3			**3**			
GROUP TOTAL(Note 6)	**234**	**43**	**96**	**373**	**(1)**	**47**	**168**

Notes:

1 Includes those operated by British Airways Plc, British Airways (European Operations at Gatwick) Ltd and Brymon Airways Ltd, CityFlyer Express, Deutsche BA and British Regional Air Lines.

2 Excludes 4 Boeing 757 - 200s and 4 Boeing 747 - 200s stood down pending disposal or return to lessor, 1 Boeing 747 - 400 sub-leased to Qantas, and 1 Boeing 777 delivered but not yet in service.

3 7 Concordes are currently stood down as a result of the investigation into the Air France incident of July 25, 2000.
Additional safety modifications have been fitted on three aircraft which have been subject to tests both on the ground and in the air. A successful application to the Civil Aviation Authority for the reissue of the certificate of airworthiness has been made and services will resume November 7, 2001.

4 Options include reserved delivery positions and, if taken, may be A319, A320 or A321.

5 Includes 13 Jetsteam 41 aircraft, 13 British Aerospace ATP aircraft, 5 ATR72 aircraft and 15 de Havilland Canada DHC-8 aircraft.

6 Includes 13 Jetstream 41 aircraft, 13 British Aerospace ATP aircraft, 19 Embraer 145 aircraft (including 4 further deliveries and 3 options) and 3 British Aerospace 146 aircraft acquired with the purchase of British Regional Air Lines.