THIRD QUARTER RESULTS 2004-2005 (unaudited)

		Three months ended December 31			Nine months ended December 31		
		2004	*2003*	Better/ (Worse)	**2004**	*2003*	Better/ (Worse)
Turnover	£m	**1,973**	*1,891*	4.3%	**5,924**	*5,706*	3.8%
Operating profit	£m	**110**	*138*	(20.3)%	**500**	*373*	34.0%
Operating margin	%	**5.6**	*7.3*	(1.7)pts	**8.4**	*6.5*	1.9pts
Profit before tax	£m	**75**	*125*	(40.0)%	**410**	*185*	nm
Retained profit for the period	£m	**49**	*83*	(41.0)%	**242**	*118*	nm
Net assets at period end	£m	**2,674**	*2,398*	11.5%	**2,674**	*2,398*	11.5%
Earnings per share							
Basic	p	**4.6**	*7.8*	(41.0)%	**22.6**	*11.0*	nm
Diluted	p	**4.6**	*7.6*	(39.5)%	**22.2**	*11.0*	nm

nm: Not meaningful

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GROUP PROFIT AND LOSS ACCOUNT (unaudited)

	Three months ended December 31		Better/	Nine months ended December 31		Better/
	2004 £m	*2003 £m*	(Worse)	**2004 £m**	*2003 £m*	(Worse)
Traffic Revenue						
Passenger	**1,613**	*1,614*	(0.1)%	**4,943**	*4,910*	0.7%
Cargo	**134**	*126*	6.3%	**370**	*350*	5.7%
	1,747	*1,740*	0.4%	**5,313**	*5,260*	1.0%
Other revenue	**226**	*151*	49.7%	**611**	*446*	37.0%
TOTAL TURNOVER	**1,973**	*1,891*	4.3%	**5,924**	*5,706*	3.8%
Employee costs	**553**	*536*	(3.2)%	**1,665**	*1,585*	(5.0)%
Depreciation and amortisation	**167**	*171*	2.3%	**500**	*508*	1.6%
Aircraft operating lease costs	**28**	*28*		**81**	*92*	12.0%
Fuel and oil costs	**330**	*224*	(47.3)%	**859**	*694*	(23.8)%
Engineering and other aircraft costs	**123**	*119*	(3.4)%	**353**	*377*	6.4%
Landing fees and en route charges	**140**	*132*	(6.1)%	**426**	*420*	(1.4)%
Handling charges, catering and other operating costs	**232**	*226*	(2.7)%	**703**	*719*	2.2%
Selling costs	**115**	*128*	10.2%	**374**	*436*	14.2%
Accommodation, ground equipment costs and currency differences	**175**	*189*	7.4%	**463**	*502*	7.8%
TOTAL OPERATING EXPENDITURE	**1,863**	*1,753*	(6.3)%	**5,424**	*5,333*	(1.7)%
OPERATING PROFIT	**110**	*138*	(20.3)%	**500**	*373*	34.0%
Share of operating (losses)/profits in associates		*(1)*	100.0%	**30**		nm
TOTAL OPERATING PROFIT INCLUDING ASSOCIATES	**110**	*137*	(19.7)%	**530**	*373*	42.1%
Other income and charges				**1**		nm
Profit/(loss) on sale of fixed assets and investments	**1**	*5*	(80.0)%	**(13)**	*(52)*	75.0%
Interest						
Net payable	**(35)**	*(44)*	20.5%	**(134)**	*(151)*	11.3%
Retranslation (charges)/credits on currency borrowings	**(1)**	*27*	nm	**26**	*15*	73.3%
PROFIT BEFORE TAX	**75**	*125*	(40.0)%	**410**	*185*	nm
Tax	**(23)**	*(38)*	39.5%	**(158)**	*(56)*	nm
PROFIT AFTER TAX	**52**	*87*	(40.2)%	**252**	*129*	95.3%
Non equity minority interest*	**(3)**	*(4)*	25.0%	**(10)**	*(11)*	9.1%
PROFIT FOR THE PERIOD	**49**	*83*	(41.0)%	**242**	*118*	nm
RETAINED PROFIT FOR THE PERIOD	**49**	*83*	(41.0)%	**242**	*118*	nm

nm: Not meaningful

* Cumulative Preferred Securities

OPERATING AND FINANCIAL STATISTICS
(unaudited)

	Three months ended December 31		Increase/	Nine months ended December 31		Increase/
	2004	*2003*	(Decrease)	**2004**	*2003*	(Decrease)
TOTAL AIRLINE OPERATIONS (Note 1)						
TRAFFIC AND CAPACITY						
RPK (m)	**25,999**	*25,518*	1.9%	**81,831**	*78,160*	4.7%
ASK (m)	**35,723**	*35,098*	1.8%	**108,512**	*106,041*	2.3%
Passenger load factor (%)	**72.8**	*72.7*	0.1pts	**75.4**	*73.7*	1.7pts
CTK (m)	**1,321**	*1,222*	8.1%	**3,740**	*3,313*	12.9%
RTK (m)	**3,921**	*3,775*	3.9%	**11,910**	*11,127*	7.0%
ATK (m)	**5,607**	*5,493*	2.1%	**16,968**	*16,349*	3.8%
Overall load factor (%)	**69.9**	*68.7*	1.2pts	**70.2**	*68.1*	2.1pts
Passengers carried (000)	**8,428**	*8,453*	(0.3)%	**27,538**	*27,961*	(1.5)%
Tonnes of cargo carried (000)	**232**	*214*	8.4%	**661**	*587*	12.6%
FINANCIAL						
Passenger revenue per RPK (p)	**6.20**	*6.32*	(1.9)%	**6.04**	*6.28*	(3.8)%
Passenger revenue per ASK (p)	**4.52**	*4.60*	(1.7)%	**4.56**	*4.63*	(1.5)%
Cargo revenue per CTK (p)	**10.14**	*10.31*	(1.6)%	**9.89**	*10.56*	(6.3)%
Total traffic revenue per RTK (p)	**44.55**	*46.09*	(3.3)%	**44.61**	*47.27*	(5.6)%
Total traffic revenue per ATK (p)	**31.16**	*31.68*	(1.6)%	**31.31**	*32.17*	(2.7)%
Average fuel price before hedging (US cents/US gallon)	**156.57**	*93.18*	68.0%	**134.08**	*91.06*	47.2%
OPERATIONS						
Average Manpower Equivalent (MPE)	**45,888**	*46,952*	(2.3)%	**46,116**	*47,956*	(3.8)%
ATKs per MPE (000)	**122.2**	*117.0*	4.4%	**367.9**	*340.9*	7.9%
Aircraft in service at period end	**293**	*300*	(7)	**293**	*300*	(7)
TOTAL GROUP OPERATIONS						
FINANCIAL						
Net operating expenditure per RTK (p)	**41.75**	*42.44*	(1.6)%	**40.41**	*43.92*	(8.0)%
Net operating expenditure per ATK (p)	**29.20**	*29.16*	0.1%	**28.37**	*29.89*	(5.1)%

Note 1: Excludes non airline activity companies, principally, Airmiles Travel Promotions Ltd, BA Holidays Ltd, BA Travel Shops Ltd, Speedbird Insurance Company Ltd and The London Eye Company Ltd.

CHAIRMAN'S STATEMENT

Group Performance

Group profit before tax for the three months to December 31 was £75 million; this compares with a profit of £125 million last year.

Operating profit - - at £110 million - - was £28 million worse than last year. The operating margin of 5.6% was 1.7 points lower than last year. The reduction in operating profit primarily reflects increased fuel costs (up 47% in the quarter) partially offset by fuel surcharges.

Group profit before tax for the nine months to December 31 was £410 million, £225 million better than last year; operating profit - - at £500 million - - was up £127 million on the same period a year ago. The improvement in operating profit primarily reflects improvements in turnover, including fuel surcharges, partially offset by higher costs, including fuel and employment.

Cash inflow before financing was £898 million for the nine months, with the closing cash balance of £1,814 million representing a £144 million increase versus March 31. Net debt fell by £964 million from March 31 to £3,194 million - - its lowest level since 1993 - - and is down £3.4 billion from the December 2001 peak.

Turnover

For the three month period, Group turnover - - at £1,973 million - - was up 4.3% on a flying programme 2.1% higher in ATKs. This reflected the impact of fuel surcharges and an increase in cargo revenue of 6.3% with passenger revenue declining by 0.1%. Passenger yields were down 1.9% per RPK; seat factor was up 0.1 points at 72.8% on capacity 1.8% higher in ASKs.

For the nine month period, turnover improved by 3.8% to £5,924 million on a flying programme 3.8% higher in ATKs. Passenger yields were down 3.8% per RPK with seat factor up 1.7 points at 75.4% on capacity 2.3% higher in ASKs.

Cargo volumes for the quarter (CTKs) were up 8.1% compared with last year, with yields (revenue/CTK) down 1.6%. For the nine month period, cargo volumes were up 12.9%, with yields down 6.3%.

Overall load factor for the quarter was up 1.2 points at 69.9%, and for the nine months up 2.1 points at 70.2%.

Costs

For the quarter, unit costs (pence/ATK) increased by 0.1% on the same period last year as a result of a net cost increase of 2.2% on capacity 2.1% higher in ATKs.

Operating expenditure in the quarter increased by 6.3%. Fuel costs increased by 47.3% due to the increase in fuel price net of hedging, partially offset by exchange effects. Employee costs increased by 3.2% as wage awards and increased pension contributions were only partially offset by manpower reductions. Selling costs continue to reduce - - down by 10.2% in the quarter - - due to lower commissions and continued increase in online bookings.

For the nine months, unit costs (pence/ATK) improved by 5.1% on the same period last year. This reflects a net cost reduction of 1.5% on capacity 3.8% higher in ATKs.

Non Operating Items

Net interest expense for the quarter reduced by £9 million from last year to £35 million, reflecting the impact of higher interest income, and reduced debt.

Retranslation of currency borrowings generated a charge of £1 million, including a £6 million charge due to yen debt, compared to a credit the previous year of £27 million. The retranslation - a non-cash item required by standard accounting practice – results from the strengthening of the yen against sterling.

For the nine month period net interest expense, including the impact of yen debt retranslation, was £108 million, down £28 million on last year. Loss on disposal of fixed assets and investments was £13 million, primarily reflecting the sale of our investment in Qantas at a book loss of £11 million. This compares with a loss on disposal last year of £52 million (which included the £83 million loss on sale of DBA).

Earnings Per Share

The profit attributable to shareholders for the three months was £49 million, equivalent to 4.6 pence per share, compared with last year's profit per share of 7.8 pence.

For the nine month period, the profit attributable to shareholders was £242 million, equivalent to 22.6 pence per share, compared with last year's profit per share of 11.0 pence.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short-term loans and deposits, were £3,194 million at December 31 - - down £3.4 billion from the December 2001 peak and down £964 million since the start of the year. This reflects cash inflow more than offsetting movements in gross debt, together with exchange gains of £70 million. The net debt/total capital ratio reduced by 9.3 points from March 31 to 44.8%. The net debt/total capital ratio including operating leases was down 8.4 points from March 31 to 50.0%.

During the nine months we generated a positive cashflow from operations of £819 million. After disposal proceeds, capital expenditure, dividends received, interest payments on our existing debt, and tax, cash inflow was £898 million. This represents a £316 million improvement against last year, primarily due to the sale proceeds of £427 million from Qantas.

Aircraft Fleet

Compared to the same period last year the Group fleet in service reduced by 7 aircraft to 293, including the delivery of 6 Airbus A321 aircraft during the quarter.

Performance Improvement Programmes

Progress on delivering the £450 million savings announced in the 2003/5 Business Plan (including the £300 million of external spend savings) remains on track for completion by March 2005. The £300 million employee cost savings announced in the 2004/6 Business Plan have been delayed by the extended pay talks. The successful conclusion of talks with most employee groups has resulted in agreements lasting until October 2006. The focus for the remaining two years of the agreement will be to implement working practice changes to deliver £300 million of employee cost savings.

Alliance Development

The British Airways / Iberia Joint Business Agreement, covering flights between Heathrow and Madrid and Barcelona, was signed in December 2004. British Airways and Iberia began benefit sharing on these routes on January 1, 2005 and have already announced major improvements to the 2005 summer schedules.

Outlook

Market conditions for the current financial year remain broadly unchanged. For the year to March 2005, the total revenue outlook is slightly better than previous guidance with a 3.0-3.5 per cent improvement anticipated (compares with previous 2-3 per cent). All market segments remain price sensitive and yield declines are expected to continue.

Fuel costs net of hedging are still expected to be about £245 million more than last year, partially offset by fuel surcharges.

Our focus remains on reducing both controllable costs and debt.

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 programmes, 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 itemise 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. Information on some factors which could result in material difference to the results is available in the company’s SEC filings, including, without limitation the company’s Report on Form 20-F for the year ended March 2004.

GROUP BALANCE SHEET
(unaudited)

	December 31		March 31
	2004 £m	*2003 £m*	2004 £m
		Restated	Restated
FIXED ASSETS			
Intangible assets	**173**	*170*	168
Tangible assets	**8,290**	*8,918*	8,637
Investments	**147**	*509*	531
	8,610	*9,597*	9,336
CURRENT ASSETS			
Stocks	**95**	*72*	76
Debtors	**977**	*945*	1,019
Cash, short-term loans and deposits	**1,814**	*1,801*	1,670
	2,886	*2,818*	2,765
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Borrowings and other creditors	**(2,659)**	*(2,839)*	(2,996)
Convertible Capital Bonds 2005	**(112)**		
	(2,771)	*(2,839)*	(2,996)
NET CURRENT ASSETS / (LIABILITIES)	**115**	*(21)*	(231)
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,725**	*9,576*	9,105
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Borrowings and other creditors	**(4,706)**	*(5,875)*	(5,374)
Convertible Capital Bonds 2005		*(112)*	(112)
	(4,706)	*(5,987)*	(5,486)
PROVISION FOR DEFERRED TAX	**(1,264)**	*(1,115)*	(1,137)
PROVISIONS FOR LIABILITIES AND CHARGES	**(81)**	*(76)*	(85)
	2,674	*2,398*	2,397
CAPITAL AND RESERVES			
Called up share capital	**271**	*271*	271
Reserves	**2,180**	*1,905*	1,916
	2,451	*2,176*	2,187
MINORITY INTEREST			
Equity minority interest	**11**	*10*	10
Non equity minority interest	**212**	*212*	200
	223	*222*	210
	2,674	*2,398*	2,397

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (unaudited)

	Nine months ended December 31		Year Ended March 31
	2004 £m	*2003 £m*	2004 £m
Profit for the period	**242**	*118*	130
Other recognised gains and losses relating to the period:			
Exchange and other movements	**(41)**	*19*	16
Total recognised gains and losses	**201**	*137*	146

These summary financial statements were approved by the Directors on February 3, 2005.

GROUP CASH FLOW STATEMENT (unaudited)

	Nine months ended December 31		Year Ended March 31
	2004 £m	*2003 £m*	2004 £m
CASH INFLOW FROM OPERATING ACTIVITIES	**819**	*791*	1,093
DIVIDENDS RECEIVED FROM ASSOCIATES	**20**	*25*	25
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	**(133)**	*(152)*	(209)
TAX	**1**	*(2)*	(4)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	**(225)**	*(23)*	42
ACQUISITIONS AND DISPOSALS	**416**	*(57)*	(73)
Cash inflow before management of liquid resources and financing	**898**	*582*	874
MANAGEMENT OF LIQUID RESOURCES	**(140)**	*(239)*	(198)
FINANCING	**(741)**	*(408)*	(834)
Increase/(decrease) in cash in the period	**17**	*(65)*	(158)

NOTES TO THE ACCOUNTS
For the period ended December 31, 2004

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, 2004 in accordance with all applicable United Kingdom accounting standards and the Companies Act 1985.

Effective from April 1, 2004 the group applied the provisions of 'UITF Abstract 38 - Accounting for ESOP Trusts' and, as a result, the group's investment in own shares held for the purpose of employee share ownership plans has been reclassified from fixed asset investments and is now recorded as a reduction in shareholders' equity. Comparative periods have been restated to reflect the adoption of UITF 38.

	Nine months ended December 31		Year Ended March 31
	2004 £m	*2003 £m*	2004 £m
2 RECONCILIATION OF OPERATING PROFIT TO CASH INFLOW FROM OPERATING ACTIVITIES			
Group operating profit	**500**	*373*	405
Depreciation and amortisation	**500**	*508*	679
Other items not involving the movement of cash		*9*	11
Decrease/(increase) in stocks and debtors	**13**	*41*	(23)
(Decrease)/increase in creditors	**(189)**	*(109)*	43
Decrease in provisions for liabilities and charges	**(5)**	*(31)*	(22)
Cash inflow from operating activities	**819**	*791*	1,093
3 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
Increase/(decrease) in cash during the period	**17**	*(65)*	(158)
Net cash outflow from decrease in debt and lease financing	**745**	*408*	834
Cash outflow from liquid resources	**140**	*239*	198
Change in net debt resulting from cash flows	**902**	*582*	874
New finance leases taken out and hire purchase arrangements made	**(8)**	*(91)*	(97)
Non cash refinancing			32
Exchange movements	**70**	*147*	182
Movement in net debt during the period	**964**	*638*	991
Net debt at April 1	**(4,158)**	*(5,149)*	(5,149)
Net debt at period end	**(3,194)**	*(4,511)*	(4,158)

	Three months ended December 31		Nine months ended December 31	
	2004 £m	*2003 £m*	**2004 £m**	*2003 £m*
4 OTHER INCOME				
Other			**1**	
			1	
Other income and charges represented by:				
Group			**1**	
			1	

NOTES TO THE ACCOUNTS (Continued)
For the period ended December 31, 2004

	Three months ended December 31		Nine months ended December 31	
	2004 £m	2003 £m	**2004 £m**	2003 £m
5 PROFIT/(LOSS) ON SALE OF FIXED ASSETS AND INVESTMENTS				
Net loss on disposal of dba				*(83)*
Net loss on sale of investment in Qantas (note 1)			**(11)**	
Net profit on disposal of other fixed assets and investments	**1**	*5*	**(2)**	*31*
	1	*5*	**(13)**	*(52)*
Represented by:				
Group	**1**	*5*	**(18)**	*(53)*
Associates			**5**	*1*
	1	*5*	**(13)**	*(52)*

Note 1:
On September 9, 2004, the group completed the sale of its 18.25% holding in Qantas Airways Limited through a book build sale of the shares. The sale realised gross proceeds of £427 million (A$1.1 billion) before tax. The loss on disposal of £11 million includes the write-back of goodwill of £59 million previously set off against reserves.

	2004 £m	2003 £m	**2004 £m**	2003 £m
6 INTEREST				
Net payable:				
Interest payable less amount capitalised	**57**	*62*	**195**	*197*
Interest receivable	**(22)**	*(18)*	**(61)**	*(46)*
	35	*44*	**134**	*151*
Retranslation charges/(credits) on currency borrowings	**1**	*(27)*	**(26)**	*(15)*
	36	*17*	**108**	*136*
Net interest payable represented by:				
Group	**36**	*17*	**103**	*133*
Associates			**5**	*3*
	36	*17*	**108**	*136*

7 TAX
The tax charge for the quarter is £23 million. This represents £3 million of overseas tax and £20 million by way of deferred taxes in the UK. The deferred tax provision on the balance sheet is £1,264 million at December 31, 2004 (December 31, 2003: £1,115 million, March 31, 2004: £1,137 million).

8 EARNINGS PER SHARE
Basic earnings per share for the quarter ended December 31, 2004 are calculated on a weighted average of 1,071,112,000 ordinary shares (December 31, 2003: 1,069,898,000) and for the nine months ended December 31, 2004, on a weighted average of 1,070,587,000 ordinary shares (December 31, 2003: 1,069,893,000) 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 December 31, 2004 are calculated on a weighted average of 1,119,111,000 ordinary shares (December 31, 2003: 1,117,946,000) and for the nine months ended December 31, 2004 on a weighted average of 1,118,597,000 ordinary shares (December 31, 2003: 1,069,893,000).

The number of shares in issue at December 31, 2004 was 1,082,903,000 (December 31, 2003: 1,082,802,000; March 31, 2004: 1,082,845,000) ordinary shares of 25 pence each.

NOTES TO THE ACCOUNTS (Continued)
For the period ended December 31, 2004

	December 31		March 31
	2004 £m	*2003 £m*	2004 £m
		Restated	Restated
9 INTANGIBLE ASSETS			
Goodwill	**89**	*95*	93
Landing rights	**84**	*75*	75
	173	*170*	168
10 TANGIBLE ASSETS			
Fleet	**6,852**	*7,338*	7,104
Property	**977**	*1,173*	1,042
Equipment	**461**	*407*	491
	8,290	*8,918*	8,637
11 INVESTMENTS			
Associated undertakings	**117**	*479*	501
Trade investments	**30**	*30*	30
	147	*509*	531
12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Loans	**95**	*180*	102
Finance Leases	**105**	*121*	119
Hire Purchase Arrangements	**291**	*349*	461
	491	*650*	682
Corporate tax	**27**	*17*	6
Other creditors and accruals	**2,141**	*2,172*	2,308
	2,659	*2,839*	2,996
13 BORROWINGS AND OTHER CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR			
Loans	**1,064**	*1,096*	1,123
Finance Leases	**1,762**	*2,255*	1,978
Hire Purchase Arrangements	**1,579**	*2,199*	1,933
	4,405	*5,550*	5,034
Other creditors and accruals	**301**	*325*	340
	4,706	*5,875*	5,374
14 RESERVES			
Balance at April 1	**1,916**	*1,756*	1,756
Retained profit for the period	**242**	*118*	130
Exchange and other adjustments	**(41)**	*19*	16
Goodwill written back on disposals	**59**	*12*	14
Employee share option exercise through investment in own shares	**4**		
	2,180	*1,905*	1,916

15 The figures for the three months and nine months ended December 31, 2004 and 2003 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, 2004 have been extracted from the full accounts 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 for the three months and nine months ended December 31, 2004, which comprises the Group Profit and Loss Account, Group Balance Sheet, Group Cash Flow Statement, Group Statement of Recognised Gains and Losses and Notes to the Accounts and we have read the other information contained in the third quarter results and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with guidance contained in Bulletin 1999/4 'Review of Interim Financial Information' issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The third quarter results, including the financial information contained therein, are the responsibility of, and have been approved by the directors. The directors are responsible for preparing the third quarter results in accordance with the Listing Rules of the Financial Services Authority which 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 the three months and nine months ended December 31, 2004.

Ernst & Young LLP
London

February 3, 2005

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 company's report on Form 20-F for the year ended March 31, 2004, filed with the SEC. The comparatives have been restated to recognise the excess of the pension accumulated benefit obligation over the fair value of the related plan assets, the implementation of FASB Interpretation No. 46 - Consolidation of Variable Interest Entities (FIN 46) and UITF Abstract 38. FIN 46 was implemented after the comparative quarter end and resulted in The London Eye Company Limited, in which the group is a primary beneficiary, being consolidated as a variable interest entity. In addition, certain leases which had been treated as operating leases under US GAAP were reclassified as capital leases.

Under UK GAAP the group adopted UITF Abstract 38 - 'Accounting for ESOP Trusts' effective from April 1, 2004 which resulted in the group's investment in own shares being reclassified from fixed asset investments to a deduction from shareholders' equity. Under US GAAP such shares were previously accounted for as a deduction from shareholders' equity.

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

	Three months ended December 31		Nine months ended December 31	
	2004 £m	*2003 £m*	**2004 £m**	*2003 £m*
		Restated		*Restated*
Profit for the period as reported in the Group profit and loss account	**49**	*83*	**242**	*118*
US GAAP adjustments	**(64)**	*83*	**(32)**	*203*
Net income as so adjusted to accord with US GAAP	**(15)**	*166*	**210**	*321*
Net income per Ordinary Share as so adjusted				
Basic	**(1.4p)**	*15.5p*	**19.6p**	*30.0p*
Diluted	**(1.2p)**	*15.0p*	**19.3p**	*29.2p*
Net income per American Depositary Share as so adjusted				
Basic	**(14)p**	*155p*	**196p**	*300p*
Diluted	**(12)p**	*150p*	**193p**	*292p*

	December 31		March 31
	2004 £m	*2003 £m*	2004 £m
		Restated	Restated
Shareholders' equity as reported in the Group balance sheet	**2,451**	*2,176*	2,187
US GAAP adjustments	**(439)**	*(199)*	(413)
Shareholders' equity as so adjusted to accord with US GAAP	**2,012**	*1,977*	1,774

AIRCRAFT FLEET

Number in service with group companies at December 31, 2004

AIRLINE OPERATIONS (Note 1)	On balance sheet Aircraft	Operating leases off balance sheet	Total Dec 2004	Changes Since Sep 2004	Future deliveries	Options
Boeing 747-400	57		**57**			
Boeing 777	40	3	**43**			
Boeing 767-300	21		**21**			
Boeing 757-200	13		**13**			
Airbus A319 (Note 2)	21	12	**33**		3	47
Airbus A320	9	18	**27**		3	
Airbus A321	6		**6**	**6**	1	
Boeing 737-300		5	**5**			
Boeing 737-400 (Note 3)	18	1	**19**			
Boeing 737-500		10	**10**			
Turbo Props (Note 4)		10	**10**			
Embraer RJ145	16	12	**28**			17
Avro RJ100		16	**16**			
British Aerospace 146	5		**5**			
GROUP TOTAL	**206**	**87**	**293**	**6**	**7**	**64**

Notes:
1. Includes those operated by British Airways Plc and British Airways CitiExpress Ltd.
2. Certain future deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
3. Excludes 2 Boeing 737-400s sub-leased to Air One.
4. Comprises 10 de Havilland Canada DHC-8s. Excludes 2 British Aerospace ATPs stood down pending return to lessor, 3 British Aerospace ATPs sub-leased to Loganair and 12 Jetstream 41s sub-leased to Eastern Airways.