BRITISH AIRWAYS

THIRD QUARTER RESULTS 2006-2007 (unaudited)

OPERATING AND FINANCIAL STATISTICS - CONTINUING OPERATIONS (unaudited)

		Three months ended December 31		Better/	Nine months ended December 31		Better/
		2006	*2005*	(Worse)	**2006**	*2005*	(Worse)
			Restated			*Restated*	
Revenue	£m	**2,068**	*2,058*	0.5%	**6,560**	*6,159*	6.5%
Operating profit	£m	**129**	*176*	(26.7)%	**571**	*596*	(4.2)%
Profit before tax	£m	**113**	*166*	(31.9)%	**584**	*518*	12.7%
Profit after tax	£m	**107**	*124*	(13.7)%	**509**	*376*	35.4%
(Loss)/profit from discontinued operations	£m	**(1)**	*(1)*	nm	**(81)**	*8*	nm
Net assets	£m	**2,490**	*1,953*	27.5%	**2,490**	*1,953*	27.5%
Basic earnings per share	p	**9.1**	*10.5*	(13.3)%	**43.8**	*32.7*	33.9%

	Three months ended December 31		Better/	Nine months ended December 31		Better/
	2006	*2005*	(Worse)	**2006**	*2005*	(Worse)
		Restated			*Restated*	
TOTAL GROUP OPERATIONS						
TRAFFIC AND CAPACITY						
RPK (m)	**27,073**	*27,032*	0.2%	**86,848**	*83,362*	4.2%
ASK (m)	**36,563**	*36,265*	0.8%	**111,916**	*108,299*	3.3%
Passenger load factor (%)	**74.0**	*74.5*	(0.5)pts	**77.6**	*77.0*	0.6pts
CTK (m)	**1,208**	*1,324*	(8.8)%	**3,611**	*3,691*	(2.2)%
RTK (m)	**3,957**	*4,032*	(1.9)%	**12,384**	*12,031*	2.9%
ATK (m)	**5,629**	*5,730*	(1.8)%	**17,332**	*17,084*	1.5%
Overall load factor (%)	**70.3**	*70.4*	(0.1)pts	**71.5**	*70.4*	1.1pts
Passengers carried (000)	**7,878**	*7,794*	1.1%	**25,799**	*24,962*	3.4%
Tonnes of cargo carried (000)	**198**	*211*	(6.2)%	**585**	*593*	(1.3)%
FINANCIAL						
Operating margin (%)	**6.2**	*8.6*	(2.4)pts	**8.7**	*9.7*	(1.0)pts
Passenger revenue per RPK (p)	**6.49**	*6.37*	1.9%	**6.49**	*6.26*	3.7%
Passenger revenue per ASK (p)	**4.81**	*4.75*	1.3%	**5.04**	*4.82*	4.6%
Cargo revenue per CTK (p)	**13.41**	*13.37*	0.3%	**13.46**	*12.98*	3.7%
Total traffic revenue per RTK (p)	**48.50**	*47.07*	3.0%	**49.43**	*47.34*	4.4%
Total traffic revenue per ATK (p)	**34.09**	*33.12*	2.9%	**35.32**	*33.34*	5.9%
Total expenditure on operations per RTK (p)	**49.00**	*46.68*	(5.0)%	**48.36**	*46.24*	(4.6)%
Total expenditure on operations per ATK (p)	**34.45**	*32.84*	(4.9)%	**34.55**	*32.56*	(6.1)%
Average fuel price before hedging (US cents/US gallon)	**196.03**	*200.47*	2.2%	**212.89**	*187.73*	(13.4)%
TOTAL AIRLINE OPERATIONS (Note 1)						
OPERATIONS						
Average Manpower Equivalent (MPE)	**42,197**	*43,718*	3.5%	**42,882**	*43,980*	2.5%
ATKs per MPE (000)	**133.4**	*131.1*	1.8%	**404.2**	*388.4*	4.0%
Aircraft in service at period end	**243**	*289*	(46)	**243**	*289*	(46)

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

SUMMARY

Turnover

For the three month period, Group turnover - - at £2,068 million - - was up 0.5% on a flying programme 1.8% smaller in ATKs. Passenger yields were up 1.9% per RPK; seat factor was down 0.5 points at 74.0% on capacity 0.8% higher in ASKs.

Cargo volumes for the quarter (CTKs) were down 8.8% compared with last year, with yields (revenue/CTK) up 0.3%. The reduction in CTKs is partially due to a smaller freighter programme this year versus last.

For the nine month period, turnover improved by 6.5% to £6,560 million on a flying programme 1.5% larger in ATKs. Passenger yields were up 3.7% per RPK with seat factor up 0.6 points at 77.6% on capacity 3.3% higher in ASKs. The improvements versus last year are driven by the longhaul operation. Longhaul premium point-to-point traffic in particular has seen improvements in both volume and yield.

For the nine month period, cargo volumes were down 2.2%, with yields up 3.7%.

Overall load factor for the quarter was down 0.1 points at 70.3%, and for the nine months up 1.1 points at 71.5%.

Costs

For the quarter, unit costs (pence/ATK) increased by 4.9% on the same period last year as a result of a total cost increase of 3.0% on capacity 1.8% lower in ATKs. The reduction in ATKs was partly due to one less freighter in the third quarter this year versus last, and the total cost increase is mainly driven by the increase in the cost of fuel. Excluding fuel, unit costs were up 2.6%.

The 3.0% increase in costs is primarily driven by a fuel cost increase of 11.2% due to the increase in fuel price net of hedging, partially offset by a smaller flying programme and a weaker US dollar. Employee costs increased by 2.0%, primarily due to redundancy costs in the quarter supporting the management restructuring programme announced in December 2005 and higher pension service costs this year versus last. These costs were partially offset by manpower reductions and efficiency initiatives. Selling costs were down 1.9% due predominantly to favourable exchange movements. Engineering spend was down 8.2% in the quarter primarily driven by favourable exchange movements as a result of the weaker dollar, in addition to cost savings from a reduced freighter operation.

Non Operating Items

Interest income at £34 million in the quarter was £10 million higher than last year reflecting higher cash balances and the impact of changes in interest rates. The loss of £4 million on the sale of fixed assets and investments primarily relates to scrappage costs as a result of the lease termination of Jubilee House at Gatwick. The share of profits in associates at £5 million was £20 million lower than last year. The £25 million profit last year included our share of the profit of Iberia following the disposal of its investment in Amadeus.

For the nine month period, interest expense was £117 million, £42 million lower than last year due to the impact of lower debt levels. Interest income was £97 million, £30 million higher than last year, reflecting the higher cash balances. The retranslation of currency borrowings generated a credit of £12 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 £45 million, mainly reflecting the £48 million profit on sale of the Groups' holding in World Network Services.

Tax

The tax charge for the three month period, on profits from continuing operations of £113 million, was £6 million giving an effective rate of 5%. The tax rate in the three month period benefited from the recognition of an advance corporation tax asset of £20 million which was previously written off. The tax credit for the three month period on the loss from discontinuing operations of £2 million is £1 million.

The charge for the nine month period on profits from continuing operations of £584 million was £75 million. Excluding the effects of provision releases, the effective rate for the nine month period is 15% compared with 17% for the half year to September 30, 2006. The credit for the nine month period on losses from discontinued operations of £102 million is £21 million.

UK corporation tax payments in the quarter totalled £35 million and in the nine month period £91 million.

Earnings Per Share

The total earnings attributable to shareholders for the three months was £103 million, equivalent to 9.0 pence per share, compared with last year's earnings per share of 10.4 pence.

For the nine month period, the profit attributable to shareholders was £418 million, equivalent to 36.7 pence per share, compared with earnings of 33.4 pence per share last year.

Net Debt / Total Capital Ratio

Borrowings, net of cash and short term loans and deposits, were £866 million at December 31, down £775 million since the start of the year. The net debt/total capital ratio reduced by 18.4 points from March 31 2006 to 25.8%. The net debt/total capital ratio including operating leases was down 15.9 points from March 31 to 37.1%.

Cash Flow

During the nine months the Group generated a positive cash flow from operating activities of £608 million, £201 million lower than last year. Including current interest bearing deposits, the cash position at December 31, 2006 was £2,643 million, an increase of £203 million compared with March 31, 2006.

Aircraft Fleet

The continuing operations Group fleet in service at December 31, 2006 was 243. Future deliveries have increased by 4 following the conversion of 4 Airbus options into orders for 4 A320s to replace 4 A320 aircraft due to leave the fleet from 2008.

The planned disposal of the regional business of BA Connect will result in the transfer of the Turboprops, Embraer RJ145 and British Aerospace 146 fleets to Flybe. This will further simplify the BA Group fleet.

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 represents a separate major line of business and the operations and cashflows can be clearly distinguished for financial reporting purposes.

The loss from discontinued operations in the nine month period was £81 million, which includes the £106 million impairment charge partially offset by a tax credit of £21 million.

Pensions

Having concluded 9 months' consultation with the Trades Unions, the BA Forum agreed to recommend changes to the New Airways Pension Scheme (NAPS) to address its £2.1 billion actuarial deficit. The company has agreed to make a one-off contribution of £800 million into the scheme subject to acceptance of benefit changes. Together with a one-off employee saving of £400 million and changes to future benefits, the NAPS pension deficit will be reduced by more than half, from an existing £2.1 billion to £0.9 billion and the company's annual contributions will be around £280 million a year for the next ten years. This shared solution will secure the pensions of the scheme's members and bring the deficit and ongoing company contributions to an affordable level.

Terminal 5

Construction of the £4.3 billion state of the art Terminal 5 remains on time and within budget and the terminal is now 90 per cent complete. The terminal, which will be capable of handling 30 million customers a year, will enable us to provide new levels of customer experience and well as unrivalled opportunities to modernise and grow our business. The main lounge areas and two important airfield areas have now been handed over to BA. Our schedule to begin operational testing is on track for September this year ahead of opening in March 2008.

Competition Investigations

Investigations by competition authorities in the USA, Europe, Canada and New Zealand into alleged anti-competitive activity in relation to the cargo business, and in the UK and USA into alleged anti-competitive activity in relation to passenger transportation pricing, including longhaul fuel surcharges, are ongoing. As these investigations have not been completed, it is not possible to assess the outcome and, as a result, no provision has been made.

Operational Disruption

The operation continued to see an impact from the August security measures as common EU baggage standards were not agreed until mid-way through the quarter, and more restrictive rules on hand baggage continue to apply in the UK. As a result, transfer volumes at Heathrow are still down. The baggage system operated by the BAA at Heathrow's Terminal 4 failed twice in December, and severe fog led to the cancellation of 800 flights in the pre-Christmas peak period. The impact of all these external factors is estimated at £40 million.

We are now re-focussing on delivering excellent customer service and regaining our customers' loyalty.

Industrial Relations

On January 29, an agreement was reached with the T&G and planned strikes were averted. Agreements were reached on a range of issues, including a new two-year pay deal for all cabin crew. Both parties also recognized that a fresh start is needed to the relationship, and work will begin on developing a constructive and professional relationship.

Outlook

The market continues to show good demand in premium cabins. The weakness in some non-premium segments is also still a feature. The revenue outlook for the fourth quarter has been impacted by the threat of industrial action by the T&G in respect of some 11,000 cabin crew. While the strike was averted, the estimated revenue loss is still some £80 million. Revenue guidance for the full year is now 3.25 – 3.75% growth.

While cost control remains strong, full year costs excluding fuel are expected to be some £50 million higher than last year. This reflects higher costs in the first quarter. Our full year fuel guidance has been revised down by £40 million reflecting the reduction in fuel prices. The fuel bill will now be accounted for on a continuing operations basis, and is expected to be some £1.95 billion.

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. 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 2006.

The estimated impacts of the disruption in Quarter 3 and the averted strikes in Quarter 4 reflect the direct costs of the measures and the estimated revenue impacts, both direct and indirect. The estimates of £40 million and £80 million respectively, are based on assumptions the company considers reasonable, but are judgemental.

CONSOLIDATED INCOME STATEMENT (unaudited)

	Three months ended December 31 **2006 £m**	*2005 £m Restated*	Better/ (Worse)	Nine months ended December 31 **2006 £m**	*2005 £m Restated*	Better/ (Worse)
Traffic Revenue*						
Passenger	**1,757**	*1,721*	2.1%	**5,635**	*5,217*	8.0%
Cargo	**162**	*177*	(8.5)%	**486**	*479*	1.5%
	1,919	*1,898*	1.1%	**6,121**	*5,696*	7.5%
Other revenue	**149**	*160*	(6.9)%	**439**	*463*	(5.2)%
TOTAL REVENUE	**2,068**	*2,058*	0.5%	**6,560**	*6,159*	6.5%
Employee costs	**566**	*555*	(2.0)%	**1,717**	*1,649*	(4.1)%
Depreciation, amortisation and impairment	**174**	*180*	3.3%	**530**	*535*	0.9%
Aircraft operating lease costs	**19**	*21*	9.5%	**61**	*66*	7.6%
Fuel and oil costs	**457**	*411*	(11.2)%	**1,476**	*1,150*	(28.3)%
Engineering and other aircraft costs	**101**	*110*	8.2%	**309**	*329*	6.1%
Landing fees and en route charges	**123**	*130*	5.4%	**397**	*394*	(0.8)%
Handling charges, catering and other operating costs	**232**	*238*	2.5%	**708**	*697*	(1.6)%
Selling costs	**106**	*108*	1.9%	**305**	*318*	4.1%
Currency differences		*(12)*	(100.0)%	**23**	*(15)*	nm
Accommodation, ground equipment and IT costs	**161**	*141*	(14.2)%	**463**	*440*	(5.2)%
TOTAL EXPENDITURE ON OPERATIONS	**1,939**	*1,882*	(3.0)%	**5,989**	*5,563*	(7.7)%
OPERATING PROFIT	**129**	*176*	(26.7)%	**571**	*596*	(4.2)%
*Fuel derivative (losses)/gains***	**(5)**	*(4)*	(25.0)%	**(30)**	*9*	nm
Finance costs	**(46)**	*(50)*	8.0%	**(117)**	*(159)*	26.4%
Finance income	**34**	*24*	41.7%	**97**	*67*	44.8%
Financing income and expense relating to pensions	**(4)**	*(4)*		**(12)**	*(12)*	
Retranslation credits/(charges) on currency borrowings	**3**	*(2)*	nm	**12**	*(12)*	nm
(Loss)/profit on sale of fixed assets and investments	**(4)**	*1*	nm	**45**		nm
Share of profits in associates	**5**	*25*	(80.0)%	**5**	*27*	(81.5)%
Income relating to fixed asset investments	**1**		nm	**13**	*2*	nm
PROFIT BEFORE TAX	**113**	*166*	(31.9)%	**584**	*518*	12.7%
Tax	**(6)**	*(42)*	85.7%	**(75)**	*(142)*	47.2%
PROFIT AFTER TAX FROM CONTINUING OPERATIONS	**107**	*124*	(13.7)%	**509**	*376*	35.4%
(Loss)/profit from Discontinued Operations (including tax)	**(1)**	*(1)*	nm	**(81)**	*8*	nm
PROFIT AFTER TAX	**106**	*123*	(13.8)%	**428**	*384*	11.5%
Attributable to:						
Equity holders of the parent	**103**	*117*	(12.0)%	**418**	*371*	12.7%
Minority interest	**3**	*6*	(50.0)%	**10**	*13*	(23.1)%
	106	*123*	(13.8)%	**428**	*384*	11.5%

nm: Not meaningful

* Fuel surcharges of £148 million for the quarter and £375 million for the nine months previously presented within 'other revenue' in the December 2005 income statement, have been reclassified and included within traffic revenue.

** Fuel derivative (losses)/gains reflect the ineffective portion of unrealised gains and losses on fuel derivative hedges required to be recognised through the income statement under IAS 39.

CONSOLIDATED INCOME STATEMENT (unaudited) (Continued)

	Three months ended December 31		Better/	Nine months ended December 31		Better/
	2006 £m	*2005 £m*	(Worse)	**2006 £m**	*2005 £m*	(Worse)
		Restated			*Restated*	
Earnings per share(continuing operations):						
Basic	**9.1p**	*10.5p*	(13.3)%	**43.8p**	*32.7p*	33.9%
Fully diluted	**9.0p**	*10.4p*	(13.5)%	**43.4p**	*32.1p*	35.2%
Earnings per share(discontinuing operations):						
Basic	**(0.1)p**	*(0.1)p*	nm	**(7.1)p**	*0.7p*	nm
Fully diluted	**(0.1)p**	*(0.1)p*	nm	**(7.1)p**	*0.7p*	nm
Earnings per share (Total):						
Basic	**9.0p**	*10.4p*	(13.5)%	**36.7p**	*33.4p*	9.9%
Fully diluted	**8.9p**	*10.3p*	(13.6)%	**36.3p**	*32.8p*	10.7%

nm: Not meaningful

CONSOLIDATED BALANCE SHEET (unaudited)

	December 31 2006 £m	December 31 *2005 £m*	March 31 2006 £m
NON-CURRENT ASSETS		*Restated*	
Property, plant and equipment			
Fleet	**6,204**	*6,703*	6,606
Property	**931**	*949*	974
Equipment	**281**	*366*	302
	7,416	*8,018*	7,882
Goodwill	**40**	*72*	72
Landing rights	**126**	*117*	115
Other intangible assets	**37**	*48*	46
	203	*237*	233
Investments in associates	**108**	*130*	131
Other investments	**50**	*33*	33
Employee benefit assets	**123**	*138*	137
Other financial assets	**32**	*105*	89
TOTAL NON-CURRENT ASSETS	**7,932**	*8,661*	8,505
CURRENT ASSETS AND RECEIVABLES			
Expendable spares and other inventories	**72**	*98*	83
Trade receivables	**526**	*589*	685
Other current assets	**339**	*480*	458
Assets held for sale	**98**	*1*	3
Other current interest bearing deposits	**1,118**	*1,164*	1,533
Cash and cash equivalents	**1,525**	*945*	907
	2,643	*2,109*	2,440
TOTAL CURRENT ASSETS AND RECEIVABLES	**3,678**	*3,277*	3,669
TOTAL ASSETS	**11,610**	*11,938*	12,174
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Issued share capital	**288**	*283*	283
Share Premium	**929**	*888*	888
Investment in own shares	**(11)**	*(2)*	
Other reserves	**1,084**	*571*	690
TOTAL SHAREHOLDERS' EQUITY	**2,290**	*1,740*	1,861
MINORITY INTEREST	**200**	*213*	213
TOTAL EQUITY	**2,490**	*1,953*	2,074
NON-CURRENT LIABILITIES			
Interest bearing long-term borrowings	**3,014**	*3,794*	3,602
Employee benefit obligations	**1,777**	*1,808*	1,803
Provisions for deferred tax	**776**	*912*	896
Other provisions	**154**	*125*	135
Other long-term liabilities	**204**	*253*	232
TOTAL NON-CURRENT LIABILITIES	**5,925**	*6,892*	6,668
CURRENT LIABILITIES			
Current portion of long-term borrowings	**495**	*493*	479
Trade and other payables	**2,374**	*2,483*	2,822
Current tax payable	**124**	*77*	75
Short-term provisions	**25**	*40*	56
Liabilities associated with assets held for sale	**177**		
TOTAL CURRENT LIABILITIES	**3,195**	*3,093*	3,432
TOTAL EQUITY AND LIABILITIES	**11,610**	*11,938*	12,174

CONSOLIDATED CASHFLOW STATEMENT (unaudited)

	Nine months ended December 31		Better/
	2006 £m	*2005 £m*	(Worse)
		Restated	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit	**571**	*596*	(25)
(Loss)/profit from discontinued operations	**(81)**	*8*	(89)
Depreciation, amortisation and impairment	**648**	*541*	107
Operating cashflow before working capital changes	**1,138**	*1,145*	(7)
Decrease in inventories and other receivables	**168**	*52*	116
Decrease in trade and other payables and provisions	**(460)**	*(208)*	(252)
Other non-cash movements	**(21)**	*9*	(30)
Cash generated from operations	**825**	*998*	(173)
Interest paid	**(126)**	*(149)*	23
Taxation	**(91)**	*(40)*	(51)
NET CASH FLOW FROM OPERATING ACTIVITIES	**608**	*809*	(201)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	**(208)**	*(184)*	(24)
Purchase of intangible assets	**(18)**	*(3)*	(15)
Purchase of interest in associates	**(13)**	*(5)*	(8)
Proceeds from the sale of trade investments	**52**		52
Proceeds from sale of property, plant and equipment	**7**	*9*	(2)
Costs of disposal of subsidiary companies		*(6)*	6
Proceeds from disposal of interests in associates	**3**	*1*	2
Interest received	**70**	*55*	15
Interest income from other investments	**4**		4
Dividends received	**3**	*22*	(19)
Decrease/(increase) in interest bearing deposits	**394**	*(29)*	423
NET CASH FLOW FROM INVESTING ACTIVITIES	**294**	*(140)*	434
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	**(47)**	*(40)*	(7)
Payment of finance lease liabilities	**(260)**	*(241)*	(19)
Exercise of share options	**45**	*18*	27
Purchase of own shares	**(12)**		(12)
Distributions made to holders of perpetual securities	**(10)**	*(10)*	
NET CASH FLOW FROM FINANCING ACTIVITIES	**(284)**	*(273)*	(11)
Net increase in cash and cash equivalents	**618**	*396*	222
Net foreign exchange difference		*1*	(1)
Cash and cash equivalents at April 1	**907**	*548*	359
CASH AND CASH EQUIVALENTS AT DECEMBER 31	**1,525**	*945*	580

These summary financial statements were approved by the Directors on February 1, 2007.

NOTES TO THE ACCOUNTS (unaudited)
For the period ended December 31, 2006

1 BASIS OF PREPARATION

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended March 31, 2006 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 nine months ended December 31, 2005 has been restated to reclassify the operations of BA Connect as a discontinued operation. In addition, the comparative information has been restated to reflect fuel surcharges of £148 million and £375 million respectively, previously presented within 'other revenue', reclassified and included within 'traffic revenue'.

In accordance with the Group's first full IFRS financial statements for the year ended March 31, 2006, certain presentational changes have been made to the comparative information for the quarter and nine months ended December 31, 2005. Provisions with a value of £25 million, previously shown within 'other provisions' have been re-presented in 'short-term provisions'. In addition, £111 million and £15 million of accruals have been reclassified from other long-term liabilities to other provisions and trade and other payables to short-term provisions respectively.

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

2 FINANCE COSTS / INCOME

	Three months ended December 31		Nine months ended December 31	
	2006 £m	*2005 £m*	**2006 £m**	*2005 £m*
FINANCE COSTS				
Interest payable on bank and other loans and finance charges payable under finance leases and hire purchase contracts	**47**	*50*	**135**	*159*
Release of prior year provisions			**(15)**	
Interest capitalised	**(1)**		**(3)**	
Total finance costs	**46**	*50*	**117**	*159*
FINANCE INCOME				
Bank interest receivable	**34**	*24*	**97**	*67*
Total finance income	**34**	*24*	**97**	*67*
Total financing income and expense relating to pensions	**4**	*4*	**12**	*12*
Retranslation credits/(charges) on currency borrowings	**3**	*(2)*	**12**	*(12)*

3 PROFIT/(LOSS) ON SALE OF FIXED ASSETS AND INVESTMENTS

	Three months ended December 31		Nine months ended December 31	
	2006 £m	*2005 £m*	**2006 £m**	*2005 £m*
Net profit on the disposal of WNS			**48**	
Net (loss)/profit on the disposal of property, plant and equipment	**(4)**	*1*	**(2)**	
Net loss on disposal of interest in associates			**(1)**	
	(4)	*1*	**45**	

4 TAX

The tax charge for the quarter on profits from continuing operations of £113 million is £6 million; £36 million of which represents current tax payable and £(30) million is a deferred tax credit. The charge benefited from the recognition of £20 million of Advance Corporation Tax that was previously written off to the income statement. The tax credit for the quarter on the loss from discontinuing operations of £2 million is £(1) million.

NOTES TO THE ACCOUNTS (unaudited) (Continued)
For the period ended December 31, 2006

5 DISCONTINUED OPERATIONS

On November 3, 2006 the Group publicly announced the decision of its Board of Directors to sell the regional operations of BA Connect to Flybe. BA Connect was previously reported in the Group's Regional airline business segment.

BA Connect also operates from London City Airport and between Manchester and New York City. These services will not form part of the proposed sale nor will the regional ground handling business, British Airways Regional Ltd.

In accordance with IFRS 5 " Non-current Assets Held for Sale and Discontinued Operations", costs and expenses that are expected to continue subsequent to the disposal of BA Connect, along with previously allocated corporate overheads, have not been included in discontinued operations. Further disposal costs are anticipated in the next quarter.

The results from the discontinued operations, excluding previously allocated corporate overheads, which have been included in the consolidated income statement, are as follows:

	Three months ended December 31		Nine months ended December 31	
	2006 £m	*2005 £m*	**2006 £m**	*2005 £m*
Revenue	**59**	*72*	**197**	*235*
Total expenditure on operations	**(60)**	*(72)*	**(190)**	*(219)*
Impairment			**(106)**	
Operating (loss)/profit	**(1)**		**(99)**	*16*
Net finance costs	**(1)**	*(2)*	**(3)**	*(5)*
(Loss)/profit before tax for the year	**(2)**	*(2)*	**(102)**	*11*
Tax	**1**	*1*	**21**	*(3)*
(Loss)/profit from discontinued operations	**(1)**	*(1)*	**(81)**	*8*

The cash flows relating to the discontinued operations are as follows:

	Nine months ended December 31	
	2006 £m	*2005 £m*
Operating cash flows	**(12)**	*(24)*
Investing cash flows	**(1)**	*1*
Financing cash flows	**(10)**	*(14)*
Cash and cash equivalents at December 31	**(23)**	*(37)*

6 EARNINGS PER SHARE

Basic earnings per share for the quarter ended December 31, 2006 are calculated on a weighted average of 1,144,186,000 ordinary shares (December 2005: 1,128,475,000; March 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 December 31, 2006 are calculated on a weighted average of 1,156,405,000 ordinary shares (December 2005: 1,138,143,000; March 2006: 1,138,545,000).

The number of shares in issue at December 31, 2006 was 1,150,128,000 (December 31, 2005: 1,130,882,000; March 31, 2006: 1,130,882,000) ordinary shares of 25 pence each.

NOTES TO THE ACCOUNTS (unaudited) (Continued)
For the period ended December 31, 2006

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

	Nine months ended December 31	
	2006 £m	*2005 £m*
Increase in cash and cash equivalents during the period	**618**	*396*
Net cash used in repayment of long-term borrowings	**307**	*281*
Decrease in interest bearing deposits	**(394)**	*29*
Reclassification to Liabilities associated with assets held for sale	**89**	
Change in net debt resulting from cash flows	**620**	*706*
New finance leases taken out and hire purchase arrangements made	**(6)**	*(7)*
Conversion of Convertible Capital Bonds 2005		*112*
Exchange and other non cash movements	**161**	*(67)*
Movement in net debt during the period	**775**	*744*
Net debt at April 1	**(1,641)**	*(2,922)*
Net debt at December 31	**(866)**	*(2,178)*

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

	December 31 2006 £m	December 31 *2005 £m*	March 31 2006 £m
Interest bearing long-term borrowings comprise:			
Loans	**899**	*1,081*	1,030
Finance Leases	**1,288**	*1,452*	1,418
Hire purchase arrangements	**827**	*1,261*	1,154
	3,014	*3,794*	3,602
Current portion of long-term borrowings comprise:			
Loans	**93**	*62*	86
Finance Leases	**96**	*121*	105
Hire purchase arrangements	**306**	*310*	288
	495	*493*	479

9 RESERVES

	December 31 2006 £m	December 31 *2005 £m Restated*	March 31 2006 £m
Balance at April 1	**690**	*152*	152
Transitional effects from the adoption of IAS 39 and IAS 32		*183*	183
Profit for the period	**418**	*374*	451
Exchange and other movements	**(24)**	*(138)*	(96)
	1,084	*571*	690

10 COMPETITION INVESTIGATIONS
Investigations by competition authorities in the USA, Europe, Canada and New Zealand into alleged anti-competitive activity in relation to the cargo business, and in the UK and USA into alleged anti-competitive activity in relation to passenger transportation pricing, including longhaul fuel surcharges, are ongoing. As these investigations have not been completed, it is not possible to assess the outcome and, as a result, no provision has been made.

11 The figures for the three months and nine months ended December 31, 2006 and 2005 are unaudited and do not constitute full accounts within the meaning of Section 240 of the Companies Act 1985. The financial statements for the year ended March 31, 2006 which have been delivered to the Registrar of Companies and on which the auditors have issued an unqualified audit report, did not contain a statement under Section 237 of the Companies Act 1985.

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, 2006, which comprises the Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 11. We have read the other information contained in the Interim 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 Interim Results, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim 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 preceeding 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 'Review of interim financial information' 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 International Standards on Auditing (UK and Ireland) 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, 2006.

Ernst & Young LLP
London

February 1, 2007

UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (US GAAP) INFORMATION
(unaudited and for information only)

The accounts have been prepared in accordance with the measurement and recognition requirements of International Financial Reporting Standards (IFRS) which differ in certain respects from those generally accepted in the United States. Comparative information for the quarter and nine months ended December 31, 2006 has been restated and reflects the changes described in Note 1 to the accounts above.

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

	Three months ended December 31		Nine months ended December 31	
	2006 £m	*2005 £m*	**2006 £m**	*2005 £m*
		Restated		*Restated*
Profit for the period attributable to equity holders of the parent as reported in the Group income statement	**103**	*117*	**418**	*371*
US GAAP adjustments	**(49)**	*(130)*	**(145)**	*(257)*
Net income as so adjusted to accord with US GAAP	**54**	*(13)*	**273**	*114*
Net income per Ordinary Share as so adjusted				
Basic	**4.7p**	*(1.2p)*	**24.0p**	*10.3p*
Diluted	**4.7p**	*(1.2p)*	**23.8p**	*10.2p*
Net income per American Depositary Share as so adjusted				
Basic	**47p**	*(12p)*	**240p**	*103p*
Diluted	**47p**	*(12p)*	**238p**	*102p*

	Three months ended December 31		Nine months ended December 31	
	2006 £m	*2005 £m*	**2006 £m**	*2005 £m*
Profit from the period pertaining to Continuing Operations:	**104**	*118*	**499**	*363*
US GAAP adjustments	**(49)**	*(130)*	**(177)**	*(257)*
Net income as so adjusted to accord with US GAAP	**55**	*(12)*	**322**	*106*
Net income per share from Continuing Operations as so adjusted				
Basic	**4.8p**	*(1.1p)*	**28.2p**	*9.6p*
Diluted	**4.7p**	*(1.1p)*	**28.0p**	*9.5p*
Net income per American Depositary Share from Continuing Operations as so adjusted				
Basic	**48p**	*(11p)*	**282p**	*96p*
Diluted	**47p**	*(11p)*	**280p**	*95p*
(Loss)/Profit from the period pertaining to Discontinued Operations	**(1)**	*(1)*	**(81)**	*8*
US GAAP adjustments			**32**	
Net income as so adjusted to accord with US GAAP	**(1)**	*(1)*	**(49)**	*8*
Net income per share from Discontinued Operations as so adjusted				
Basic	**(0.1p)**	*(0.1p)*	**(4.2p)**	*0.7p*
Diluted	**(0.0p)**	*(0.1p)*	**(4.2p)**	*0.7p*
Net income per American Depositary Share from Discontinued Operations as so adjusted				
Basic	**(1p)**	*(1p)*	**42p**	*7p*
Diluted	**(0p)**	*(1p)*	**42p**	*7p*

	December 31		March 31
	2006 £m	*2005 £m*	2006 £m
		Restated	
Shareholders' equity as reported in the Group balance sheet	**2,290**	*1,740*	1,861
US GAAP adjustments	**252**	*436*	445
Shareholders' equity as so adjusted to accord with US GAAP	**2,542**	*2,176*	2,306

AIRCRAFT FLEET
(unaudited and outwith the scope of the Independent Review)

Number in service with Group companies at December 31, 2006

	On Balance Sheet aircraft	Off Balance Sheet Aircraft	Total December 2006	Changes Since September 2006	Future deliveries (Note 4)	Options (Note 5)
AIRLINE OPERATIONS (Note 1)						
Boeing 747-400	57		**57**			
Boeing 777	40	3	**43**			
Boeing 767-300	21		**21**			
Boeing 757-200	13		**13**			
Airbus A319 (Note 1)	21	12	**33**			28
Airbus A320	8	18	**26**	**(1)**	10	
Airbus A321	7		**7**		4	
Boeing 737-300		5	**5**			
Boeing 737-400	19		**19**			
Boeing 737-500		9	**9**			
Avro RJ100 (Note 2)		10	**10**			
CONTINUING TOTAL (Note 3)	**186**	**57**	**243**	**(1)**	**14**	**28**
Turboprops		7	**7**			
Embraer RJ145	16	12	**28**			
British Aerospace 146	4		**4**			
DISCONTINUED TOTAL	**20**	**19**	**39**			
GROUP TOTAL	**206**	**76**	**282**	**(1)**	**14**	**28**

Notes:
1. Certain future deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
2. Excludes 6 Avro RJ100 sub-leased to Swiss International Airlines.
3. Includes those operated by British Airways Plc and BA Cityflyer.
4. Future year deliveries have increased by 4 to 14 to replace 4 A320 aircraft due to leave the fleet from 2008.
5. Excludes 10 secured delivery positions for Boeing 777 aircraft.

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