

## SUMMARY FINANCIAL STATEMENTS

### CONSOLIDATED INCOME STATEMENT (STATED UNDER IFRS)

Figures are restated to show continuing operations following the decision to sell the regional operations of BA Connect to Flybe. The restated figures are still subject to audit.

<i>£ million</i>	2006	2005
<b>TRAFFIC REVENUE</b>		
Passenger	6,924	6,500
Cargo	638	482
	7,562	6,982
Other revenue	651	790
<b>TOTAL TURNOVER</b>	<b>8,213</b>	<b>7,772</b>
Employee costs	2,260	2,235
Depreciation and amortisation	715	739
Aircraft operating lease costs	90	106
Fuel and oil costs	1,581	1,128
Engineering and other aircraft costs	441	432
Landing fees and en route charges	520	556
Handling charges, catering and other operating costs	915	918
Selling costs	439	490
Currency differences	(18)	15
Accommodation, ground equipment and IT costs	575	597
<b>TOTAL EXPENDITURE FROM OPERATIONS</b>	<b>7,518</b>	<b>7,216</b>
<b>OPERATING PROFIT</b>	<b>695</b>	<b>556</b>
Fuel derivative (losses)/gains	19	-
Interest expense	(214)	(265)
Interest income	92	97
Other financing income and expense relating to pensions	(18)	(29)
Retranslation credits and charges on currency borrowings	(12)	56
Profit/(loss) on sale of fixed assets and investments	26	71
Share of profits in associates	29	24
Income relating to fixed asset investments		3
<b>PROFIT BEFORE TAX</b>	<b>617</b>	<b>513</b>
Taxation	(138)	(121)
<b>PROFIT AFTER TAXATION FROM CONTINUING OPERATIONS</b>	<b>479</b>	<b>392</b>
Loss from Discontinued Operations	(11)	-
<b>PROFIT AFTER TAXATION</b>	<b>468</b>	<b>392</b>
Attributable to:		
Equity holders of the parent	452	377
Minority interest	16	15
	<b>468</b>	<b>392</b>

**SUMMARY FINANCIAL STATEMENTS (CONTINUED)**

**CONSOLIDATED BALANCE SHEET (STATED UNDER IFRS)**

<i>£ million</i>	2006	2005
<b>Non-current assets</b>		
<i>Tangible Assets - Fleet, Property and Equipment</i>	7,882	8,329
<i>Intangible Assets</i>	233	254
<b>Investment in associates</b>	131	126
<i>Long term investments</i>	33	30
<i>Employee benefit assets</i>	137	137
<i>Other financial assets</i>	89	38
<b>Total non-current assets</b>	<b>8,505</b>	<b>8,914</b>
Assets held for sale	3	5
Total current assets and receivables	3,666	2,752
<b>TOTAL ASSETS</b>	<b>12,174</b>	<b>11,671</b>
<b>Shareholders' Equity</b>		
<b>Issued share capital</b>	283	271
<i>Share Premium</i>	888	788
<i>Treasury shares</i>		(26)
<i>Other reserves</i>	690	152
	<b>1,861</b>	<b>1,185</b>
Minority interest	213	212
<b>Total Equity</b>	<b>2,074</b>	<b>1,397</b>
<i>Non-current liabilities</i>		
<i>Interest bearing long-term borrowings</i>	3,602	4,045
<i>Employee Benefit obligations</i>	1,803	1,820
<i>Provisions for deferred tax</i>	896	816
<i>Other provisions</i>	135	112
<i>Other long-term liabilities</i>	232	212
<b>Total non-current liabilities</b>	<b>6,668</b>	<b>7,005</b>
<i>Current liabilities</i>		
<i>Current portion of long-term borrowings</i>	479	447
<i>Convertible borrowings</i>		112
<i>Trade and other payables</i>	2,822	2,642
<i>Current tax payable</i>	75	36
<i>Short-term provisions</i>	56	32
<b>Total current liabilities</b>	<b>3,432</b>	<b>3,269</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,174</b>	<b>11,671</b>

**GROUP CASH FLOW STATEMENT (STATED UNDER IFRS)**

<i>£ million</i>	2006	2005
Cash generated from operations	1,607	1,247
Interest paid	(211)	(242)
Taxation paid	(57)	-
Net cash flow from investing activities	(510)	(302)
Net cash flow from financing activities	(472)	(1,160)
Increase/(decrease) in cash	357	(457)
Net foreign exchange difference	1	(18)
Cash and cash equivalents at April 1	549	1,024
<b>Cash and cash equivalents at March 31</b>	<b>907</b>	<b>549</b>

**SUMMARY FINANCIAL STATEMENTS (CONTINUED)**

ALL FIVE YEAR FIGURES ARE STATED UNDER UK GAAP

**GROUP PROFIT AND LOSS ACCOUNT**

<i>£ million</i>	2005	2004	2003	2002	2001
<b>TURNOVER</b>	<b>7,813</b>	<b>7,560</b>	<b>7,688</b>	<b>8,340</b>	<b>9,278</b>
Operating expenditure	(7,273)	(7,155)	(7,393)	(8,450)	(8,898)
<b>OPERATING PROFIT (excluding exceptional operating charge)</b>	<b>540</b>	<b>405</b>	<b>295</b>	<b>(30)</b>	<b>380</b>
Exceptional operating charge				(80)	
<b>OPERATING PROFIT (after exceptional operating charge)</b>	<b>540</b>	<b>405</b>	<b>295</b>	<b>(110)</b>	<b>380</b>
Income from interests in associated undertakings	41	58	39	22	64
Other income and charges	3	13	(4)	21	1
(Loss)/profit on sale of fixed assets	(26)	(46)	60	145	(69)
Profit on sale of subsidiary undertaking					
Net interest payable	(143)	(200)	(255)	(278)	(226)
<b>PROFIT BEFORE TAXATION</b>	<b>415</b>	<b>230</b>	<b>135</b>	<b>(200)</b>	<b>150</b>
Taxation	(149)	(85)	(50)	71	(69)
<b>PROFIT AFTER TAXATION</b>	<b>266</b>	<b>145</b>	<b>85</b>	<b>(129)</b>	<b>81</b>
Minority share of losses after taxation	(1)	(1)		(1)	(2)
Non equity minority interest*	(14)	(14)	(13)	(12)	(12)
<b>PROFIT FOR THE YEAR</b>	<b>251</b>	<b>130</b>	<b>72</b>	<b>(142)</b>	<b>67</b>
Dividends					(193)
<b>RETAINED PROFIT FOR THE YEAR</b>	<b>251</b>	<b>130</b>	<b>72</b>	<b>(142)</b>	<b>(126)</b>
<b>EARNINGS PER SHARE</b>					
Basic earnings per share	23.4p	12.1p	6.7p	(13.2)p	6.2p
Fully diluted earnings per share	23.0p	12.1p	6.7p	(13.2)p	6.2p
<b>DIVIDENDS PER SHARE</b>					17.9p

\* Cumulative preferred securities

Figures are restated in accordance with latest relevant accounting standards where applicable.

**SUMMARY FINANCIAL STATEMENTS (CONTINUED)**

ALL FIVE YEAR FIGURES ARE STATED UNDER UK GAAP

FIVE YEAR SUMMARIES – For years ended 31 March

**ANALYSIS OF GROUP TURNOVER AND OPERATING EXPENDITURE**

<i>£ million</i>	2005	2004*	2003*	2002	2001
Traffic Revenue					
Scheduled services					
<i>Passenger and excess baggage</i>	6,484	6,490	6,590	7,088	7,853
<i>Freight and mail</i>	482	463	484	483	579
	6,966	6,953	7,074	7,571	8,432
Other revenue	16	607	614	769	846
<b>TOTAL TURNOVER</b>	<b>6,982</b>	<b>7,560</b>	<b>7,688</b>	<b>8,340</b>	<b>9,278</b>
<b>OPERATING EXPENDITURE</b>					
Employee costs	2,273	2,180	2,107	2,329	2,376
Depreciation and amortisation	687	679	734	770	715
Aircraft operating lease costs	106	135	189	199	221
Fuel and oil costs	1,128	922	842	1,028	1,102
Engineering and other aircraft costs	502	511	592	673	662
Landing fees and en route charges	556	549	576	615	645
Handling charges, catering and other operating costs	930	934	961	1,110	1,303
Selling costs	488	554	706	824	1,135
Accommodation, ground equipment and currency differences	603	691	686	822	739
Exceptional operating charge				80	
<b>Total group operating expenditure</b>	<b>7,273</b>	<b>7,155</b>	<b>7,393</b>	<b>8,450</b>	<b>8,898</b>

\* The year ended March 31, 2003 included charges totalling £84 million relating to the retirement of Concorde, comprising £58 million for the impairment of capitalised engineering modifications and rotatable inventory and £26 million for the write down of stocks. The year ended March 31, 2004 included the release of revenue provisions totalling £35 million as a result of system enhancements that enabled a more accurate assessment to be made of certain balances.

**SUMMARY FINANCIAL STATEMENTS (CONTINUED)**

ALL FIVE YEAR FIGURES ARE STATED UNDER UK GAAP

FIVE YEAR SUMMARIES - For years ended 31 March

**GROUP BALANCE SHEET**

<i>£ million</i>	2005	2004	2003	2002	2001
Fixed assets					
Intangible assets	190	168	164	140	84
Tangible assets	8,152	8,637	9,487	10,474	10,638
Investments	150	531	493	464	401
	<b>8,492</b>	<b>9,336</b>	<b>10,144</b>	<b>11,078</b>	<b>11,123</b>
Current assets	2,844	2,765	2,725	2,559	2,550
Creditors: amounts falling due within one year	(2,980)	(2,996)	(2,904)	(3,201)	(3,308)
Net current (liabilities)/assets	(136)	(231)	(179)	(642)	(758)
Total assets less current liabilities	8,356	9,105	9,965	10,436	10,365
Creditors: amounts falling due after more than one year	(4,346)	(5,486)	(6,553)	(7,097)	(6,901)
Provision for deferred tax	(1,243)	(1,137)	(1,062)	(1,031)	(1,094)
Provisions for liabilities and charges	(83)	(85)	(107)	(126)	(70)
	<b>2,684</b>	<b>2,397</b>	<b>2,243</b>	<b>2,182</b>	<b>2,300</b>
Capital and reserves					
Called up share capital	271	271	271	271	271
Reserves	2,194	1,916	1,756	1,720	1,825
Minority interests	12	10	10	9	18
Non equity minority interests*	207	200	206	182	186
	<b>2,684</b>	<b>2,397</b>	<b>2,243</b>	<b>2,182</b>	<b>2,300</b>

\* Cumulative preferred securities

Note: Above numbers restated to reflect adoption of FRS19: Deferred Tax, the reclassification of landing rights from tangible assets to intangible assets and the reclassification of the investment in own shares from investments to reserves.

FIVE YEAR SUMMARIES - For years ended 31 March

**GROUP CASH FLOW STATEMENT**

<i>£ million</i>	2005	2004	2003	2002	2001
Cash inflow from operating activities	1,192	1,093	1,185	866	1,251
Government Compensation received				22	
Returns on investments and servicing of finance	(150)	(184)	(226)	(311)	(309)
Taxation		(4)	(7)	(1)	15
Capital expenditure and financial investment	(276)	42	250	94	(457)
Acquisitions and disposals	415	(73)	29	(19)	26
Equity dividends paid				(137)	(194)
Cash (outflow)/inflow before management of liquid resources and financing	1,181	874	1,231	514	332
Management of liquid resources	(16)	(198)	(289)	(301)	159
Financing	(1,151)	(834)	(784)	(217)	(521)
Increase/(decrease) in cash	14	(158)	158	(4)	(30)