British Airways Plc

Annual Report and Accounts 31 December 2012

In accordance with the UK Listing Authority Rules, the following documents have been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM and on the website www.iagshares.com:

- British Airways Plc Annual Report and Accounts for the year ending 31 December 2012.

In addition, the information below, some of which is extracted from the Annual Report and Accounts 2012, is included solely for the purpose of complying with the Disclosure and Transparency Rule 6.3.5 ("DTR 6.3.5"), which requires certain material to be communicated to the media in unedited full text through a Regulatory Information Service. This material is not a substitute for reading the full Annual Report and Accounts 2012.

Kulbinder Dosanjh
Company Secretary
15 March 2013

BRITISH AIRWAYS RESULTS

1 January 2012 – 31 December 2012

All of the information below was contained within the Results Announcement issued by International Consolidated Airlines Group S.A. ('IAG') on February 28, 2013.

British Airways ('BA' or 'the Group') is the UK's largest international scheduled airline and one of the world's leading global premium airlines. The Group's principal place of business is London with significant presence at Heathrow, Gatwick and London City airports. BA also operates a worldwide air cargo business, largely in conjunction with its scheduled passenger services. Operating one of the most extensive international scheduled airline route networks, together with its joint business agreements, code share and franchise partners, BA flies to more than 400 destinations worldwide. BA's vision is to be the most admired airline across the world's key cities.

Period highlights:

- Revenue up 8.4 per cent to £10,827 million.
- Operating profit before exceptional items £274 million (2011: £518 million).
- Operating profit of £233 million (2011: £518 million).
- Loss before tax from continuing operations £139 million (2011: profit of £679 million).
- bmi acquisition out performing against our financial expectations.

Management review

2012 was a good year for British Airways.

BA acquired British Midland Limited ('bmi') from Deutsche Lufthansa AG ('Lufthansa') in April 2012, strengthening our presence at Heathrow and outperforming against our financial expectations. The full integration of the mainline operation into BA was completed by the end of 2012 with minimal customer disruption thanks to the dedication of both bmi and BA colleagues. The acquisition has already enabled BA to operate 20 new routes from Heathrow for the winter 2012 season. The coming years will see the airline further optimise its network by converting some of the former bmi slots from short-haul to long-haul operations to forge links with emerging economies.

BA is investing £5 billion over five years in new aircraft, smarter cabins, elegant lounges and new technologies to make life more comfortable in the air and on the ground. A large scale refurbishment programme of the long-haul fleet is underway, which includes new cabins and technology being fitted onboard 18 of the airline's older Boeing 777-200 aircraft, a refresh of 14 Boeing 767s, and the installation of business class lie-flat beds in the seven Airbus A321s acquired from bmi.

The acquisition of bmi has seen a further 25 short and mid-haul aircraft enter operations for BA, enabling the airline to grow its presence at Heathrow. Planning is well underway to introduce 12 Airbus A380s and 24 Boeing 787 Dreamliners to the fleet. Delivery will commence from summer 2013, providing exciting opportunities for improved customer experience and route development.

The BA brand has had a very successful year in 2012. The airline's sponsorship of the London 2012 Olympic and Paralympic Games provided the backdrop for a number of successful advertising and brand awareness campaigns. The airline flew more than 2,250 athletes from 28 countries to London and supported more than 2,400 British athletes, and their coaching teams, with flights to travel around the world to train, compete and qualify. The Olympics proved to be a great opportunity to showcase the UK to the world and we were pleased to be so closely associated with its success, resulting in record improvements in our brand engagement.

Outlook

In summary, BA has made great progress during 2012 with both the brand and the customer. Looking forward, we need to continue to invest in the work we are doing to enhance the customer proposition and in improving our knowledge of our customer base.

The acquisition of bmi has given BA an opportunity for long-term growth and network optimisation. In the forthcoming years, this opportunity will be coupled with the benefits of fuel savings generated from the new fleet.

BA remains strongly focused on being disciplined with its cost base and ensuring that any future savings generated are not reversed by cost inflation, whilst at the same time ensuring that it continues to invest in projects that improve the customer experience.

Financial review:
Revenue for the year ended 31 December 2012 rose by 8.4 per cent to £10,827 million (2011: £9,987 million). This included an increase in passenger revenue of £778 million or 8.9 per cent, of which bmi mainline contributed £262 million, with the remainder being an increase in capacity and traffic. Capacity (ASKs) increased by 5.4 per cent for the full year and traffic (RPKs) increased by 7.7 per cent with the like-for-like change being 2.5 per cent and 5.2 per cent after stripping out the impact of bmi.

Fuel costs increased by 14.4 per cent year-on-year to £3,712 million as a result of increased fuel prices, increased flying schedule and costs associated with the EU Emissions Trading Scheme which is new for 2012.

Underlying non-fuel costs were broadly flat. However, total non-fuel costs per ASK increased by 4.3 per cent due to: the acquisition of bmi; increased restructuring costs that are expected to have a favourable impact in future periods; increased costs resulting from certain changes in the Avios customer proposition although these have been partially offset by increased revenue benefits and additional provisions to reflect management's best estimate of the likely outcome of certain claims and active litigations.

In total, non-operating costs are an expense of £372 million (2011: £161 million income). Key changes to the prior year relate to the £58 million gain on bargain purchase arising from the acquisition of bmi, an adverse movement of £375 million in pension charges and an adverse movement in the valuation of the Group's convertible bond of £179 million. In addition, the share of losses in associates, stated after tax, is £66 million (2011: £6 million) and primarily represents BA's 13.55 per cent share of Iberia's losses.

Loss before tax for the year was £139 million (2011: profit of £679 million).

The tax credit on continuing operations for the year was £69 million (2011: tax charge of £7 million). This consists of a current tax charge of less than £1 million and a deferred tax credit of £69 million.

Loss after tax arising from the discontinued operations of bmibaby and bmi Regional was £30 million, this was reflected in the bmi purchase price.

Loss for the year was £100 million (2011: profit of £672 million).

The Group's liquidity position remains strong with £1.6 billion of cash, cash equivalents and other interest-bearing deposits. In addition, the Group had undrawn long-term committed aircraft financing facilities totalling £1.2 billion and further committed general facilities of £0.5 billion. The net debt has increased by £0.2 billion to £2.1 billion compared to 31 December 2011.

BA operates two principal funded defined benefit pension schemes in the UK, the Airways Pension Scheme (APS) and the New Airways Pension Scheme (NAPS). APS closed to new members in March 1984 and NAPS closed to new members in March 2003. The Group currently utilises 'corridor' accounting as allowed by accounting standards, which removes the impact of short-term volatility in financial markets from the accounting pension valuation. At 31 December 2012, the cumulative net actuarial losses not recognised on the Group's balance sheet was £2.2 billion, offset by £0.1 billion unrecognised actuarial gains in APS. From 1 January 2013 an amendment to IAS 19 will be adopted that will immediately bring the net actuarial losses on to the balance sheet, offset by the related deferred tax assets.

This change impacts the financial statements but does not have any impact on scheme funding. Scheme funding is based on the latest actuarial valuation and is independent to the accounting for pensions. The last actuarial valuation was agreed in June 2010, setting out a deficit contribution plan until 2023 for APS and 2026 for NAPS which, taken together with future service costs, will see annual cash contributions maintained at approximately £330 million in real terms. The outcome of the next actuarial valuation will be known before 30 June 2013. Despite record low gilt yields, the deficit recovery plan broadly remains on track with the plan agreed as part of the last triennial valuation.

No dividend will be paid for the year ending 31 December 2012.

Principle risks and uncertainties
During the year BA has continued to maintain and operate its structure and processes to identify, assess and manage risks. The principal risks and uncertainties affecting the Group are further detailed in the 31 December 2012, Annual Reports and Accounts.

The risks include consolidation and deregulation, competition, government intervention, infrastructure constraints, brand reputation, economic conditions, employee relations, failure of a critical IT system, pandemic, landing fees and security charges, safety/security incidents, key supplier risk, events causing significant network disruption, debt funding, fuel price, currency and interest rate fluctuation, Middle East tensions, pensions, governance and compliance with Competition, Bribery and Corruption law.

Directors' responsibility statement

The Directors as listed in the Annual Report and Accounts for the year ended 31 December 2012, confirm that, to the best of each person's knowledge:

- The Group financial statements in this report, which have been prepared in accordance with IFRS as adopted by the EU, IFRIC interpretation and those parts of the Companies Act 2006 applicable to companies reporting under IFRS, give a true and fair view of the assets, liabilities, financial position and profit/loss of the Group; and
- The management report contained in this report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that they face.

Ends

Note to Editors:

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, 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. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts for the year ending 31 December 2012; these documents are available on www.morningstar.co.uk/uk/nsm

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TWELVE MONTH RESULTS 2012

OPERATING AND FINANCIAL STATISTICS

		12 months to 31 December	
CONTINUING OPERATIONS		**2012**	2011
Revenue	£m	**10,827**	9,987
Operating profit before exceptional items	£m	**274**	518
Operating profit	£m	**233**	518
(Loss)/profit before tax	£m	**(139)**	679
(Loss)/profit after tax	£m	**(70)**	672
DISCONTINUED OPERATIONS			
Loss after tax	£m	**(30)**	

	12 months to 31 December	
	2012	2011
TOTAL GROUP OPERATIONS - CONTINUING OPERATIONS		
TRAFFIC AND CAPACITY		
Revenue passenger kilometres (RPK) (m)	**126,436**	117,348
Available seat kilometres (ASK) (m)	**158,247**	150,152
Passenger load factor (%)	**79.9**	78.2
Cargo tonne kilometres (CTK) (m)	**4,891**	4,793
Revenue tonne kilometres (RTK) (m)	**17,597**	16,597
Available tonne kilometres (ATK) (m)	**24,152**	22,849
Overall load factor (%)	**72.9**	72.6
Passengers carried (000)	**37,580**	34,250
Tonnes of cargo carried (000)	**788**	785
FINANCIAL		
Operating margin (%)	**2.2**	5.2
Operating margin before exceptional items (%)	**2.5**	5.2
Passenger revenue per RPK (p)	**7.51**	7.43
Passenger revenue per ASK (p)	**6.00**	5.81
Cargo revenue per CTK (p)	**15.07**	15.42
Total traffic revenue per ASK (p)	**6.47**	6.30
Total expenditure before exceptional items on operations per ASK (p)	**6.67**	6.31
Total expenditure before exceptional items on operations excluding fuel per ASK (p)	**4.32**	4.14
Average fuel price before fuel hedging (US cents/US gallon)	**317.85**	312.71
TOTAL AIRLINE OPERATIONS - CONTINUING OPERATIONS (Note 1)		
OPERATIONS		
Average Manpower Equivalent (MPE)	**38,761**	36,164
ASKs per MPE (000)	**4,083**	4,152
Aircraft in service at year end	**273**	245

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

£ million	**2012**	2011
CONTINUING OPERATIONS		
Traffic revenue		
Passenger	**9,499**	8,721
Cargo	**737**	739
	10,236	9,460
Other revenue	**591**	527
REVENUE	**10,827**	9,987
Employee costs	**2,345**	2,153
Restructuring	**36**	12
Depreciation, amortisation and impairment	**720**	683
Aircraft operating lease costs	**98**	73
Fuel, oil and emission costs	**3,712**	3,246
Engineering and other aircraft costs	**625**	543
Landing fees and en route charges	**726**	691
Handling charges, catering and other operating costs	**1,213**	1,052
Selling costs	**466**	436
Currency differences	**(1)**	13
Accommodation, ground equipment and IT costs	**613**	567
TOTAL EXPENDITURE ON OPERATIONS BEFORE EXCEPTIONAL ITEMS	**10,553**	9,469
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS	**274**	518
Business combination costs	**(71)**	
Settlement of competition investigation	**30**	
OPERATING PROFIT	**233**	518
Gain on bargain purchase	**58**	
Gains/(losses) on fuel derivatives not qualifying for hedge accounting	**8**	(11)
Finance costs	**(173)**	(161)
Finance income	**25**	32
Net financing (expense)/income relating to pensions	**(215)**	160
Retranslation credits on currency borrowings	**5**	2
Loss on sale of property, plant and equipment and investments	**(3)**	(3)
Share of post-tax (losses)/profits in associates accounted for using the equity method	**(66)**	(6)
Revaluation of convertible bond derivative liability	**(10)**	169
Net charge relating to available-for-sale financial assets	**(1)**	(21)
(LOSS)/PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	**(139)**	679
Tax	**69**	(7)
(LOSS)/PROFIT AFTER TAX FROM CONTINUING OPERATIONS	**(70)**	672
DISCONTINUED OPERATIONS		
LOSS AFTER TAX FROM DISCONTINUED OPERATIONS	**(30)**	
(LOSS)/PROFIT FOR THE PERIOD	**(100)**	672
Attributable to:		
Equity holders of the parent	**(116)**	654
Non-controlling interest	**16**	18
	(100)	672

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December

£ million	**2012**	2011
Net (loss)/profit for the year	**(100)**	672
Other comprehensive income:		
Exchange losses	**(4)**	(4)
Net gains/(losses) on cash flow hedges	**73**	(39)
Impact of changes in substantively enacted tax rates	**(3)**	(4)
Share of other movements in reserves of associates	**12**	(2)
Net movement on available-for-sale financial assets	**4**	(13)
Total comprehensive income for the year (net of tax)	**(18)**	610
Attributable to:		
Equity holders of the parent	**(34)**	592
Non-controlling interest	**16**	18
	(18)	610

CONSOLIDATED BALANCE SHEET

As at 31 December £ million	2012	2011
NON-CURRENT ASSETS		
Property, plant and equipment:		
Fleet	**5,909**	5,765
Property	**831**	856
Equipment	**202**	207
	6,942	6,828
Intangibles:		
Goodwill	**40**	40
Landing rights	**655**	242
Emissions allowances	**39**	12
Software	**85**	53
	819	347
Investments in associates	**174**	232
Available-for-sale financial assets	**39**	39
Employee benefit assets	**1,194**	1,100
Derivative financial instruments	**8**	6
Other non-current assets	**25**	28
TOTAL NON-CURRENT ASSETS	**9,201**	8,580
NON-CURRENT ASSETS HELD FOR SALE	**2**	15
CURRENT ASSETS AND RECEIVABLES		
Inventories	**117**	139
Trade receivables	**488**	460
Other current assets	**393**	273
Derivative financial instruments	**37**	73
Other current interest-bearing deposits	**1,118**	1,259
Cash and cash equivalents	**481**	570
	1,599	1,829
TOTAL CURRENT ASSETS AND RECEIVABLES	**2,634**	2,774
TOTAL ASSETS	**11,837**	11,369
SHAREHOLDERS' EQUITY		
Issued share capital	**290**	290
Share premium	**937**	937
Other reserves	**1,331**	1,355
TOTAL SHAREHOLDERS' EQUITY	**2,558**	2,582
NON-CONTROLLING INTERESTS	**200**	200
TOTAL EQUITY	**2,758**	2,782
NON-CURRENT LIABILITIES		
Interest-bearing long-term borrowings	**3,226**	3,358
Employee benefit obligations	**238**	232
Provisions for deferred tax	**721**	778
Other provisions	**244**	179
Derivative financial instruments	**67**	62
Other long-term liabilities	**185**	295
TOTAL NON-CURRENT LIABILITIES	**4,681**	4,904
CURRENT LIABILITIES		
Current portion of long-term borrowings	**466**	385
Trade and other payables	**3,600**	3,117
Derivative financial instruments	**31**	21
Current tax payable	**9**	12
Short-term provisions	**292**	148
TOTAL CURRENT LIABILITIES	**4,398**	3,683
TOTAL EQUITY AND LIABILITIES	**11,837**	11,369

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December

£ million	2012	2011
CONTINUING OPERATIONS		
CASH FLOW FROM OPERATING ACTIVITIES		
Operating profit	**233**	518
Depreciation, amortisation and impairment	**720**	683
Operating cash flow before working capital changes	**953**	1,201
Movement in inventories, trade and other receivables	**89**	(113)
Movement in trade and other payables and provisions	**203**	397
Cash payments to pensions schemes (net of service costs)	**(303)**	(351)
Payments in respect of restructuring	**(35)**	(11)
Payments in settlement of competition investigation	**(60)**	(147)
Other non-cash movement	**10**	11
Cash generated from operations	**857**	987
Interest paid	**(139)**	(147)
Taxation	**(3)**	(4)
NET CASH GENERATED FROM OPERATING ACTIVITIES	**715**	836
CASH FLOW USED IN INVESTING ACTIVITIES		
Acquisition of subsidiary, net of cash acquired	**(7)**	
Purchase of property, plant and equipment	**(702)**	(702)
Purchase of intangible assets	**(79)**	(67)
Purchase of shares in available-for-sale financial assets		(16)
Loans made to related parties	**(92)**	(21)
Repayment of loans from related parties	**6**	10
Proceeds from sale of non-current assets held for sale, property, plant and equipment	**20**	24
Proceeds from sale of business acquired exclusively with a view to resale	**5**	
Proceeds received from loan notes	**2**	4
Interest received	**23**	28
Decrease/(increase) in other current interest-bearing deposits	**141**	(86)
NET CASH USED IN INVESTING ACTIVITIES	**(683)**	(826)
CASH FLOW USED IN FINANCING ACTIVITIES		
Proceeds from long-term borrowings	**430**	236
Repayments of borrowings	**(258)**	(188)
Payment of finance lease liabilities	**(224)**	(296)
Issue of share capital		1
Distributions made to holders of perpetual securities	**(16)**	(18)
NET CASH FLOW USED IN FINANCING ACTIVITIES	**(68)**	(265)
Net decrease in cash and cash equivalents from continuing operations	**(36)**	(255)
DISCONTINUED OPERATIONS		
Net cash flow used in discontinued operations	**(107)**	
Net decrease in cash and cash equivalents	**(143)**	(255)
Net foreign exchange differences	**54**	46
Cash and cash equivalents at 1 January	**570**	779
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**481**	570

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2012

£ million	Issued capital	Share premium	Invest-ment in own shares	Other* reserves	Total shareholders' equity	Non-controlling interest	**Total equity**
Balance at 1 January 2012	290	937		1,355	2,582	200	**2,782**
Loss for the year				(116)	(116)	16	**(100)**
Other comprehensive income for the year				82	82		**82**
Total comprehensive income for the year				(34)	(34)	16	**(18)**
Cost of share-based payment net of recharges and taxes				10	10		**10**
Distributions made to holders of perpetual securities						(16)	**(16)**
At 31 December 2012	**290**	**937**		**1,331**	**2,558**	**200**	**2,758**

* Closing balance includes retained earnings of £1,509 million (2011: £1,603 million).

For the year ended 31 December 2011

£ million	Issued capital	Share premium	Invest-ment in own shares	Other* reserves	Total shareholders' equity	Non-controlling interest	Total equity
Balance at 1 January 2011	288	937	(3)	978	2,200	200	2,400
Profit for the year				654	654	18	672
Other comprehensive income for the year				(62)	(62)		(62)
Total comprehensive income for the year				592	592	18	610
Cost of share-based payment net of recharges and taxes				11	11		11
Exercise of share options			1	(5)	(4)		(4)
Transfer of investment in own shares to available-for-sale financial asset			2		2		2
Issue and cancellation of share capital	2				2		2
Revaluation and reclassification of equity portion of convertible bond				(221)	(221)		(221)
Distributions made to holders of perpetual securities						(18)	(18)
At 31 December 2011	290	937		1,355	2,582	200	2,782

* Closing balance includes retained earnings of £1,603 million (2010: £945 million).

NOTES TO THE ACCOUNTS
For the year ended 31 December 2012

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

British Airways Plc (the Company, 'BA') is a public limited company incorporated and domiciled in England and Wales. The summary consolidated financial statements herein are not the Company's statutory accounts.

The basis of preparation and accounting policies set out in the Report and Accounts for the year ended 31 December 2011 have been applied in the preparation of these summary consolidated financial statements. These are in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs)* as adopted by the European Union (EU) and with those of the Standing Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB). References to 'IFRS' hereafter should be construed as references to IFRSs as adopted by the EU.

*For the purposes of these statements IFRS also includes International Accounting Standards.

2. ACCOUNTING POLICIES

The accounting policies and methods of calculation adopted are consistent with those in the Annual Report and Accounts for the year ended 31 December 2011 except as follows:

Exceptional items are those that in management's view need to be disclosed by virtue of their size or incidence. Exceptional items will include the impact of business combination transactions that do not contribute to the on-going results of the Group; business combination transactions include cash items such as the costs incurred to effect the transaction and costs of integrating the operations into the main operating company.

See the Report and Accounts for the year ended 31 December 2012 for disclosure of new standards, amendments and interpretations not yet effective as well as those that were adopted during the year but which do not have a significant impact on the accounting policies and methods of calculation used in the current financial statements.

3. BUSINESS COMBINATIONS

On 19 April 2012 BA acquired 100 per cent of the issued share capital of British Midland Limited ('bmi') from LHBD Holdings Limited ('Lufthansa'). bmi consisted of three distinct business units – bmi mainline, bmi Regional and bmibaby. The acquisition of bmi mainline allows BA to manage its wider Heathrow slot portfolio more effectively, launch new routes and increase frequencies to existing key destinations.

bmi Regional and bmibaby were also acquired as part of the acquisition. These businesses are not part of BA's longer term plans and so are included as discontinued operations in the consolidated income statement. The trade, certain assets and certain liabilities of bmi Regional were sold to a third party shortly after acquisition; as such the assets and liabilities of this business were acquired exclusively with a view to resale. The Group was unable to locate a viable acquirer for bmibaby, with this operation ceasing to trade in September 2012.

The assets and liabilities arising from the acquisition are as follows:

£ million	**Fair Value**
Property, plant and equipment	**109**
Intangible assets – landing rights(1)	**408**
Non-current assets held for sale	**9**
Inventories	**2**
Trade receivables(2)	**45**
Other current assets	**102**
Cash and cash equivalents	**61**
Assets of business acquired exclusively with a view to resale	**8**
Liabilities of business acquired exclusively with a view to resale	**(4)**
Interest-bearing borrowings	**(27)**
Provisions	**(190)**
Provisions for deferred tax – tax losses carried forward(3)	**82**
Provisions for deferred tax – impact of fair value adjustments	**(67)**
Trade and other payables	**(397)**
Net identifiable assets acquired	**141**
Cash consideration(4)	**83**
Gain on bargain purchase	**(58)**

(1) Landing rights have been assessed as having indefinite lives and will be tested annually for impairment.
(2) The gross contractual amount for trade receivables is £48 million, 94% which is expected to be collected.
(3) A deferred tax asset is recognised for £341 million of tax trading losses carried forward that are expected to be utilised against future trading profits.
(4) There is no deferred or contingent consideration.

The net cash flow effect of the acquisition is as follows:

£ million	
Cash consideration	**83**
Deposit paid in the year ended 31 December 2011(5)	**(15)**
	68
Cash and cash equivalents acquired in the business	**(61)**
Cash outflow	**7**

(5) A deposit of £15 million was paid to Lufthansa in the year ended 31 December 2011 and is included in the prior year cash flow as a movement in other receivables.

The gain on bargain purchase arising from the acquisition of bmi is credited in the consolidated income statement. This gain primarily arose due to the requirement to fund the post-acquisition losses and the fair value of tax trading losses being higher than anticipated during due diligence. The gain on bargain purchase does not represent a taxable gain.

3. BUSINESS COMBINATIONS continued

Transaction costs of £6 million were charged as exceptional 'business combination costs' for the year ended 31 December 2012 (2011: £3 million included within 'accommodation, ground equipment and IT costs').

The contribution of bmi to continuing operations was revenues of £297 million, operating losses before exceptional items of £79 million and operating losses after exceptional items of £150 million. Had bmi been consolidated from 1 January 2012, the Group's continuing operations would have reported total revenue of £10,959 million and operating profit of £176 million.

4. DISCONTINUED OPERATIONS

Under the terms of the bmi mainline purchase agreement, BA acquired bmibaby and bmi Regional as part of the acquisition on 19 April 2012. As bmibaby and bmi Regional were not part of the Group's long term plans they have not been integrated into BA and options to dispose of these businesses have been pursued. bmi regional was subsequently sold to Sector Aviation Holdings Ltd on 1 June 2012. bmibaby ceased to trade in September 2012, with all aircraft being stood down in advance of handback to lessors.

From the date of acquisition, the loss after tax from discontinued operations is £30 million for the year ended 31 December 2012 and is attributable entirely to equity holders of the parent. The statement of other comprehensive income does not include any other income or expense in relation to the discontinued operations. The discontinued operations had a net cash outflow of £107 million as reported in the cash flow statement. There were no discontinued operations in the year ended 31 December 2011.

The results for the discontinued operations for the year are presented below.

£ million	**2012**
Results of discontinued operations	
Revenue	**71**
Total expenditure on operations	**101**
Operating loss, also being loss after tax from discontinued operations	**(30)**

Finance income and finance expense were less than £1 million. There is no taxation relating to the discontinued operations, tax losses arose as a result of the discontinued trading losses but these are not recognised given the uncertainty over their recoverability.

The results of discontinued operations all relate to the airline business. £65 million of sales originated in the UK and £6 million originated in Continental Europe.

£ million	**2012**
Cashflows used in discontinued operations	
Net cash used in operating activities	**(107)**
Net cash outflow	**(107)**

There were no cash flows relating to investing or financing activities in the discontinued operations.

5. SEGMENT INFORMATION

a. Business segments

The Group's network passenger and cargo operations are managed as a single business unit. The Leadership Team makes resource allocation decisions based on route profitability, which considers aircraft type and route economics, based primarily by reference to passenger economics with limited reference to cargo demand. The objective in making resource allocation decisions is to optimise consolidated financial results. While the operations of OpenSkies SASU and BA Cityflyer Limited are considered to be separate operating segments, their activities are considered to be sufficiently similar in nature to aggregate the two segments and report them together with the network passenger and cargo operations. Therefore, based on the way the Group treats the network passenger and cargo operations, and the manner in which resource allocation decisions are made, the Group has only one reportable operating segment for financial reporting purposes, reported as the 'airline business'.

Financial results from other operating segments are below the quantitative threshold for determining reportable operating segments and consist primarily of Avios Group (AGL) Limited, British Airways Holidays Limited and Speedbird Insurance Company Limited.

For the year ended 31 December 2012

£ million	Airline business	All other segments	Unallocated	**Total**
CONTINUING OPERATIONS				
Revenue				
Sales to external customers	10,446	381		**10,827**
Inter-segment sales	162	29		**191**
Segment revenue	10,608	410		**11,018**
Segment result	200	33		**233**
Other non-operating costs	65			**65**
Net finance costs	(190)		(168)	**(358)**
Loss on sale of assets	(3)			**(3)**
Share of associates' (losses)/profits	(66)			**(66)**
Revaluation of convertible bond derivative liability			(10)	**(10)**
Tax			69	**69**
Loss after tax	6	33	(109)	**(70)**
Assets and liabilities				
Segment assets	11,520	143		**11,663**
Investment in associates	174			**174**
Total assets	11,694	143		**11,837**
Segment liabilities	4,361	296		**4,657**
Unallocated liabilities*			4,422	**4,422**
Total liabilities	4,361	296	4,422	**9,079**
Other segment information				
Property, plant and equipment - additions (note 10)	722	7		**729**
Intangible assets - additions (note 10)	74			**74**
Depreciation, amortisation and impairment	717	3		**720**
Impairment of available-for-sale financial assets	3			**3**

* Unallocated liabilities consist of current taxes of £9 million, deferred taxes of £721 million and borrowings of £3,692 million which are managed on a Group basis.

5. SEGMENT INFORMATION continued

a. Business segments continued

For the year ended 31 December 2011

£ million	Airline business	All other segments	Unallocated	Total
CONTINUING OPERATIONS				
Revenue				
Sales to external customers	9,690	297		9,987
Inter-segment sales	106			106
Segment revenue	9,796	297		10,093
Segment result	488	30		518
Other non-operating costs	(32)			(32)
Net finance costs	192		(159)	33
Loss on sale of assets	(3)			(3)
Share of associates' (losses)/profits	(6)			(6)
Revaluation of convertible bond derivative liability			169	169
Tax			(7)	(7)
Profit after tax	639	30	3	672
Assets and liabilities				
Segment assets	11,005	132		11,137
Investment in associates	232			232
Total assets	11,237	132		11,369
Segment liabilities	3,720	334		4,054
Unallocated liabilities *			4,533	4,533
Total liabilities	3,720	334	4,533	8,587
Other segment information				
Property, plant and equipment - additions (note 10)	640	10		650
Non-current assets held for sale (note 10)	11			11
Intangible assets - additions (note 10)	72			72
Depreciation, amortisation and impairment	681	2		683
Impairment of available-for-sale financial assets	23			23

* Unallocated liabilities consist of current taxes of £12 million, deferred taxes of £778 million and borrowings of £3,743 million which are managed on a Group basis.

b. Geographical segments – by area of original sale

£ million	**2012**	2011
CONTINUING OPERATIONS		
Europe:	**6,582**	6,090
UK	**4,801**	4,323
Continental Europe	**1,781**	1,767
The Americas:	**2,462**	2,163
USA and Canada	**2,158**	1,921
The rest of the Americas	**304**	242
Africa, Middle East and Indian sub-continent	**1,079**	998
Far East and Australasia	**704**	736
Revenue	**10,827**	9,987

Total of non-current assets excluding available-for-sale financial assets, employee benefit assets, other non-current assets and derivative financial instruments located in the UK is £7,677 million (2011: £7,096 million) and the total of these non-current assets located in other countries is £260 million (2011: £326 million).

6. OPERATING PROFIT

Exceptional items

Exceptional items are those that in management's view need to be disclosed by virtue of their size or incidence. The following items are deemed to be exceptional:

£ million	**2012**	2011
Business combination costs	**(71)**	
Settlement of competition investigation	**30**	
Exceptional items	**(41)**	

Business combination costs

From the date of acquisition of bmi a number of costs have been incurred for the continuing operations in the year ended 31 December 2012 including a restructuring expense of £20 million, transaction costs of £6 million and integration expenses of £45 million. These expenses relate to the following consolidated income statement categories:

£ million	**2012**	2011
Employee costs	**(9)**	
Restructuring	**(20)**	
Selling costs	**(6)**	
Other operating costs	**(13)**	
Accommodation, ground equipment and IT costs	**(23)**	
Exceptional business combination costs	**(71)**	

Settlement of competition investigation

In April, BA settled a fine with the Office of Fair Trading in the UK relating to investigations into passenger fuel surcharging dating back to 2004 through to 2006. The fine agreed was £59 million, resulting in a £30 million release of the provision held, recognised within exceptional items in the consolidated income statement in 2012. This release relates to 'accommodation, ground equipment and IT costs'.

7. FINANCE COSTS AND INCOME

£ million	**2012**	2011
Finance costs:		
Interest payable on bank and other loans, finance charges payable under finance leases and hire purchase contracts	**(170)**	(152)
Unwinding of discount on provisions	**(7)**	(11)
Capitalised interest	**3**	1
Change in fair value of cross currency swaps	**1**	1
Total finance costs	**(173)**	(161)
Finance income:		
Bank interest receivable	**25**	32
Total finance income	**25**	32
Pensions financing:		
Net financing (expense)/income relating to pensions	**(35)**	63
Amortisation of actuarial losses in excess of the corridor	**(36)**	(26)
Effect of the APS asset ceiling	**(144)**	123
Total financing (expense)/income relating to pensions	**(215)**	160
Retranslation credits on currency borrowings	**5**	2

8. LOSS ON SALE OF NON-CURRENT ASSETS

£ million	**2012**	2011
Net loss on sale of non-current assets held for sale		6
Net loss/(profit) on sale of property, plant and equipment	**3**	(3)
Loss on sale of non-current assets	**3**	3

9. TAX

The deferred tax credit on continuing operations for the year ended 31 December 2012 was £69 million (2011: tax credit of £1 million) on a loss before tax of £139 million from continuing operations (2011: profit of £679 million). The current tax charge was less than £1 million due to losses carried forward.

The deferred tax credit on discontinued operations for the year ended 31 December 2012 was £nil given uncertainty over the recoverability of losses arising from these operations.

Legislation was enacted during the year ended 31 December 2012 reducing the main rate of corporation tax used in the measurement of deferred tax from 25 per cent to 23 per cent. This reduced the deferred tax liability by £70 million of which £73 million was recognised through the consolidated income statement.

10. PROPERTY, PLANT AND EQUIPMENT, INTANGIBLES AND INVESTMENTS

During the year ended 31 December 2012, the Group acquired property, plant and equipment assets with a cost of £729 million (2011: £650 million). Included in the acquisition of assets are the delivery of one Airbus A320 aircraft, one Boeing 777-300 aircraft and one Embraer E190 aircraft.

Property, plant and equipment assets of £109 million were acquired as a result of the purchase of bmi.

Intangible assets of £74 million were acquired (2011: £72 million); £7 million relating to the purchase of various slots, £40 million software additions and £27 million emissions allowances purchased. Intangible assets of £408 million were acquired as a result of the purchase of bmi, all relating to indefinite life landing rights.

There were no investments made in available-for-sale financial assets during the year ended 31 December 2012 (2011: £16 million).

No assets were transferred to non-current assets held for sale during the year ended 31 December 2012 (2011: £11 million).

Property, plant and equipment with a net book value of £6 million was disposed of by the Group during the year ended 31 December 2012 (2011: £2 million) resulting in a loss of £3 million (2011: profit of £3 million).

11. CAPITAL EXPENDITURE COMMITMENTS

Capital expenditure authorised and contracted for but not provided for in the accounts amounts to £3,940 million for the Group commitments (2011: £4,218 million). The majority of capital expenditure commitments are denominated in US dollars, as such the commitments are subject to exchange movements.

The outstanding commitments include £3,874 million for the acquisition of four Boeing 777s (from 2013 to 2014), 24 Boeing 787s (from 2013 to 2017), 10 Airbus A320s (from 2013 to 2014) and 12 Airbus A380s (from 2013 to 2016).

12. NON-CURRENT ASSETS HELD FOR SALE

Aircraft which are due to exit the business within 12 months are classified as non-current assets held for sale. There were no fleet non-current assets held for sale as at 31 December 2012 (2011: £15 million).

No fleet assets were transferred to non-current assets held for sale during the year ended 31 December 2012 (2011: £11 million).

Fleet non-current assets held for sale with a net book value of £15 million were disposed of by the Group during the year ended 31 December 2012 (2011: £29 million) resulting in a net loss on disposal of £nil (2011: loss of £6 million).

As part of the acquisition of bmi, the Group acquired £7 million of landing rights held for sale for which there was a committed purchaser and for which £5 million of payments on account had been received. During the year ended 31 December 2012, the sale of these landing rights was completed with the residual £2 million of proceeds being received by the Group. BA made no gain or loss on this transaction. In addition, bmi have a property that is a non-current asset held for sale which had a value of £2 million at acquisition, which continues to be held for sale at the year-end and is expected to be sold within 12 months.

bmi regional was acquired exclusively with a view to resale, with assets at acquisition of £8 million and liabilities of £4 million being disposed of shortly post-acquisition. Proceeds from the sale of £5 million were received during the year, offset by £1 million of provisions being recognised as a consequence of the disposal. As such there was no gain or loss from this disposal.

13. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

£ million	**2012**	2011
Decrease in cash and cash equivalents from continuing operations	**(36)**	(255)
Net cash flow used in discontinued operations	**(107)**	
Interest-bearing borrowings acquired through business combinations	**(27)**	
Net cash outflow from decrease in debt and lease financing	**482**	484
(Decrease)/increase in other current interest-bearing deposits	**(141)**	86
New loans and finance leases taken out and hire purchase arrangements made	**(430)**	(236)
(Increase)/decrease in net debt resulting from cash flow	**(259)**	79
Exchange movements and other non-cash movements	**80**	8
(Increase)/decrease in net debt during the year	**(179)**	87
Net debt at start of year	**(1,914)**	(2,001)
Net debt at 31 December	**(2,093)**	(1,914)

Net debt comprises the current and non-current portions of long-term borrowings less cash and cash equivalents and other current interest-bearing deposits.

14. LONG-TERM BORROWINGS

£ million	**2012**	2011
a Current		
Bank and other loans	**185**	192
Finance leases	**276**	180
Hire purchase arrangements	**5**	13
	466	385
b Non-current		
Bank and other loans*	**1,187**	1,324
Finance leases	**2,039**	2,029
Hire purchase arrangements		5
	3,226	3,358

* Includes £312 million relating to the long-term liability portion of the convertible bond (2011: £293 million).

The Group issued a £350 million fixed rate convertible bond in August 2009, raising cash of £341 million (net of issue costs), which holds a coupon rate of 5.8 per cent and is convertible into ordinary shares at the option of the holder before or upon maturity in August 2014. The bond was originally convertible into ordinary shares of BA Plc. Following the merger, holders of convertible bonds have the right to convert their bonds into shares of IAG. As a result, the equity portion of the convertible bond was revalued and £221 million reclassified during 2011 to a derivative financial liability as it represents BA's obligation to deliver a fixed number of shares in IAG to the bondholders. The derivative financial liability is revalued at the end of each reporting period. During the year ended 31 December 2012 the derivative financial liability has been revalued upwards by £10 million (2011: revalued downwards by £169 million).

15. PROVISIONS FOR LIABILITIES AND CHARGES

Litigation
During the year ended 31 December 2012, BA reached an early resolution with the UK Office of Fair Trading, pursuant to which it has paid a fine of £59 million, concluding its investigation into passenger fuel surcharges for the period prior to March 2006. The Company is subject to investigations into cargo and/or passenger fuel surcharges in various jurisdictions; during the year £1 million of the provision was utilised against these. The Company is also subject to multi-party claims from groups of employees on a number of matters relating to its operations including claims for additional holiday pay and for age discrimination. The final amount required to pay the remaining claims and fines is subject to uncertainty. A detailed breakdown of the provision is not presented as it may seriously prejudice the position of the Company in the regulatory investigation and in existing and potential litigation.

Restructuring
The Group recognised a restructuring provision of £42 million at 31 December 2012 (2011: £21 million) including targeted voluntary severance schemes previously announced. This provision is expected to be utilised during the next financial year.

Other
Other provisions include BA's best estimate of the compensation due to customers given that the European Court of Justice upheld a previous decision that concluded passengers whose flights were significantly delayed were entitled to receive compensation, unless the airline can prove that the delay was caused by circumstances beyond its control. Also included in 'other provisions' is: a provision for the EU Emissions Trading Scheme that represents the excess of BA's CO_2 emitted on a flight within the EU in excess of the EU Emission Allowances granted; a number of additional provisions were acquired with bmi, principally in relation to unfavourable contracts; and staff leaving indemnities relating to amounts due to staff under various overseas contractual arrangements.

16. PENSION COSTS

The Company operates two funded principal defined benefit pension schemes in the UK, the Airways Pension Scheme ('APS') and the New Airways Pension Scheme ('NAPS'), both of which are closed to new members. The results of the accounting valuation at 31 December 2012 are summarised below:

	APS		NAPS	
	31 December 2012	31 December 2011	**31 December 2012**	31 December 2011
Fair value of scheme assets	**7,174**	6,920	**10,089**	9,101
Present value of scheme liabilities	**(6,439)**	(6,041)	**(11,420)**	(10,000)
Net pension asset/(liability)	**735**	879	**(1,331)**	(899)
Net pension asset/(liability) represented by:				
Net pension asset recognised	**493**	584	**694**	508
Restriction on APS surplus due to the asset ceiling	**144**			
Cumulative actuarial gains/(losses) not recognised	**98**	295	**(2,025)**	(1,407)
Net pension asset/(liability)	**735**	879	**(1,331)**	(899)

At 31 December 2012 both APS and NAPS were recognised on the balance sheet as employee benefit assets, representing £1,187 million of the £1,194 million disclosed (2011: £1,092 million of the £1,100 million). The £238 million employee benefit obligations at 31 December 2012 relates to other schemes (2011: £232 million).

16. PENSION COSTS continued

The accounting valuation was performed after updating key assumptions at 31 December 2012 as follows:

	APS		NAPS	
	31 December	31 December	**31 December**	31 December
Per cent per annum	**2012**	2011	**2012**	2011
Inflation (CPI)	**2.10**	2.15	**2.15**	2.25
Inflation (RPI)	**2.85**	2.90	**2.90**	3.00
Rate of increase in pensionable pay (as RPI)	**2.85**	2.90	**2.90**	3.00
Discount rate	**4.10**	4.70	**4.50**	5.00

IAS 19 'Employee Benefits'; effective for periods beginning on or after 1 January 2013. This amended standard will be adopted on 1 January 2013, with the comparative information for the year ended 31 December 2012 being restated in the 2013 consolidated financial statements. This standard has been endorsed by the EU.

The revised standard has eliminated the use of the corridor approach. This will result in recognition of all re-measurements of the defined benefit liability/asset including gains and losses in other comprehensive income. At 31 December 2012 the net pension liability was £1,722 million and the net pension asset was £735 million (restricted to £493 million by the APS asset ceiling). Had previously unrecognised cumulative gains and losses been recognised at 31 December 2012, total equity would have decreased by £1,690 million to recognise £2,195 million, partially offset by an increase in the related deferred tax asset of £505 million. Unrecognised cumulative gains in relation to APS will not be recognised as these will be fully restricted by the APS asset ceiling.

The amended standard will also require the Group to determine the net interest expense/income for the year on the net defined benefit liability/asset by applying the discount rate used at the beginning of the period to measure the defined benefit obligation to the net defined benefit liability/asset at the beginning of the year. It takes into account any changes in the net defined benefit liability/asset during the year as a result of contributions and benefit payments. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return. Before adopting the amendment, the Group had a finance charge/income in relation to amortisation of actuarial losses in excess of the corridor and the effect of the APS asset ceiling; following the adoption of the amended standard, all actuarial losses/gains will be recognised immediately in other comprehensive income, as will changes in the APS asset ceiling.

Had the amended standard been adopted early, the net pensions finance charge would have decreased by £194 million; £144 million for the elimination of the effect of the APS asset ceiling, £36 million for the elimination of financing charges for the amortisation of actuarial losses in excess of the corridor and £14 million due to a reduction in the 'financing income and expense relating to pensions'.

This amendment to IAS 19 will not result in any change to the actuarial valuation used for the 'triennial valuation' nor will it impact the profile of deficit funding contributions that are agreed with the Scheme trustees.

17. CONTINGENT LIABILITIES

The Group and the Company have contingent liabilities which at 31 December 2012 amounted to £77 million (2011: £93 million) and £76 million (2011: £92 million) respectively. These contingent liabilities include certain guarantees, indemnities, claims and litigation related to its operations. In the opinion of management, liabilities, if any, arising from these claims and litigation will not have a material adverse effect on the Group's consolidated financial position or results of operations. The Group is also involved in regulatory proceedings that are pending, the outcome of which in the aggregate is not expected to have a material effect on the Group's financial position or results of operations. The Group files income tax returns in many jurisdictions throughout the world. Various tax authorities are currently examining the Group's income tax returns. Tax returns contain matters that could be subject to differing interpretations of applicable tax laws and regulations and the resolution of tax positions through negotiations with relevant tax authorities, or through litigation, can take several years to complete. While it is difficult to predict the ultimate outcome in some cases, the Group does not anticipate that there will be any material impact on the Group's financial position or results of operations.

17. CONTINGENT LIABILITIES continued

The Group and the Company have provided collaterals on certain payments to the Company's pension scheme, Airways Pensions Scheme (APS), triggered in the event of BA's insolvency, which at 31 December 2012 amounted to £250 million (2011: £250 million). In addition, a guarantee amounting to £230 million (2011: £230 million) secured on certain aircraft was issued by a third party in favour of APS that is triggered in the event of insolvency.

18. RELATED PARTY TRANSACTIONS

The Group had transactions in the ordinary course of business during the year under review with related parties.

£ million	**2012**	2011
Parent:		
Sales to/purchases on behalf of parent	**10**	9
Purchases from parent	**22**	24
Subsidiary undertakings of the parent:		
Sales to subsidiaries	**2**	
Purchases on behalf of subsidiaries	**2**	
Associates:		
Sales to associates	**45**	80
Purchases from associates	**131**	124

£ million	**2012**	2011
Amounts owed by parent	**6**	12
Amounts owed to parent	**2**	
Amounts owed by subsidiary undertakings of the parent	**94**	
Amounts owed to subsidiary undertakings of the parent	**2**	
Amounts owed by associates	**1**	4
Amounts owed to associates	**30**	28

Parent company - International Consolidated Airlines Group S.A (IAG)

The transactions between the Group and IAG comprise mainly of a management fee in respect of services provided by IAG and recharges between the entities in respect of invoices settled on behalf of the other party.

Additionally, during 2011 a loan was provided by the Group to IAG, of which £6 million was outstanding at 31 December 2012 (2011: £12 million). Interest of less than £1 million was charged on the loan during the year ended 31 December 2012 (2011: under £1 million).

Transactions with IAG are carried out on an arms length basis.

The Company held an £11 million investment in IAG as at 31 December 2012 (2011: £9 million), which is classified as an available-for-sale financial asset.

18. RELATED PARTY TRANSACTIONS continued

Associates

Iberia Opco Holding, S.L. (Iberia)
The Group has a 13.55 per cent investment in Iberia. Sales and purchases between related parties are made at normal market prices and outstanding balances are unsecured and interest free. Cash settlement is expected within the standard settlement terms specified by the IATA Clearing House.

The Group has a Joint Business Agreement ('JBA'), with American Airlines and Iberia covering flights between Europe and North America. The commencement of the JBA followed clearance from the EU and the grant of anti-trust immunity by the US Department of Transportation, and allows pooling and sharing of certain revenues and costs, expanded codeshare arrangements, reciprocal earn and burn arrangements for frequent flyer programs and co-operation in other areas. Transactions and balances with Iberia arising from this arrangement are included in the disclosures above.

As at 31 December 2012 the net trading balance owed to Iberia by the Group amounted to £29 million (2011: £24 million).

Other associates
There was a remaining net trading balance under £1 million as at 31 December 2012 due to transactions between the Group and Dunwoody Airline Services (Holdings) Limited (2011: under £1 million).

Directors' and officers' loans and transactions

No loans or credit transactions were outstanding with Directors or officers of the Company at 31 December 2012 or arose during the year that need to be disclosed in accordance with the requirements of Sections 412 and 413 to the Companies Act 2006.

In addition to the above, the Group also has transactions with related parties that are conducted in the normal course of airline business. These include the provision of airline and related services.

The Group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2012 the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2011: £nil).

AIRCRAFT FLEET

Number in service with Group companies at 31 December 2012

	On Balance Sheet fixed assets	Off Balance Sheet operating leases	Total December 2012	Total December 2011	Changes since December 2011 bmi fleet	Changes since December 2011 BA fleet	Future deliveries (Note 8)	Options (Note 9)
CONTINUING AIRLINE OPERATIONS (Note 1)								
Airbus A318	2		**2**	*2*				
Airbus A319	31	13	**44**	*33*	11			
Airbus A320 (Note 2)	34	14	**48**	*40*	7	1	10	31
Airbus A321	13	5	**18**	*11*	7			
Airbus A330 (Note 3)								
Airbus A380							12	7
Boeing 737-400	19		**19**	*19*				
Boeing 747-400 (Note 4)	52		**52**	*52*				
Boeing 757-200 (Note 5)	1	2	**3**	*3*				
Boeing 767-300	21		**21**	*21*				
Boeing 777-200	41	5	**46**	*46*				
Boeing 777-300 (Note 6)	5	1	**6**	*5*		1	6	
Boeing 787							24	28
Embraer E170	6		**6**	*6*				
Embraer E190 (Note 7)	8		**8**	*7*		1		15
TOTAL CONTINUING OPERATIONS	**233**	**40**	**273**	**245**	**25**	**3**	**52**	**81**

Notes:

1. Includes those operated by British Airways Plc, BA Cityflyer Limited and OpenSkies SASU.
2. Includes one Airbus A320 aircraft delivered during the year. Certain future Airbus deliveries and options include reserved delivery positions, and may be taken as any A320 family aircraft.
3. Excludes two bmi Airbus A330 aircraft stood down out of service.
4. Excludes three Boeing B747-400 aircraft, permanently stood down out of service.
5. Three Boeing B757-200 aircraft previously stood down, were sold during the year.
6. Includes one Boeing B777-300 aircraft delivered in the year.
7. Includes one Embraer E190 aircraft delivered in the year.
8. Future deliveries have increased by two. One Airbus A320 aircraft, one Boeing B777-300 aircraft and one Embraer E190 were delivered during the year. Two leased Boeing B777-300 aircraft have been added for delivery in 2014. Three options were converted to firm orders for two Boeing B777-300's and one Embraer E190.
9. Options have decreased by three, two Boeing B777-300's and one Embraer E190 were converted to firm orders during the year.

DISCONTINUED AIRLINE OPERATIONS

As part of the bmi acquisition, 12 Boeing B737-300 aircraft and two Boeing B737-500 aircraft were added to the fleet. These are held on 'off balance sheet operating leases' and have been stood down in advance of handback.