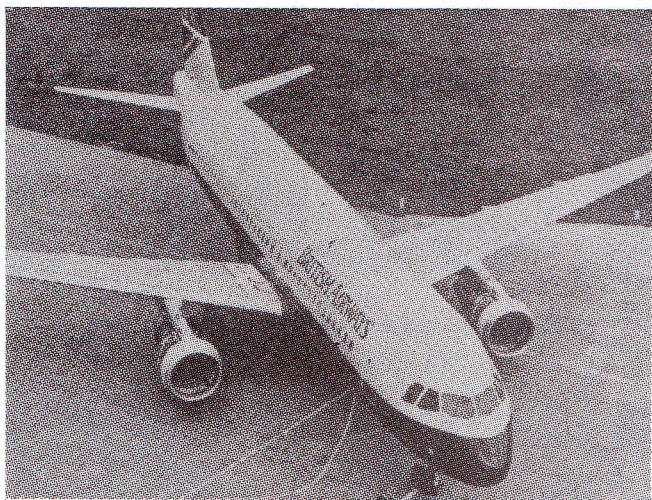


Flying Above The Recession



British Airways, (the world's favourite airline), defied the recession, the worldwide slump in air travel, and cut-throat competition on its trans-Atlantic routes to announce £185m half-year profits and an increased interim dividend. The former state-owned airline's shares powered ahead from 202p to 217p in spite of a 58% drop in profits for the comparable period last year. Operation expenditure was held to last year's levels as were staff costs, while net borrowings dropped from over £1.2 billion to £862 million.

BA supremo Lord King said that, although they carried 8.5% fewer passengers in the half year, and cargo was down nearly 2%, this was at a time when the International Air Transport Association had forecast that the world's airlines would lose nearly £3 billion on international flights alone.

With the Gulf War and the threat of air piracy receding, the prognosis looks good, especially as there appears to be an emerging consensus among economists that the world is pulling out of recession. Just as significantly, in the last quarter, BA's passenger prices rose by 4%, and although the results for the full year are by no means assured, the board recommended a 5% increase in the interim dividend. BA came to the market at 130p, (65p part paid).