

BBA Group PLC
2006 Interim Results
Results for the Half Year Ended
30th June 2006

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INTERIM RESULTS FOR HALF YEAR ENDED 30th JUNE 2006

Aviation

- Sales up by 16% to £493m.
- Underlying operating profit* up by 16% to £57.5m with a strong recovery in Aftermarket Services and Systems (formerly MRO).
- Operating margins increased to 11.7% (2005: 11.6%) after absorbing the impact of significantly increased fuel costs.
- Strong performance from recent acquisitions.
- Continued good performance anticipated in the second half of 2006.

Fiberweb

- Sales broadly unchanged at £309m.
- Underlying operating profit* of £11.5m significantly lower than the prior period (2005: £23.1m).
- Difficult markets in general (particularly wipes) with continuing high raw material and energy costs.
- Major productivity and reorganisation projects are proceeding on schedule and are expected to benefit the second half of 2006, with the first full year impact in 2007.

Financial

- Sales from continuing operations up 8% to £803m (2005: £741m).
- Underlying operating profit* from continuing operations down 5% to £64.3m (2005: £68.0m) with a strong performance in Aviation offset by lower profit in Fiberweb.
- Loss for the period of £(24.6)m (2005: profit £54.8m), after charging reorganisation, demerger and asset impairment costs of £84.7m (including cash items of £17.9m).
- Adjusted earnings per share of 7.4p (2005: 8.7p).
- Cash generated by operations of £66.2m, up 4% (2005: £63.5m).
- Free cash outflow** of £(9.4)m (2005: inflow £16.9m) after increased capital expenditure of £53.3m (2005: £30.4m) in both divisions.
- Interim dividend maintained at 3.5p.

Demerger of Fiberweb

The Board remains committed to the demerger of Fiberweb and believes that this strategy is in the best interests of shareholders. The Group expects that documentation will be posted to shareholders before the end of October 2006 and that the demerger will be completed before the end of November 2006.

It is currently intended that prior to the demerger of Fiberweb, Richard Stillwell, who has been a non-executive director of BBA since 1998, will resign from the BBA Board and join the Fiberweb Board as Chairman of the remuneration committee. It is also currently intended that Peter Hickman will join the Fiberweb Board as Chairman of the audit committee. Once appointed, Richard and Peter will join Malcolm Coster (Chairman), Daniel Dayan (Chief Executive) and Simon Bowles (Finance Director).

Dividend Policy

In light of the impending demerger, the Board has reviewed BBA's dividend policy. The Board has, in particular, had regard to the level of dividend cover, the overall indebtedness of the Group and the investment opportunities for both businesses. As a result of the review, the Board believes it is appropriate to rebase dividend payments. In the future, the aggregate of the dividends from the continuing Group and the demerged Fiberweb business is expected to equate to approximately 60 per cent of the Group's current total dividend.

Commenting, Michael Harper, BBA Group Chief Executive, said:

“ We have made good progress in our Aviation businesses with both sales and operating profit well ahead of the prior period. We expect further good progress in the second half of the year. Trading conditions at Fiberweb remain particularly challenging, but we expect to see an improvement in performance during the second half over the first half as a result of management actions already implemented. We remain committed to the demerger of Fiberweb and we are planning to post documents to shareholders by the end of October and to complete the demerger before the end of November 2006.”

“We have taken the difficult decision to rebase our dividend payment after the demerger is completed because we believe that this action, together with the demerger, is in the best long-term interests of our businesses and therefore our shareholders.”

Continuing operations before restructuring costs and other non-recurring items (see below). See definitions below.*

Interim Results

BBA Group PLC, the international aviation services company, announces its interim results for the six months ended 30th June 2006.

FINANCIAL HEADLINES (unaudited)

£m (other than percentages and per share amounts in pence)

	2006	2005
REVENUE (continuing operations)	802.8	740.7
UNDERLYING OPERATING PROFIT ⁽¹⁾	64.3	68.0
UNDERLYING OPERATING MARGIN ⁽¹⁾	8.0%	9.2%
OPERATING (LOSS)/PROFIT CONTINUING OPERATIONS (Statutory)	(20.4)	55.9
NET INTEREST	(12.6)	(12.5)
UNDERLYING PROFIT BEFORE TAX ⁽²⁾	51.7	55.5
(LOSS)/PROFIT FOR THE PERIOD CONTINUING OPERATIONS (Statutory)	(24.6)	31.5
(LOSS)/PROFIT FOR THE PERIOD (Statutory)	(24.6)	54.8
EARNINGS PER SHARE (Adjusted) ⁽³⁾	7.4p	8.7p
EARNINGS PER SHARE (Unadjusted) ⁽⁴⁾	(5.0)p	6.9p
DIVIDENDS PER ORDINARY SHARE	3.5p	3.5p
FREE CASH FLOW ⁽⁵⁾	(9.4)	16.9
NET DEBT	(576.9)	(566.4)
NET DEBT TO EBITDA ⁽⁶⁾	2.9x	2.8x

(1) Underlying operating profit being total operating profit (including associates) of £64.3m (2005: £68.0m) before restructuring costs and other non-recurring items of £(84.7)m (2005: £(12.1)m) and operating profit from discontinued operations of £nil (2005: £2.5m). This measure of earnings is shown because the directors consider that this gives a better indication of underlying performance.

(2) Underlying operating profit less net interest.

(3) Basic earnings per share of 7.4p (2005: 8.7p) adjusted to exclude the after-tax impact of restructuring costs, non-recurring items of (12.4)p (2005: (1.8)p) and profit for the period from discontinued operations of 0.0p (2005: 5.1p).

(4) Basic earnings per share from continuing operations.

(5) Cash generated by operations of £66.2m (2005: £63.5m) plus dividends from associates of £Nil (2005: £0.4m) less tax of £3.1m (2005: £6.0m), interest of £20.5m (2005: £9.7m), preference dividends of £Nil (2005: £1.9m) and net capital expenditure of £52.0m (2005: £29.4m).

(6) EBITDA being operating profit (as defined in (1) above) before depreciation of £37.0m (2005: £37.0m).

(7) Exchange rates used in the preparation of these results US\$ - Average \$1.78 (2005: \$1.88), spot \$1.85 (2005: \$1.79); Euro – Average €1.45 (2005: €1.45), Spot €1.45 (2005: €1.48).

These definitions as outlined above and on page 1 are consistently applied throughout this interim announcement.

INTERIM RESULTS 2006

Revenue from continuing operations increased by 8 per cent to £802.8 million (2005: £740.7 million). At constant exchange rates, revenue was 4 per cent higher. Underlying operating profit reduced by 5 per cent to £64.3 million with a strong performance by our Aviation businesses more than offset by a reduction in profitability at Fiberweb, which continued to suffer from high raw material and energy costs and generally difficult trading conditions. Operating margins reduced to 8.0 per cent (2005: 9.2 per cent) due in particular to the increased raw material and energy costs at Fiberweb.

The Group produced underlying pre tax profit from continuing operations of £51.7 million (2005: £55.5 million). Movements in exchange rates benefited the comparison to the prior period by £2.2 million with the average dollar rate for the half year at \$1.78 (2005: \$1.88) and for the Euro at €1.45 (2005: €1.45). Adjusted earnings per share were 7.4p (2005: 8.7p).

There was a significant level of restructuring and non-recurring costs, including asset impairments, in the period of £84.7 million (2005: £12.1 million) of which £73.0 million related directly to Fiberweb. In addition, a further £8.3m of cash costs were incurred in the period in relation to the expected demerger. The costs relating directly to Fiberweb can be categorised under two main headings: the previously announced North American Hygiene reorganisation of £35.3 million (cash £2.7 million); and an impairment charge of £26.6 million in respect of wipes assets in Europe and North America reflecting a significant worsening of conditions in these markets since the end of last year. After absorbing these restructuring and non-recurring costs, the loss for the period was £(24.6) million (2005: profit £54.8 million including a profit on disposal of £20.8 million). Unadjusted earnings per share were (5.0) p (2005: 6.9 p).

Cash flow from operations was up 4 per cent. to £66.2 million (2005: £63.5 million) and there was a free cash outflow of £(9.4) million (2005: inflow £16.9 million). The reduced free cash flow was caused by higher capital expenditure of £53.3 million in the current year compared with £30.4 million in the first half of 2005. The Group invested £48.2 million in acquisitions during the period (2005: £10.8 million) to expand into aviation components licensing and to add to our business aviation network. Fiberweb also made a small acquisition in Europe.

Aviation

Flight Support (Formerly Airport Services)

Sales in total grew by 18 per cent to £284.5 million. Excluding the impact of fuel price increases and movements in exchange rates, sales increased by 4 per cent. Underlying operating profit increased to £34.2 million from £32.4 million despite being impacted by a weak de-icing season for ASIG, which reduced operating profit by approximately £2 million compared with the prior period. Excluding the movement in exchange rates, underlying operating profit was broadly unchanged. Operating margins reduced to 12.0 per cent from 13.4 per cent of which approximately half related to increased fuel prices.

At Signature (Business Aviation), we have continued to see growth from the fractional operators with fuel volumes up 5 per cent. Overall organic growth in revenues during the first half was approximately 3 per cent. We have continued to add to the network with the addition of La Quinta in California for £4.9 million and we have also purchased a further 40 per cent of the shares in Athens Aviation for £1.2 million taking our stake up to 91 per cent. We have recently negotiated network-wide deals with another fractional operator and a major charter business, which should improve volumes in the second half of the year.

At ASIG, we have continued to expand our Technical Services operations, providing an increasing amount of Ground Support Equipment maintenance for North West Airlines at a number of locations. ASIG was named “Best Airport Operator” for fuel services for the second year running in an independent survey of airlines conducted by Amburst.

Overall, we expect our Flight Support businesses to continue to perform well in the second half of the year.

Aftermarket Services and Systems (Formerly MRO)

Sales increased by 13 per cent to £208.9 million. Organic growth excluding exchange rate movements was approximately 8 per cent. Underlying operating profit increased by 37 per cent to £23.3 million with operating margins recovering strongly from 9.2 per cent in the prior period to 11.2 per cent due to the benefits of productivity initiatives, increased volumes and the improving mix of sales following the acquisition of Ontic in February. Exchange rate movements provided £0.7 million of the increase in operating profit.

In Engine Repair, the new PW300/500 authorisations together with strong demand for Tay and TFE731 overhauls were the drivers of growth in the US businesses and in the UK the new authorisation for Pratt and Whitney JT15D started to generate revenue. Across both businesses, savings associated with the productivity initiatives instigated in 2005 boosted earnings. Dallas Airmotive received Rolls-Royce approval to support the Tay 611-8c engines installed on the latest model of the Gulfstream IV aircraft.

The components and parts distribution businesses had a good first half with the recently acquired Ontic business performing strongly. We are working on a number of significant new licensing opportunities to further expand Ontic’s portfolio of products. In APPH, there was strong demand for landing gear and hydraulic systems: we were awarded the Korean Helicopter Programme contract worth \$7 million over 6 years and the Arnoni acquisition, which has been successfully integrated, is performing well.

Oxford Aviation has experienced a significant improvement in demand for pilot training and the airport has seen increasing levels of business jet activity. We are planning to invest to increase hangar space, to improve the runway and to introduce an integrated landing system (ILS) that will further increase the capacity at the airport.

Becorit, our rail braking business in Germany, continues to perform satisfactorily.

We anticipate continued good performance in the second half of the year.

Fiberweb

Sales at Fiberweb of £309.4 million were relatively stable (2005: £313.7 million) with the impact of the Toronto closure reducing sales by some £6 million compared with the prior period. Underlying operating profit fell to £11.5 million compared with £23.1 million in 2005 due to difficult markets in general (with continued over-capacity in wipes in particular) and high raw material and energy costs which reduced profits by some £5 million compared to the prior period. Operating margins fell to 3.7 per cent from 7.4 per cent.

Since the beginning of the year, the cost of polypropylene has remained relatively stable in the USA and Europe but remains some 13 per cent higher on average than in the first half of 2005.

Fiberweb is making good progress on a number of restructuring and productivity initiatives that are expected to benefit the second half of the current year and provide a full year's benefit during 2007. In the North America Hygiene business, the closure of the Toronto site and the reconditioning and relocation of the two production lines to Mexico and Berlin has been completed and the lines are now in the process of being recommissioned. The further reorganisation announced at the end of April, involving the closure of four production lines in the USA, is on schedule to be completed in the autumn of the current year. The overall cost of this project of £35.3 million (£2.7 million cash) is higher than the £26 million originally anticipated due to a reassessment of the value of the land and buildings at the Simpsonville, SC site and the creation of a provision for the future operating costs of the buildings associated with the closed lines. Other productivity initiatives in the Industrial business relating to waste re-cycling are on-track to make a contribution during the last quarter.

In the Industrial business, our filtration and dryer sheet businesses have performed strongly and are operating at capacity. The housewrap business continues to grow, albeit there are now some signs of a weaker market. The launch of a new housewrap product (Coastal Wrap) designed to withstand hurricane force winds has attracted much interest and is scheduled for early in 2007. At the end of July, the Old Hickory site in Nashville suffered from an external power supply failure which has impacted H2 operating profit by approximately £2 million. Action is being taken to mitigate the impact of this unforeseen event but it will not be possible fully to offset the financial impact by the year-end. The European geotextile business is suffering from high utility costs and significant over-capacity in the market and we are reassessing our strategy for this business. Sales and marketing personnel have been recruited in Brazil to accelerate the growth of industrial products in South America and more production capacity has recently been commissioned, which was transferred from Simpsonville.

In the Hygiene business, the focus has been on cost reduction and further improving customer relationships. Wipes markets have been particularly difficult with significant over-capacity and branded players losing market share to private label, which is adding to price pressure. We have renegotiated the P&G wipes contract in North America, extending its life with somewhat reduced volumes. As a result of this, and the difficult situation in European wipes markets, Fiberweb has reassessed the carrying value of the assets and goodwill associated with its wipes businesses and has decided to make an impairment charge of £26.6 million (£14.6 million relating to the goodwill associated with the Tecnofibra acquisition made in 2003 and the balance of £12.0 million relating to the

HEF3 wipes line at Bethune, SC). Other impairments of a small number of lines amounted to £9.1m. In China, Fiberweb's airlaid plant is operating at capacity and we are considering expansion options. Major investments in a new spunbond line in Sweden and the new airlaid line in Italy are progressing well. As a result of these investments, together with the relocation and reconditioning of the lines from Toronto, capital expenditure increased to £29.8 million (2005: £15.0 million).

Trading conditions at Fiberweb remain particularly challenging, but we expect to see an improvement in performance during the second half over the first half as a result of management actions already implemented.

Financial results

Turnover from continuing operations of £802.8 million was 8 per cent higher than the prior year (2005: £740.7 million).

Adjusted earnings per share on a continuing basis were 7.4p (2005: 8.7p). Basic earnings per share (unadjusted) were (5.0)p (2005: 6.9p).

Underlying operating profit was 5 per cent lower at £64.3 million (2005: £68.0 million). Operating margins were 8.0 per cent lower than the prior year of 9.2 per cent.

Underlying earnings before interest, taxation, depreciation and amortisation (EBITDA) were £101.3 million (2005: £105.0 million).

Restructuring costs and non-recurring items amounted to £84.7 million (2005: £12.1 million) of which £73.0 million (2005: £1.8 million) related directly to Fiberweb:

All £ million	Cash	Non-cash	Total
<u>Fiberweb</u>			
Restructuring	3.9	32.9	36.8
Asset impairments	-	19.3	19.3
Goodwill impairment	-	14.6	14.6
PP Hedge	2.3	-	2.3
	6.2	66.8	73.0
<u>Aviation</u>			
Restructuring	1.9	-	1.9
Other	0.8	-	0.8
	2.7	-	2.7
<u>Unallocated Corporate</u>			
Restructuring	0.7	-	0.7
Demerger costs	8.3	-	8.3
	9.0	-	9.0
Total	17.9	66.8	84.7

The net interest charge of £12.6 million was unchanged from the prior period with the adverse impact of higher US dollar interest rates and exchange rates being offset by the inclusion in the prior period of a £2.6 million charge in respect of a dividend on preference shares that were redeemed in June 2005. Interest cover was 5.1 times (2005: 5.4 times).

Underlying pre tax profit at £51.7 million was 7 per cent lower than the prior year of £55.5 million.

There was a total loss for the period of £24.6 million (2005: profit £54.8 million) after absorbing restructuring and non-recurring items (analysed above) of £84.7 million (2005: £12.1 million, with the prior period also including the profit on disposal of businesses of £20.8 million (current year £nil)).

The effective tax rate was 30 per cent (2005: 28 per cent) with the increase in the rate reflecting a shift in the mix of profits from Europe to the USA with the increasing Aviation content and a lack of capacity in the UK which has been impacted by the sale and demerger costs.

The Group improved the cash generated by operations to £66.2 million (2005: £63.5 million) with the significantly reduced working capital outflow (2006: £(5.4) million, 2005: £(28.6) million) more than offsetting the reduced operating profit during the first six months of the year. There was a free cash outflow of £(9.4) million (2005: inflow £16.9 million) with the reduced free cash flow caused by higher capital expenditure of £53.3 million in the current year compared with £30.4 million in the first half of 2005. We invested £48.2 million in acquisitions during the period (2005: £10.8 million) to expand into components licensing and to add to our business aviation network. We also made a small acquisition for Fiberweb in Europe.

Capital expenditure increased to £53.3 million (2005: £30.4 million) and represents 1.4 times depreciation (2005: 0.8 times). Aviation expenditure amounted to £23.4 million (2005: £15.4 million) with the increase principally relating to investment in our FBO facilities Boston, Teeterboro and Paris and in the start up of our new commercial handling operation at Bangkok airport. Fiberweb expenditure amounted to £29.8 million (2005: £15.0 million) with the increase relating to the investment in new lines in Europe and the relocation of lines from Toronto.

Net debt was £576.9 million (2005 year end: £527.1 million) due to the impact of exchange rates on the translation of our dollar debt which reduced net debt by £47.4 million offsetting a net cash outflow of £97.2 million in the period.

Demerger of Fiberweb

The Board remains committed to the demerger of Fiberweb and believes that this strategy is in the best interests of shareholders. The Group expects that documentation will be posted to shareholders before the end of October 2006 and that the demerger will be completed before the end of November 2006.

It is currently intended that prior to the demerger of Fiberweb, Richard Stillwell, who has been a non-executive director of BBA since 1998, will resign from the BBA Board and join the Fiberweb Board as Chairman of the remuneration committee. It is also currently intended that Peter Hickman will join the Fiberweb Board as Chairman of the audit committee. Once appointed, Richard and Peter will join Malcolm Coster (Chairman), Daniel Dayan (Chief Executive) and Simon Bowles (Finance Director).

Interim Dividend and Dividend Policy

In light of the impending demerger, the Board has reviewed BBA's dividend policy. The Board has, in particular, had regard to the level of dividend cover, the overall indebtedness of the Group and the investment opportunities for both businesses. As a result of the review, the Board believes it is appropriate to rebase dividend payments. In the future, the aggregate of the dividends from the continuing Group and the demerged Fiberweb business is expected to equate to approximately 60 per cent. of the Group's current total dividend.

The Board has recommended that the interim dividend be maintained at 3.5 pence per share.

Outlook

We have made good progress in our Aviation businesses with both sales and operating profit well ahead of the prior period. We expect to make further good progress in the second half of the year. Trading conditions at Fiberweb remain particularly challenging but we expect to see an improvement in performance during the second half over the first half as a result of management actions already implemented.

Roberto Quarta, Chairman

Michael Harper, Chief Executive

31st August 2006

FINANCIAL HIGHLIGHTS

UNAUDITED

£m (other than percentages and per share amounts in pence)	First half 2006	First half 2005	Full year 2005
Revenue (continuing operations)	802.8	740.7	1,510.8
Underlying operating profit*			
Continuing operations	64.3	68.0	129.6
Operating (loss)/profit from continuing operations	(20.4)	55.9	81.3
Underlying operating margin			
Continuing operations	8.0%	9.2%	8.6%
Net interest	(12.6)	(12.5)	(21.4)
Underlying profit before tax from continuing operations	51.7	55.5	108.2
Restructuring costs and non-recurring items	(84.7)	(12.1)	(48.3)
(Loss)/profit before tax from continuing operations	(33.0)	43.4	59.9
Profit after tax from discontinued operations	-	2.5	1.9
Profit on disposal after tax	-	20.8	21.5
(Loss)/profit for the period	(24.6)	54.8	75.3
Basic earnings per ordinary share			
Continuing and discontinued operations:			
Before restructuring costs and non-recurring items	7.4p	9.2p	18.3p
Unadjusted	(5.0p)	12.0p	15.9p
Continuing operations:			
Before restructuring costs and non-recurring items	7.4p	8.7p	17.9p
Unadjusted	(5.0p)	6.9p	11.0p
Dividends per ordinary share	3.5p	3.5p	11.8p
Cash generated by operations	66.2	63.5	183.7
Free cash flow**	(9.4)	16.9	86.3
Net debt	(576.9)	(566.4)	(527.1)
Net debt to EBITDA***	2.9x	2.8x	2.6x

* operating profit before restructuring costs and non-recurring items

** cash generated by operations plus dividends from associates, less tax, interest, preference dividends and net capital expenditure

*** EBITDA being underlying operating profit* before depreciation and amortisation

GROUP INCOME STATEMENT

UNAUDITED

	Notes	Underlying* £m	Note i £m	First half 2006 £m	Underlying* £m	Note i £m	First half 2005 £m	Underlying* £m	Note i £m	Full year 2005 £m
Continuing operations										
Revenue	1	802.8	-	802.8	740.7	-	740.7	1,510.8	-	1,510.8
Cost of sales		(654.2)	(21.6)	(675.8)	(592.2)	-	(592.2)	(1,218.2)	(15.9)	(1,234.1)
Gross profit		148.6	(21.6)	127.0	148.5	-	148.5	292.6	(15.9)	276.7
Distribution costs		(33.3)	-	(33.3)	(33.1)	-	(33.1)	(65.7)	-	(65.7)
Administrative expenses		(52.1)	(14.6)	(66.7)	(48.9)	-	(48.9)	(102.1)	(3.2)	(105.3)
Other operating income		1.8	-	1.8	1.3	-	1.3	4.4	3.1	7.5
Share of results of associates		0.4	-	0.4	0.2	-	0.2	1.0	-	1.0
Other operating expenses		(1.1)	(9.1)	(10.2)	-	(1.5)	(1.5)	(0.6)	(6.2)	(6.8)
Restructuring costs		-	(39.4)	(39.4)	-	(9.3)	(9.3)	-	(24.8)	(24.8)
Loss on disposal of businesses		-	-	-	-	(1.3)	(1.3)	-	(1.3)	(1.3)
Operating profit/(loss) from continuing operations	1	64.3	(84.7)	(20.4)	68.0	(12.1)	55.9	129.6	(48.3)	81.3
Investment income		19.7	-	19.7	11.6	-	11.6	35.8	-	35.8
Finance costs		(32.3)	-	(32.3)	(24.1)	-	(24.1)	(57.2)	-	(57.2)
Profit/(loss) before tax		51.7	(84.7)	(33.0)	55.5	(12.1)	43.4	108.2	(48.3)	59.9
Tax	4	(15.5)	23.9	8.4	(15.9)	4.0	(11.9)	(23.7)	15.7	(8.0)
Profit/(loss) for the period from continuing operations		36.2	(60.8)	(24.6)	39.6	(8.1)	31.5	84.5	(32.6)	51.9
Profit after tax from discontinued operations		-	-	-	2.5	-	2.5	1.9	-	1.9
Profit on disposal after tax		-	-	-	-	20.8	20.8	-	21.5	21.5
Profit/(loss) for the period		36.2	(60.8)	(24.6)	42.1	12.7	54.8	86.4	(11.1)	75.3
Attributable to:										
Equity shareholders of BBA Group plc		36.2	(60.8)	(24.6)	42.0	12.7	54.7	86.2	(11.1)	75.1
Minority interests		-	-	-	0.1	-	0.1	0.2	-	0.2
		36.2	(60.8)	(24.6)	42.1	12.7	54.8	86.4	(11.1)	75.3

* Before items described in Note i below

Note i: Restructuring costs and non-recurring items as set out in note 3 to the financial statements.

EARNINGS PER SHARE

EARNINGS PER SHARE

From continuing and discontinued operations

Basic	7		(5.0p)				12.0p			15.9p
Diluted	7		(5.0p)				11.6p			15.8p

From continuing operations

Basic	7		(5.0p)				6.9p			11.0p
Diluted	7		(5.0p)				6.8p			10.9p

GROUP BALANCE SHEET

UNAUDITED

	Notes	30 June 2006 £m	30 June 2005 £m	31 Dec 2005 £m
NON-CURRENT ASSETS				
Intangible assets:				
Goodwill		422.1	402.0	429.8
Licences & software		27.6	23.4	22.3
Other intangible assets		2.3	2.8	2.2
Property, plant and equipment		693.4	723.6	746.4
Interests in associates		18.1	16.9	18.4
Trade and other receivables		16.5	23.1	14.2
		1,180.0	1,191.8	1,233.3
CURRENT ASSETS				
Inventories		222.7	230.8	234.2
Trade and other receivables		279.3	342.6	294.2
Cash and cash equivalents		128.0	345.1	174.9
Tax recoverable		-	0.5	2.8
		630.0	919.0	706.1
Total assets	1	1,810.0	2,110.8	1,939.4
CURRENT LIABILITIES				
Trade and other payables		(238.0)	(243.3)	(278.3)
Tax liabilities		(50.7)	(56.5)	(53.9)
Obligations under finance leases		(3.3)	(2.8)	(4.3)
Bank overdrafts and loans		(38.6)	(251.8)	(44.0)
Provisions		(3.6)	(1.8)	(7.0)
		(334.2)	(556.2)	(387.5)
Net current assets		295.8	362.8	318.6
NON-CURRENT LIABILITIES				
Bank loans		(623.8)	(626.9)	(585.2)
Other payables due after one year		(18.7)	(19.3)	(43.1)
Retirement benefit obligations		(45.9)	(68.4)	(64.6)
Obligations under finance leases		(35.5)	(36.3)	(38.1)
Deferred tax liabilities		(47.4)	(71.0)	(59.5)
Provisions		(30.7)	(23.3)	(25.3)
		(802.0)	(845.2)	(815.8)
Total liabilities	1	(1,136.2)	(1,401.4)	(1,203.3)
Net assets		673.8	709.4	736.1
EQUITY				
Share capital		122.4	122.7	121.6
Share premium account		344.1	337.9	340.2
Other reserves		3.9	3.9	3.9
Treasury shares		(0.6)	(2.5)	(0.6)
Capital reserve		16.1	15.5	15.8
Hedging and translation reserves		(9.6)	(7.7)	(1.5)
Retained earnings		196.7	239.4	256.4
Equity attributable to shareholders of BBA Group plc		673.0	709.2	735.8
Minority interests		0.8	0.2	0.3
Total equity		673.8	709.4	736.1

GROUP CASH FLOW STATEMENT

UNAUDITED

	Notes	First half 2006 £m	First half 2005 £m	Full year 2005 £m
OPERATING ACTIVITIES				
Net cash flow from operating activities	8	63.1	57.5	174.0
INVESTING ACTIVITIES				
Dividends received from associates		-	0.4	0.4
Purchase of property, plant and equipment		(52.9)	(29.9)	(72.6)
Purchase of intangible assets		(0.4)	(0.5)	(0.7)
Proceeds from disposal of property, plant and equipment		1.3	1.0	3.3
Acquisition of subsidiaries		(48.2)	(10.8)	(28.0)
Proceeds from disposal of subsidiaries and associates		-	0.5	46.7
Deferred consideration paid from prior year activities		(0.7)	(0.8)	(0.9)
Net cash outflow from investing activities		(100.9)	(40.1)	(51.8)
FINANCING ACTIVITIES				
Interest received		19.9	10.9	36.4
Interest paid		(39.5)	(20.4)	(50.6)
Interest element of finance leases paid		(0.9)	(0.2)	(2.0)
Preference dividends paid		-	(1.9)	(1.9)
Dividends paid		(40.6)	(35.9)	(53.0)
Proceeds from issue of ordinary shares		4.7	7.1	7.7
Proceeds from sale of treasury shares		-	3.2	5.6
Increase/(decrease) in loans		56.3	(23.2)	(79.7)
Decrease in finance leases		(1.5)	(1.2)	(2.8)
(Decrease)/increase in overdrafts		(0.4)	205.9	(5.5)
Decrease in other liquid assets		-	43.0	58.7
Net cash (outflow)/inflow from financing activities		(2.0)	187.3	(87.1)
Cash and cash equivalents at beginning of year		174.9	134.0	134.0
Exchange adjustments		(7.1)	6.6	5.8
(Decrease)/increase in cash and cash equivalents		(39.8)	204.7	35.1
Cash and cash equivalents at end of year		128.0	345.3	174.9
Net debt at beginning of year		(527.1)	(511.6)	(511.6)
(Decrease)/increase in cash equivalents		(39.8)	204.7	35.1
(Increase)/decrease in loans		(56.3)	23.2	79.7
Decrease in finance leases		1.5	1.2	2.8
Decrease/(increase) in overdrafts		0.4	(205.9)	5.5
Decrease in other liquid assets		-	(43.0)	(58.7)
Debt element of preference dividend		-	(1.8)	-
Bank loans acquired		(3.0)	-	-
Finance leases acquired		-	-	(3.3)
Exchange adjustments		47.4	(33.2)	(76.6)
Net debt at end of year		(576.9)	(566.4)	(527.1)

GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

UNAUDITED

	First half 2006 £m	First half 2005 £m	Full year 2005 £m
Exchange difference on translation of foreign operations	(68.3)	51.5	98.7
Gains/(losses) on net asset hedges	50.7	(38.4)	(79.5)
Fair value movements in foreign exchange cash flow hedges	2.6	(3.6)	(6.1)
Fair value movements in interest rate cash flow hedges	4.2	2.4	9.3
Fair value movements in commodity contract cash flow hedges	(0.5)	-	(3.4)
Actuarial gains/(losses) on defined benefit pension schemes	7.7	-	(0.6)
Net (expense)/ income recognised directly in equity	(3.6)	11.9	18.4
Conversion of preference shares	-	16.1	17.9
Transfer to profit or loss from equity on cash flow hedges	(0.5)	(3.6)	(2.5)
Transfer to profit or loss from equity on commodity contracts	3.9	-	-
Transfer to profit or loss from equity on sale of business	-	(0.2)	-
Tax on items recognised directly in equity	(2.4)	-	10.4
(Loss)/profit for the period	(24.6)	54.8	75.3
Total recognised income and expense for the period	(27.2)	79.0	119.5
Attributable to:			
Equity shareholders of BBA Group plc	(27.2)	78.9	119.3
Minority interests	-	0.1	0.2
	(27.2)	79.0	119.5
Fair value of cash flow hedges on adoption of IAS39	-	8.2	8.2
Fair value of interest rate swaps on adoption of IAS39	-	(6.4)	(6.4)
Reduction in net assets on initial adoption of IAS32	-	(17.2)	(17.2)
Change of accounting policy on adoption of IAS32/39	-	(15.4)	(15.4)
Attributable to:			
Equity shareholders of BBA Group plc	-	(15.4)	(15.4)
Minority interests	-	-	-
	-	(15.4)	(15.4)

RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' EQUITY

UNAUDITED

	First half 2006 £m	First half 2005 £m	Full year 2005 £m
Total recognised income and expense for the period	(27.2)	78.9	119.3
Equity dividends paid	(40.6)	(35.9)	(53.0)
Preference dividends paid	-	-	-
Equity movement in capital reserve	0.3	0.3	0.6
Movement on treasury shares	-	3.2	5.6
Issue of shares	4.7	7.1	7.7
Movement in minority interests	0.5	0.1	0.2
Net movement in total shareholders' equity for the period	(62.3)	53.7	80.4
Change of accounting policy on adoption of IAS32/39	-	(15.6)	(15.6)
Total shareholders' equity at the beginning of the period	736.1	671.3	671.3
Total shareholders' equity at the end of the period	673.8	709.4	736.1

NOTES TO THE FINANCIAL STATEMENTS

1. SEGMENTAL INFORMATION

Business Segments	Flight Support	Aftermarket Services & Systems	Total Aviation	Fiberweb	Unallocated Corporate	Total Continuing Operations
	£m	£m	£m	£m	£m	£m
First half 2006						
External Revenue	284.5	208.9	493.4	309.4	-	802.8
Underlying operating profit	34.2	23.3	57.5	11.5	(4.7)	64.3
Restructuring costs and other non recurring items	(2.4)	(0.3)	(2.7)	(73.0)	(9.0)	(84.7)
Segment result from continuing operations*	31.8	23.0	54.8	(61.5)	(13.7)	(20.4)
Capital additions	17.2	9.2	26.4	30.4	0.1	56.9
Depreciation and amortisation	9.5	7.0	16.5	20.4	0.1	37.0
Impairment losses recognised in profit or loss	-	-	-	61.2	-	61.2
Assets	546.4	448.8	995.2	678.2	136.6	1,810.0
Liabilities	(118.8)	(71.8)	(190.6)	(174.8)	(770.8)	(1,136.2)

*Segment result includes £0.1m and £0.3m profit of associates within Flight Support and Fiberweb respectively.

First half 2005						
External Revenue	241.7	185.3	427.0	313.7	-	740.7
Underlying operating profit	32.4	17.0	49.4	23.1	(4.5)	68.0
Restructuring costs and other non recurring items	(1.7)	(8.6)	(10.3)	(1.8)	-	(12.1)
Segment result from continuing operations*	30.7	8.4	39.1	21.3	(4.5)	55.9
Capital additions	5.2	10.2	15.4	15.1	0.1	30.6
Depreciation and amortisation	8.5	6.2	14.7	22.1	0.2	37.0
Impairment losses recognised in profit or loss	-	-	-	-	-	-
Assets	505.8	466.5	972.3	753.7	384.8	2,110.8
Liabilities	(109.2)	(107.4)	(216.6)	(170.7)	(1,014.1)	(1,401.4)

*Segment result includes £0.2m profit of associates within Fiberweb.

Full year 2005						
External Revenue	514.4	377.1	891.5	619.3	-	1,510.8
Underlying operating profit	60.0	34.4	94.4	43.8	(8.6)	129.6
Restructuring costs and other non recurring items	(4.6)	(15.3)	(19.9)	(20.5)	(7.9)	(48.3)
Segment result from continuing operations*	55.4	19.1	74.5	23.3	(16.5)	81.3
Capital additions	26.6	19.4	46.0	33.9	0.2	80.1
Depreciation and amortisation	17.7	12.1	29.8	45.4	0.2	75.4
Impairment losses recognised in profit or loss	-	-	-	11.5	-	11.5
Assets	550.1	439.2	989.3	769.9	180.2	1,939.4
Liabilities	(143.7)	(69.8)	(213.5)	(201.6)	(788.2)	(1,203.3)

*Segment result includes £0.3m and £0.7m profit of associates within Flight Support and Fiberweb respectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. SEGMENTAL INFORMATION (continued)

Geographical Segments	Revenue from continuing operations			Assets £m
	By destination £m	By origin £m	Capital additions £m	
First half 2006				
United Kingdom	82.9	110.0	8.1	307.4
Mainland Europe	145.4	144.3	16.0	332.9
North America	516.1	518.6	19.0	1,065.5
Rest of World	58.4	29.9	13.8	104.2
Total	802.8	802.8	56.9	1,810.0
First half 2005				
United Kingdom	76.7	108.4	6.3	354.4
Mainland Europe	151.5	147.7	4.8	445.6
North America	467.7	460.3	18.6	1,235.9
Rest of World	44.8	24.3	0.9	74.9
Total	740.7	740.7	30.6	2,110.8
Full year 2005				
United Kingdom	167.1	217.6	14.9	366.5
Mainland Europe	442.1	287.0	11.3	336.0
North America	831.3	954.9	47.4	1,151.7
Rest of World	70.3	51.3	6.5	85.2
Total	1,510.8	1,510.8	80.1	1,939.4

NOTES TO THE FINANCIAL STATEMENTS (continued)

UNAUDITED

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The financial information set out above does not constitute the Company's statutory financial statements for 2006 or 2005 under section 240 of the Companies Act 1985. The figures for the full year 2005 are an abridged version of the financial statements for that year. Those accounts, together with an unqualified audit report, have been filed with the Registrar of Companies and did not contain a report under section 235 of the Companies Act 1985. The figures for the half year 2005 are as presented in the financial information for the six months ended 30 June 2005, subject to the revision of the change in accounting policy on adoption of IAS32/39 of £0.2 million.

The unaudited interim results for the six months ended 30 June 2006 have been prepared in accordance with its accounting policies under International Financial Reporting Standards. The same accounting policies and methods of computation are followed in the annual financial statements, as published by the company on 20 March 2006, which are available on the company's website, www.bbagroup.com. The interim results do not include all of the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2005.

3. RESTRUCTURING AND NON-RECURRING COSTS

Restructuring costs and non-recurring items included within statutory operating profit amounted to £84.7 million (First half 2005: £12.1 million). The main items included within this are:

- Non-recurring cost of sales £21.6 million (First half 2005: £nil): Includes a £2.3m charge representing the ineffective element of a raw materials hedge; and a £19.3m impairment charge in relation to a small number of Fiberweb wipes lines. These impairments arise as a result of pressure on margins due to overcapacity and increased competition in the wipes market in Europe and North America.
- Non-recurring administrative expenses £14.6 million (First half 2005: £nil): Represents the impairment of goodwill on the Fiberweb Tecnofibra business. This impairment arises as a result of pressure on margins due to overcapacity and increased competition in the wipes market in Europe.
- Non-recurring other operating expenses £9.1 million (First half 2005: £1.5 million): Primarily represents costs of the separation of Fiberweb.
- Restructuring costs £39.4million (First half 2005: £9.3 million): Includes line impairments of £25.5m, and severance and other closure costs of £8.3m associated with the rationalisation of the Fiberweb North America Hygiene business which was announced to the London Stock Exchange on 28 April 2006; and a £1.6m rationalisation in ASIG USA.
- Profit on disposal of businesses £nil (First half 2005: Loss £1.3 million).

Net of tax and the profit on disposal of discontinued business, total restructuring costs and other non-recurring items included within profit for the period amounted to £60.8 million (First half 2005: Gain £12.7 million).

4. TAXATION

	First half 2006 £m	First half 2005 £m	Full year 2005 £m
Current and deferred tax :			
Corporate income tax	12.1	8.2	12.2
Deferred tax	(20.5)	3.7	(4.2)
Total tax (credit)/charge (continuing)	(8.4)	11.9	8.0

Corporation tax for the interim period is charged at an effective rate of 30% (First Half 2005: 28%; Full Year 2005: 22%), representing the best estimate of the weighted average annual corporation tax expected for the full financial year.

5. ACQUISITIONS AND DISPOSALS

On 3 January 2006, the Group purchased Armoni Aviation Services Inc. for an immediate cash consideration of \$4.9 million (£2.8 million) and a deferred contingent cash consideration of up to \$2.0 million (£1.1 million).

On 17 February 2006, the Group purchased an FBO at La Quinta, California for a consideration of \$8.6 million (£4.9 million).

On 24 February 2006, the Group purchased Ontic Engineering & Manufacturing for a consideration of \$65.8 million (£37.2 million).

On 1 April 2006, the Group purchased Blowitex GmbH for an immediate cash consideration of €3.8 million (£2.6 million) and a deferred contingent cash consideration of €0.7 million (£0.5 million).

On 26 April 2006, the Group purchased a further 40% of the shares of Athens Aviation Services for a consideration of €1.7 million (£1.2 million).

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. DIVIDENDS

The 2006 interim dividend of 3.5 pence per share (2005: 3.5 pence per share) was approved by the Board of Directors on 29 August 2006 and will be paid on 3 November 2006 to ordinary shareholders registered on 15 September 2006. This interim dividend has not been included as a liability as at 30 June 2006.

7. EARNINGS PER SHARE

Earnings	Continuing operations			Continuing and discontinued operations		
	First half 2006 £m	First half 2005 £m	Full year 2005 £m	First half 2006 £m	First half 2005 £m	Full year 2005 £m

Basic:

Earnings

(Loss)/profit for the period	(24.6)	31.5	51.9	(24.6)	54.8	75.3
Minority interests	-	(0.1)	(0.2)	-	(0.1)	(0.2)
Preference dividends	-	-	-	-	-	-
Basic earnings attributable to ordinary shareholders	(24.6)	31.4	51.7	(24.6)	54.7	75.1
Restructuring costs and non-recurring items	84.7	12.1	48.3	84.7	12.1	48.3
Profit after tax on disposal (discontinued operations)	-	-	-	-	(20.8)	(21.5)
Tax on restructuring costs and non-recurring items	(23.9)	(4.0)	(15.7)	(23.9)	(4.0)	(15.7)
Adjusted earnings	36.2	39.5	84.3	36.2	42.0	86.2

Diluted:

Earnings

Basic earnings attributable to ordinary shareholders	(24.6)	31.4	51.7	(24.6)	54.7	75.1
Preference dividends	-	1.9	-	-	1.9	-
Diluted earnings attributable to ordinary shareholders	(24.6)	33.3	51.7	(24.6)	56.6	75.1
Restructuring costs and non-recurring items	84.7	12.1	48.3	84.7	12.1	48.3
Profit after tax on disposal (discontinued operations)	-	-	-	-	(20.8)	(21.5)
Tax on restructuring costs and non-recurring items	(23.9)	(4.0)	(15.7)	(23.9)	(4.0)	(15.7)
Adjusted diluted earnings	36.2	41.4	84.3	36.2	43.9	86.2

Number of shares

Weighted average number of 25p ordinary shares:

For basic earnings per share	487.2	456.2	471.0	487.2	456.2	471.0
Exercise of share options	2.9	4.7	4.8	2.9	4.7	4.8
Conversion of preference shares	-	27.9	-	-	27.9	-
For diluted earnings per share	490.1	488.8	475.8	490.1	488.8	475.8

Earnings per share

Basic:

Adjusted	7.4p	8.7p	17.9p	7.4p	9.2p	18.3p
Unadjusted	(5.0p)	6.9p	11.0p	(5.0p)	12.0p	15.9p

Diluted:

Adjusted	7.4p	8.5p	17.7p	7.4p	9.0p	18.1p
Unadjusted	(5.0p)	6.8p	10.9p	(5.0p)	11.6p	15.8p

Adjusted earnings per share is shown calculated on earnings before restructuring costs and non recurring items because the directors consider that this gives a better indication of underlying performance. In calculating the diluted earnings per share for full year 2005, the effects of the convertible preference shares have been omitted, as they are anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (continued)

UNAUDITED

8. CASH FLOW FROM OPERATING ACTIVITIES

	First half 2006 £m	First half 2005 £m	Full year 2005 £m
Operating (loss)/profit from continuing operations	(20.4)	55.9	81.3
Operating profit from discontinued operations	-	2.5	1.9
Share of profit from associates	(0.4)	(2.7)	(2.8)
(Loss)/profit from operations	(20.8)	55.7	80.4
Depreciation of property, plant & equipment	34.8	35.5	71.4
Amortisation of intangible assets	2.2	1.5	4.0
Profit on sale of tangible fixed assets	(0.3)	(0.3)	(0.2)
Increase/(decrease)in provisions	2.4	(1.6)	1.8
Additional pension scheme contributions	(7.9)	(5.0)	(7.6)
Non-cash impairments	61.2	-	11.5
Other non-cash items	-	6.3	8.3
Operating cashflows before movements in working capital	71.6	92.1	169.6
(Increase)/decrease in working capital	(5.4)	(28.6)	14.1
Cash generated by operations	66.2	63.5	183.7
Income taxes paid	(3.1)	(6.0)	(9.7)
Net cash flow from operating activities	63.1	57.5	174.0
Dividends received from associates	-	0.4	0.4
Purchase of property, plant and equipment	(52.9)	(29.9)	(72.6)
Purchase of intangible assets	(0.4)	(0.5)	(0.7)
Proceeds from disposal of property, plant and equipment	1.3	1.0	3.3
Interest received	19.9	10.9	36.4
Interest paid	(39.5)	(20.4)	(50.6)
Interest element of finance leases paid	(0.9)	(0.2)	(2.0)
Preference dividends paid	-	(1.9)	(1.9)
Free cashflow	(9.4)	16.9	86.3

Share of profit from associates in 2005 includes discontinued operations which are included within profit after tax from discontinued operations on the face of the income statement.

9. FINANCIAL CALENDAR

The preliminary announcement of results for the year ending 31 December 2006 will be made in late February 2007.

INDEPENDENT REVIEW REPORT TO BBA GROUP PLC

INTRODUCTION

We have been instructed by the company to review the financial information for the six months ended 30 June 2006 which comprises the income statement, balance sheet, cash flow statement, statement of total recognised income and expenses, reconciliation of movements in total shareholders' equity and related notes 1 to 9. We have read the other information contained in the interim report 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 Bulletin 1999/4 issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

DIRECTORS' RESPONSIBILITIES

The interim report, 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 report in accordance with the Listing Rules of the Financial Services Authority which require that the accounting policies and presentation applied to the interim figures are consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

REVIEW WORK PERFORMED

We conducted our review in accordance with the guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with 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 six months ended 30 June 2006.

DELOITTE & TOUCHE LLP

Chartered Accountants
London

31 August 2006