

PRESS ANNOUNCEMENT



For immediate release

29 November 2007

INTERIM RESULTS 2007

Dyson Group plc (“Dyson” or the “Group”), the materials technology group, announces its interim results for the six months to 30 September 2007.

Highlights:

- Underlying profit before tax increased by 29% to £4.0m (2006: £3.1m)
- Underlying earnings per Ordinary share of 8.57p (2006: 6.79p), an increase of 26%
- Statutory profit before tax £2.7 million (2006: £0.7m) and earnings per share of 5.71p (2006: 1.68p)
- Interim dividend per Ordinary share maintained at 1.05p (2006: 1.05p)
- Board restructured - Patrick Lammers takes up role as Group CEO on 1 December 2007
- Growth in Ecoflex[®] catalytic converter applications will continue due to introduction of new environmental regulations with effect from 2010
- Maintaining sales growth of 54% within Performance Materials division will be challenging in the short term
- Development of Carolite[™] hard disks continues with increasing contact with potential customers
- Thermal Technologies division, having completed its withdrawal from many of the traditional activities of the Group, is building on new product opportunities

Dr Christopher Honeyborne, Chairman of Dyson, said: “The results for the first half of the financial year show a pleasing increase in both sales and profits. Whilst the current uncertainties in the world economy and, in particular, in the automotive market in the United States imply caution in the short term, the Board remains optimistic as to the future prospects for growth and cash generation. Against this background and with the comfort of the company’s sound financial arrangements, the restructured and strengthened Board looks forward to Patrick Lammers taking up his position as the new CEO from 1 December.”

...Ends...

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CHAIRMAN'S STATEMENT

OVERVIEW OF RESULTS

While it is pleasing to be able to report good results for the first half of the current financial year it is also necessary to continue with the note of caution that was struck at the time of the Annual General Meeting in September.

Group revenue increased by 19% to £32.5 million (2006: £27.3 million) and underlying operating profit increased by 41% to £4.8 million (2006: £3.4 million). Profit before tax, exceptionals and share-based payments also rose to £4.0 million (2006: £3.1 million). Underlying earnings per share were 8.57 pence (2006: 6.79 pence) - an increase of 26%.

The Group delivered a greatly improved statutory profit before taxation of £2.7 million (2006: £0.7 million) and earnings per share of 5.71 pence (2006: 1.68 pence). While this good result was partly due to the reduction in the level of reorganisation costs, the Board continued its programme of rationalising the Group's businesses, incurring costs of £0.2 million. In addition, exceptional production start up costs of £0.5 million, associated with the rapid introduction of new Ecoflex[®] manufacturing facilities, were incurred, as well as an impairment of some historic development costs of £0.4 million in relation to certain micro porous ceramic activities. Costs of £0.2 million (net of the associated share option credit) relating to the retirement of Mike O'Brien and the appointment of Patrick Lammers as CEO were also incurred.

Cash generation from operations was restricted by a £2.2 million increase in working capital and continuing capital expenditure of £3.3 million, principally to support the growth of the Saffil[®] and Ecoflex[®] businesses. Net debt at 30 September 2007 was £35.3 million. During the period the Group's banking arrangements were also extended and enhanced.

The Board proposes an unchanged interim dividend of 1.05p per Ordinary share to be paid on 3 March 2008 to shareholders on the register on 8 February 2008.

BUSINESS REVIEW

Performance Materials division

30 September	2007	2006
	£'000	£'000
Sales	22,589	14,626
Operating profit before exceptional items and pension costs	5,104	3,176
Margin	22.6%	21.7%

Demand for the Ecoflex[®] product for use in diesel particulate filters and catalytic converters has risen substantially since the prior year, as reflected by the 54% increase in sales in the Performance Materials division. To meet this growth there was a need for rapid investment and commissioning of new Ecoflex[®] capacity in South Africa and North Wales which came on stream in April of this year. The Saffil[®] management team have been closely focused upon improving yields and productivity from these new facilities to ensure that customer delivery targets are achieved.

Some selective capital expenditure has also been undertaken on the Saffil[®] fibre manufacturing facilities to enhance capacity and this has proved successful, thus ensuring a stable supply of raw material for the Ecoflex[®] product.

The major issue affecting this division is the uncertainty surrounding the US market demand. At the time of the Annual General Meeting in September 2007 it was apparent that there were a number of potential issues that might affect the volume of call off from the OEM market. Whilst volumes in the first half of the year have been ahead of expectations it is clear that some volume will be lost in the next few months due to market conditions and product pricing issues. We are confident, however, that longer term demand will increase as new environmental regulations come into effect in 2010, and we are actively seeking other sales opportunities to counter any short term volume reductions arising from fluctuations in US demand.

Progress continues to be made with the Carolite[™] hard disk drive substrate to such an extent that we are now embarking upon in depth commercial discussions with the customer base to establish the timescales and commercial opportunities for this product.

Thermal Technologies

30 September	2007	2006
	£'000	£'000
Sales	6,680	9,688
Operating profit before exceptional items and pension costs	1,012	1,270
Margin	15.1%	13.1%

The reduction in sales within the Thermal Technologies division reflects the closure last year of two large manufacturing units: one in Sheffield and one in County Durham. At the time it was anticipated that divisional operating margins would be broadly maintained, as the benefits of cost reduction exercises were delivered. In consequence, a 15 per cent margin from these activities can be viewed favourably, especially in the light of the new product developments that have the potential of delivering good growth in the future.

The various plant closures that have been undertaken over the last few years within this division have given rise to the opportunity to capitalise on the Group's extensive property portfolio. We continue our work to achieve appropriate realisations of these properties while ensuring that product development for longer term growth can continue.

OUTLOOK

The results for the first half of the financial year show a pleasing increase in both sales and profits. Whilst the current uncertainties in the world economy and, in particular, in the automotive market in the United States imply caution in the short term, the Board remains optimistic as to the future prospects for growth and cash generation. Against this background and with the comfort of the company's sound financial arrangements, the restructured and strengthened Board looks forward to Patrick Lammers taking up his position as the new CEO from 1 December.

Christopher Honeyborne
Chairman

29 November 2007

CONSOLIDATED INCOME STATEMENT

	Six months to 30 September 2007			Six months to 30 September 2006		
	Before exceptional & other items*	Exceptional & other items*	Total	Before exceptional & other items*	Exceptional & other items*	Total
	£000	£000	£000	£000	£000	£000
Revenue (note 2)	32,467	-	32,467	27,257	-	27,257
Operating costs before exceptional and other items*	(27,685)	-	(27,685)	(23,858)	-	(23,858)
Underlying operating profit	4,782	-	4,782	3,399	-	3,399
Exceptional items (note 4)	-	(1,402)	(1,402)	-	(2,285)	(2,285)
Share-based payments (note 5)	-	93	93	-	(115)	(115)
Operating profit	4,782	(1,309)	3,473	3,399	(2,400)	999
Finance costs	(1,331)	-	(1,331)	(807)	-	(807)
Finance revenue	584	-	584	489	-	489
Net finance costs	(747)	-	(747)	(318)	-	(318)
Profit before taxation	4,035	(1,309)	2,726	3,081	(2,400)	681
Taxation (note 6)	(1,130)	367	(763)	(863)	720	(143)
Profit for the period	2,905	(942)	1,963	2,218	(1,680)	538
Attributable to:						
Equity holders of the parent	2,818	(942)	1,876	2,232	(1,680)	552
Minority interest (note 11)	87	-	87	(14)	-	(14)
	2,905	(942)	1,963	2,218	(1,680)	538
Earnings per share (note 3)	8.57p		5.71p	6.79p		1.68p
Diluted earnings per share (note 3)	8.57p		5.70p	6.79p		1.68p
Proposed dividend per share (note 7)	1.05p		1.05p	1.05p		1.05p

* "other items" comprises the share-based payments amount charged or credited under IFRS 2

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Foreign exchange translation differences	(465)	(3,131)
Actuarial gains on defined benefit pension plans	2,500	-
Tax on actuarial gains on defined benefit pension plans	(700)	-
Net income recognised directly in equity	1,335	(3,131)
Profit for the financial period	1,963	538
Total recognised income and expense for the period	3,298	(2,593)
Attributable to:		
Equity holders of the parent	3,211	(2,579)
Minority interest	87	(14)
	3,298	(2,593)

CONSOLIDATED BALANCE SHEET

	As at 30 September 2007 £000	As at 30 September 2006 £000	As at 31 March 2007 £000
Non-current assets			
Intangible assets	18,655	15,849	18,042
Property, plant and equipment	44,806	47,502	44,623
Investment properties	187	187	187
Deferred tax assets	-	1,529	250
	63,648	65,067	63,102
Current assets			
Inventories	15,777	15,962	13,441
Trade and other receivables	16,618	12,604	18,964
Cash and short term deposits	3,852	1,278	1,697
	36,247	29,844	34,102
Total assets	99,895	94,911	97,204
Current liabilities			
Trade and other payables	(15,384)	(12,575)	(17,322)
Financial liabilities	-	(1,559)	-
	(15,384)	(14,134)	(17,322)
Non-current liabilities			
Financial liabilities	(39,169)	(34,609)	(34,636)
Retirement benefit obligations (note 10)	(4,873)	(10,265)	(7,969)
Deferred tax liabilities	(1,055)	-	-
	(45,097)	(44,874)	(42,605)
Total liabilities	(60,481)	(59,008)	(59,927)
Net assets	39,414	35,903	37,277
Equity attributable to equity holders of the parent			
Share capital	8,258	8,258	8,258
Share premium	22,173	22,173	22,173
Merger reserve	5,346	5,346	5,346
Capital redemption reserve	1,547	1,547	1,547
Foreign currency translation reserve	(3,894)	(2,129)	(3,429)
Retained earnings	6,014	850	3,499
Investment in own shares	(202)	(202)	(202)
Dyson Group shareholders' equity (note 11)	39,242	35,843	37,192
Minority interest	172	60	85
Total equity	39,414	35,903	37,277

CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Operating activities		
Group operating profit	3,473	999
Amortisation and impairment of intangible assets	400	-
Depreciation and impairment of property, plant and equipment	1,338	1,048
Loss on sale of plant and equipment	43	21
Increase in inventories	(2,437)	(1,178)
Decrease in trade and other receivables	2,244	2,498
Decrease in trade and other payables	(2,020)	(2,560)
Pension payments in excess of service cost	(119)	(179)
Share-based payments (credit)/charge	(93)	115
	<hr/>	
Cash flow from operations	2,829	764
Income taxes	(158)	(79)
Net cash flow from operating activities	<hr/> 2,671	<hr/> 685
Investing activities		
Acquisition of property, plant and equipment	(2,293)	(4,612)
Acquisition of intangible assets	(996)	(812)
Interest paid	(222)	-
Proceeds from sale of property, plant and equipment	234	133
Interest received	106	11
Net cash flow from investing activities	<hr/> (3,171)	<hr/> (5,280)
Financing activities		
Proceeds from loans	4,480	7,032
Interest paid	(1,878)	(1,018)
Equity dividends paid	-	(1,068)
Net cash flow from financing activities	<hr/> 2,602	<hr/> 4,946
Movement in cash and cash equivalents	2,102	351
Foreign exchange losses	53	21
Cash and cash equivalents at the start of the period	1,697	(653)
Cash and cash equivalents at the end of the period (note 9)	<hr/> 3,852	<hr/> (281)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Basis of preparation and accounting policies

The annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report which has not been audited has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

The Interim Report for the six months ended 30 September 2007 was approved by the board on 29 November 2007. The interim financial information has been reviewed by the Group's auditors, Ernst & Young LLP, their report is included on page 13. These interim financial statements do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The interim condensed consolidated financial statements do not include all 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 March 2007.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007. The following standards, amendments and interpretations will be applied for the first time in the Group's statutory accounts for the year ended 31 March 2008.

- IFRS 7 Financial Instruments: Disclosures
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment

The figures for the year ended 31 March 2007 do not constitute the Group's statutory accounts for the period but have been extracted from the statutory accounts. The auditor's report on those accounts, which have been filed with the Registrar of Companies, was unqualified and did not contain any statement under section 237(2) or (3) of the Companies Act 1985.

2. Segmental analysis

By business segment	Performance Materials		Thermal Technologies		Distribution		Consolidated	
	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000	2007 £000	2006 £000
Segment revenue	22,589	14,626	6,680	9,688	3,198	2,943	32,467	27,257
Segment result before pension and exceptional items	5,104	3,176	1,012	1,270	335	206	6,451	4,652
Defined benefit pension charge	(185)	(137)	(310)	(310)	-	-	(495)	(447)
Segmental exceptional items:								
Business reorganisation	-	-	(195)	(1,351)	-	-	(195)	(1,351)
Insurance claim	-	(498)	-	-	-	-	-	(498)
Ecoflex [®] start up costs	(509)	(436)	-	-	-	-	(509)	(436)
Impairment of development costs	(369)	-	-	-	-	-	(369)	-
Segment result	4,041	2,105	507	(391)	335	206	4,883	1,920
Central exceptional item:								
Retirement of chief executive							(329)	-
							4,554	1,920
Central costs							(1,174)	(806)
Share-based payments							93	(115)
Operating profit							3,473	999
Net finance costs							(747)	(318)
Taxation							(763)	(143)
Profit for the period							1,963	538

3. Earnings per share

The calculation of earnings per share is based on the profit attributable to Ordinary shareholders of £1,876,000 (2006: £552,000) and the weighted average number of shares in issue during the period of 32,864,000 (2006: 32,864,000). The weighted average number of shares used to calculate the diluted earnings per share is 32,892,000 (2006: 32,864,000). To aid understanding of the underlying business performance, an adjusted earnings per share figure has been calculated. The calculation of adjusted earnings per share is based on profits before exceptional items and share-based payments of £2,818,000 (2006: £2,232,000).

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Profit attributable to equity holders of the parent	1,876	552
Exceptional items and share-based payments after tax attributable to equity holders of the parent	942	1,680
Profit attributable to equity holders of the parent before exceptional items and share-based payments	2,818	2,232

4. Exceptional items

Exceptional items are those items of financial performance that the Directors consider should be separately disclosed to assist in understanding the underlying trading and financial performance achieved by the Group, so as to facilitate comparison with prior periods and to help assessment of trends in financial performance.

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Business reorganisation and closure costs	195	1,351
Warehouse fire related costs	-	498
Ecoflex [®] production start up costs	509	436
Impairment of development costs	369	-
Retirement of chief executive	329	-
	1,402	2,285

Business reorganisation and closure costs are in the Thermal Technologies segment and predominantly relate to the refractory businesses closed in the previous financial year.

The Ecoflex[®] start up costs are in the Performance Materials segment and relate to additional costs incurred during the commissioning period for new production facilities such as equipment trials, material wastage and excess transport costs.

The impairment of development costs is within the Performance Materials segment and relates to a specific micro porous ceramic project which has been suspended. All the amounts previously capitalised have been written off.

The costs arising from the retirement of the chief executive, Mr T M O'Brien, relate to the termination of his service contract and the recruitment of his successor.

5. Share-based payments

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Share-based payments charge	(84)	(115)
Share-based payments credit	177	-
Net credit/(charge)	93	(115)

The credit in the current period arises in respect of share options which have failed to vest as a result of the retirement of the Chief Executive, Mr T M O'Brien. The credit represents the reversal of costs charged in previous periods in respect of these options.

6. Taxation

Taxation for the six months to 30 September 2007 has been charged at 28% (2006: 28%) being the estimated rate applicable for the year ending 31 March 2008.

7. Dividends

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000
Equity dividends on Ordinary shares declared in the six month period:		
Final dividend for 2006 of 3.25 pence per Ordinary share	-	1,068
Final dividend for 2007 of 3.25 pence per Ordinary share (approved on 21 September 2007)	1,068	-
	1,068	1,068
Proposed interim dividend for 2008: 1.05 pence per Ordinary share (2007: 1.05 pence)	345	345

8. Capital expenditure

During the six month period, the Group acquired equipment costing £1,855,000 (2006: £5,122,000) and disposed of assets with a net book value of £277,000 (2006: £154,000).

9. Net debt

	As at 30 September 2007 £000	As at 30 September 2006 £000	As at 31 March 2007 £000
Cash and short term deposits	3,852	1,278	1,697
Current financial liabilities	-	(1,559)	-
Cash and cash equivalents	3,852	(281)	1,697
Non-current financial liabilities	(39,169)	(34,609)	(34,636)
Net debt	(35,317)	(34,890)	(32,939)

10. Retirement benefit obligations

	Six months to 30 September 2007 £000	Six months to 30 September 2006 £000	Year ended 31 March 2007 £000
Opening net retirement benefit deficit	(7,969)	(10,922)	(10,922)
Current service cost	(495)	(447)	(893)
Interest cost	(1,763)	(1,686)	(3,371)
Expected return on assets	2,241	2,164	4,328
Employer contributions	613	626	1,202
Actuarial gain	2,500	-	1,687
Closing net retirement benefit deficit	(4,873)	(10,265)	(7,969)

The scheme assets have been valued at fair value at 30 September 2007. The main financial assumptions used to assess the liabilities of the scheme have been updated by independent qualified actuaries to assess the liabilities of the scheme. The most significant of these are the discount rate and the inflation rate which are 5.94% (last full year 5.44%) and 3.2% (last full year 3.0%) respectively.

11. Reconciliation of movement in equity

	Share capital £000	Share premium £000	Merger reserve £000	Capital redemption reserve £000	Foreign currency reserve £000	Retained earnings £000	Investment in own shares £000	Total £000	Minority interest £000	Total equity £000
Balance at 1 April 2007	8,258	22,173	5,346	1,547	(3,429)	3,499	(202)	37,192	85	37,277
Total recognised income and expense	-	-	-	-	(465)	3,676	-	3,211	87	3,298
Share-based payments	-	-	-	-	-	(93)	-	(93)	-	(93)
Dividends to shareholders	-	-	-	-	-	(1,068)	-	(1,068)	-	(1,068)
Balance at 30 Sept 2007	8,258	22,173	5,346	1,547	(3,894)	6,014	(202)	39,242	172	39,414
Balance at 1 April 2006	8,258	22,173	5,346	1,547	1,002	1,251	(202)	39,375	74	39,449
Total recognised income and expense	-	-	-	-	(3,131)	552	-	(2,579)	(14)	(2,593)
Share-based payments	-	-	-	-	-	115	-	115	-	115
Dividends to shareholders	-	-	-	-	-	(1,068)	-	(1,068)	-	(1,068)
Balance at 30 Sept 2006	8,258	22,173	5,346	1,547	(2,129)	850	(202)	35,843	60	35,903

Principal risks and uncertainties

The Chairman's statement in this Interim Management Report includes comments concerning the primary risks and uncertainties affecting the Group for the remaining six months of the year.

Statement of directors' responsibilities

The directors confirm that this condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and that the interim management report herein includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The Directors of Dyson Group plc are listed in the Group's 2007 Report and Accounts with the exception of the following changes in the period: T M O'Brien and R D Field resigned from the Board on 21 September 2007. C Kinsella joined the Group on 1 October 2007 as a Non-Executive Director.

By order of the Board

C H B Honeyborne PhD
Director
29 November 2007

INDEPENDENT REVIEW REPORT TO DYSON GROUP PLC

Introduction

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 which comprises the interim consolidated balance sheet as at 30 September 2007 and the related interim consolidated statements of income, recognised income and expense and cash flows for the six month period then ended and explanatory notes. We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 1, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2007 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Ernst & Young LLP

Leeds

29 November 2007