PRESS ANNOUNCEMENT

DYSON GROUP plc

For immediate release **30 November 2006**

INTERIM RESULTS

Dyson Group plc ("Dyson" or the "Group"), the materials technology group, announces its interim results for the six months to 30 September 2006.

Highlights:

- Underlying profit before tax increased to £3.1m (2005: £1.9m) **-** up 60%
- Underlying earnings per ordinary share of 6.79p (2005: 4.33p) **-** up 57%
- Interim dividend per ordinary share maintained at 1.05p
- Growth in Ecoflex® catalytic converter applications continues to surpass expectations
- Thermal Technologies division stabilised and is now a solid contributor to profits
- Renewed focus on profits and cash generation, after period of investment in sales growth
- Carolite™ manufacturing system successfully commissioned, delivery of generic polishing equipment awaited

Dr Christopher Honeyborne, Chairman of Dyson, said: "At this time last year, the Group was facing a difficult economic environment due to the rapid escalation in energy costs, as well as some major issues matching capacity to increasing demand while reducing capacity elsewhere in the Group. I am, therefore, pleased to report the Board's belief that these issues have now largely been addressed, even though we are still in a crucial period of growth.

"The long term strategy for the Group is being delivered and, after some years of considerable investment, our short term objective is to deliver profits growth and to generate cash."

…Ends…

For further information, please contact:

Dyson Group plc	**Today only:**	**01756 770 376**
Dr Christopher Honeyborne, Chairman	Thereafter:	01439 771 900
Mike O'Brien, Group Chief Executive		0114 263 2805
Nick Parker, Group Finance Director		0114 263 2841
Rawlings Financial PR Limited		**01756 770 376**
Catriona Valentine		

CHAIRMAN'S STATEMENT

STRATEGIC OVERVIEW

It is pleasing to report a good result for the first half of the current financial year and one which demonstrates the continuing success of the strategy that the Group has been pursuing in recent years.

The Performance Materials division is now substantially larger than Thermal Technologies, whereas historically the reverse was true. This change has been brought about by the necessity of managing the exit from the lower growth, low margin activities of the Group, which were facing severe competition from the Far East. At the same time, we have been investing in the massive growth opportunities within the Performance Materials division with a view to more than replacing the profits that were no longer available from the traditional activities of the Group.

The Group is now entering the final stages of this transition. Having invested substantial amounts of cash to deliver sales growth in the new businesses, we are now focused upon profits growth and cash generation. At the same time, we remain conscious of the need to provide further growth from other advanced materials, notably our Carolite™ metal matrix composite and other such programmes.

Saffil® & Ecoflex®

In more immediate terms, the current year is proving to be one of immense change for the Group with some major issues being addressed. The growth in demand for Ecoflex® catalytic converter components has surpassed expectations, thus needing rapid investment in new Ecoflex® capacity. This in turn has required improvements in productivity to be delivered from our Saffil® high alumina fibre plants, since this is the principal raw material used in Ecoflex®. Furthermore, to service the growing automotive market, we have finalised the building of a global infrastructure with operations in Europe, the USA, the Far East and South Africa; and with this growth has come the need for investment in working capital.

Thermal Technologies

In the last few months, we have also seen the closure of the Group's largest refractory manufacturing operations, which has been brought about in an orderly manner, leaving an underlying Thermal Technologies division with a secure and profitable future within the Group. The recent exits from various manufacturing activities have provided an opportunity to deliver a significant amount of cash from surplus properties. With this in mind, we have entered into a land promotion agreement with a large privately owned property development company, Commercial Estates Group Limited. It is anticipated that this arrangement will in due course ensure the best possible values will be realised for the various sites that are subject to this agreement and thus substantially reduce the net debt of the Group.

Carolite™

As mentioned above, we have been conscious of the need to continue the growth of the Group in future years and further progress has been made in developing our newer materials, such as the Carolite™ metal matrix composite for use in computer hard disk drives. The unique system for the volume manufacture of unplated Carolite™ components has been successfully designed, built and commissioned. As a result of this success, we now await the delivery of some generic surface-finishing equipment, which should enable large volumes of disks to be manufactured within the demanding parameters of the hard disk drive industry. Customer involvement in this exercise is paramount and proving extremely helpful with regular and frequent dialogue being held.

RESULTS AND FINANCE

Whilst Group revenue remained virtually static at £27.3 million (2005: £28.1 million), underlying operating profit increased by 39% to £3.4 million (2005: £2.5 million). Profit before tax, exceptionals and share-based payments also rose significantly to £3.1 million (2005: £1.9 million). Underlying earnings per share were 6.79 pence (2005: 4.33 pence) - an increase of 57%.

The Board continued its programme of rationalising the Group's businesses, incurring costs of £1.4 million. Additional costs of £0.5 million, resulting from a previously reported warehouse fire, were treated as exceptional items. Exceptional production start up costs of £0.4 million, associated with the rapid growth in Ecoflex®, have also been identified separately in the income statement. Overall, the Group delivered a profit before taxation of £0.7 million (2005: loss of £0.5 million) and earnings per share of 1.68 pence (2005: loss per share of 0.94 pence).

Cash generation from operations was restricted by significant increases in working capital and continuing capital expenditure, principally to support the growth of the Saffil® and Ecoflex® businesses. Net debt at 30 September 2006 was £34.9 million and cash outflow due to capital expenditure in the first half of the year was £5.4 million. A further £1.2 million was absorbed by working capital.

The Board proposes an unchanged interim dividend of 1.05p per Ordinary share to be paid on 9 February 2007 to shareholders on the register on 12 January 2007.

BUSINESS REVIEW

Performance Materials division

30 September	**2006** **£'000**	**2005** **£'000**
Sales	14,626	11,700
Operating profit	3,176	2,538
Margin	21.7%	21.7%

Demand for the Ecoflex® product for use in diesel particulate filters and catalytic converters rose substantially again in the period under review, requiring rapid investment and commissioning of new Ecoflex® capacity in South Africa and North Wales. In order to achieve the required volumes and product size, the Ecoflex® manufacturing process has been enhanced to such an extent that the capacities of the latest production units are five times that of the original production lines. The success of this development work has been fundamental to our ability to meet the requirements of our customer base.

As mentioned in last year's annual report, the end of each calendar year is crucial within this business, as many new vehicle platforms are launched early in the subsequent year. We are currently in the middle of this demanding period. While we believe that there will be adequate Ecoflex® capacity to meet the demand, that demand is proving to be substantially greater than originally anticipated. It is therefore imperative that we ensure the new capacity comes on stream in an efficient and timely manner. Overall, we expect the full year sales growth of this division to be higher than the 20 per cent. growth reported in the first half of this year.

The other major capacity issue facing the Group has been to ensure adequate availability of Saffil® high alumina fibre, which is fundamental for the manufacture of the Ecoflex® products. To date, we have achieved this and supplies have not been interrupted. In the first half of the current financial year, we undertook major refurbishment of our manufacturing facilities to improve productivity. This work at present appears to have been largely successful and, if this continues to be the case, we are confident that we should be able to match capacity with demand for the foreseeable future.

As previously reported, in the first half of the year, Dytech, our business supplying micro porous ceramic technology and products, signed a supply agreement with a large multinational organisation covering the next three years and this contract should prove to be a good basis for future growth in the years to come.

Thermal Technologies

30 September	**2006** **£'000**	**2005** **£'000**
Sales	9,688	12,867
Operating profit	1,270	1,002
Margin	13.1%	7.8%

In the half year under review, the results of the Thermal Technologies division were distorted by the impact of the closure of two large manufacturing units: one in Sheffield and one in County Durham. Following these closures, the annualised level of underlying sales will be greatly reduced but we anticipate that divisional operating margins will be broadly maintained, as the benefits of cost reduction exercises are delivered.

The softening of demand from the traditional industries served by this division has resulted in slower than anticipated generation of cash from the reduction in working capital involved in the business. However, this is a timing issue and will in due course be rectified.

SUMMARY & OUTLOOK

At this time last year, the Group was facing a difficult economic environment due to the rapid escalation in energy costs, as well as some major issues matching capacity to increasing demand while reducing capacity elsewhere in the Group. I am, therefore, pleased to report the Board's belief that these issues have now largely been addressed, even though we are still in a crucial period of growth.

The long term strategy for the Group is being delivered and, after some years of considerable investment, our short term objective is to deliver profits growth and to generate cash.

Dr Christopher Honeyborne
Chairman **30 November 2006**

CONSOLIDATED INCOME STATEMENT

	Six months to 30 September 2006		Six months to 30 September 2005		Year ended 31 March 2006	
	Underlying business performance £000	**Statutory £000**	Underlying business performance £000	Statutory £000	Underlying business performance £000	Statutory £000
Revenue (note 1)	**27,257**	**27,257**	28,107	28,107	59,305	59,305
Operating costs before exceptional and other items*	**(23,858)**	**(23,858)**	(25,653)	(25,653)	(54,147)	(54,147)
Underlying operating profit	**3,399**	**3,399**	2,454	2,454	5,158	5,158
Exceptional items (note 3)	**-**	**(2,285)**	-	(2,286)	-	(5,951)
Share-based payment	**-**	**(115)**	-	(100)	-	(201)
Operating profit/(loss)	**3,399**	**999**	2,454	68	5,158	(994)
Finance costs	**(807)**	**(807)**	(643)	(643)	(1,412)	(1,412)
Finance revenue	**489**	**489**	111	111	284	284
Net finance costs	**(318)**	**(318)**	(532)	(532)	(1,128)	(1,128)
Profit/(loss) before taxation	**3,081**	**681**	1,922	(464)	4,030	(2,122)
Taxation (note 4)	**(863)**	**(143)**	(538)	178	(1,154)	252
Profit/(loss) for the period	**2,218**	**538**	1,384	(286)	2,876	(1,870)
Attributable to:						
Equity holders of the parent	**2,232**	**552**	1,373	(297)	2,911	(1,835)
Minority interest	**(14)**	**(14)**	11	11	(35)	(35)
	2,218	**538**	1,384	(286)	2,876	(1,870)
Earnings/(loss) per share (note 2)	**6.79p**	**1.68p**	4.33p	(0.94)p	9.01p	(5.68)p
Diluted earnings/(loss) per share (note 2)	**6.79p**	**1.68p**	4.29p	(0.93)p	9.00p	(5.67)p
Dividend per share paid	**1.05p**	**1.05p**	1.05p	1.05p	4.30p	4.30p

* “other items” comprises the share-based payment cost incurred under IFRS 2

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	Six months to 30 September 2006 £000	Six months to 30 September 2005 £000	Year ended 31 March 2006 £000
Foreign exchange translation differences	**(3,130)**	685	1,356
Actuarial gains on defined benefit pension plans	**-**	-	436
Tax on actuarial gains on defined benefit pension plans	**-**	-	(131)
Net income recognised directly in equity	**(3,130)**	685	1,661
Profit/(loss) for the financial period	**538**	(286)	(1,870)
Total recognised income and expense for the period	**(2,592)**	399	(209)
Attributable to:			
Equity holders of the parent	**(2,578)**	388	(174)
Minority interest	**(14)**	11	(35)
	(2,592)	399	(209)

CONSOLIDATED BALANCE SHEET

	As at 30 September 2006 £000	As at 30 September 2005 £000	As at 31 March 2006 £000
Non current assets			
Intangible assets	**15,849**	15,412	16,074
Property, plant and equipment	**47,502**	40,961	44,635
Investment properties	**187**	337	187
Deferred tax assets	**1,529**	1,569	1,593
	65,067	58,279	62,489
Current assets			
Inventories	**15,962**	12,857	15,304
Trade and other receivables	**12,604**	16,569	15,623
Cash and short term deposits	**1,278**	1,286	2,760
	29,844	30,712	33,687
Non current assets classified as held for sale	**-**	342	-
	29,844	31,054	33,687
Total assets	**94,911**	89,333	96,176
Current liabilities			
Trade and other payables	**(12,575)**	(11,543)	(14,835)
Financial liabilities	**(1,559)**	-	(3,413)
	(14,134)	(11,543)	(18,248)
Non current liabilities			
Financial liabilities	**(34,609)**	(25,817)	(27,557)
Retirement benefit obligations	**(10,265)**	(11,673)	(10,922)
	(44,874)	(37,490)	(38,479)
Total liabilities	**(59,008)**	(49,033)	(56,727)
Net assets	**35,903**	40,300	39,449
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	**(2,128)**	331	1,002
Retained earnings	**849**	2,727	1,251
Investment in own shares	**(202)**	(202)	(202)
Dyson Group shareholders' equity	**35,843**	40,180	39,375
Minority interest	**60**	120	74
Total equity	**35,903**	40,300	39,449

CONSOLIDATED CASH FLOW STATEMENT

	Six months to 30 September 2006 £000	Six months to 30 September 2005 £000	Year ended 31 March 2006 £000
Operating activities			
Group operating profit/(loss)	**999**	68	(994)
Adjustments to reconcile group operating profit to net cash inflows from operating activities			
Impairment of intangible assets	**-**	-	1,481
Depreciation and impairment of property, plant and equipment	**1,048**	764	2,119
Loss/(profit) on sale of plant and equipment	**21**	(10)	(12)
Profit on sale of investment properties	**-**	-	(754)
Increase in inventories	**(1,178)**	(688)	(3,010)
Decrease/(increase) in trade and other receivables	**2,498**	(793)	277
(Decrease)/increase in trade and other payables	**(2,560)**	294	3,585
Pension payments in excess of service cost	**(179)**	(229)	(396)
Share-based payment charge	**115**	100	201
Cash flow from operations	**764**	(494)	2,497
Income taxes	**(79)**	(84)	(164)
Net cash flow from operating activities	**685**	(578)	2,333
Investing activities			
Acquisition of property, plant and equipment	**(4,612)**	(3,388)	(7,998)
Acquisition of intangible assets	**(812)**	(2,425)	(4,447)
Proceeds from sale of investment properties	**-**	-	1,175
Proceeds from sale of property, plant and equipment	**133**	36	17
Interest received	**11**	31	55
Net cash flow from investing activities	**(5,280)**	(5,746)	(11,198)
Financing activities			
Proceeds from issue of share capital	**-**	5,917	5,917
Proceeds from new loans	**7,032**	3,009	4,814
Interest paid	**(1,018)**	(718)	(1,512)
Equity dividends paid	**(1,068)**	(1,009)	(1,352)
Net cash flow from financing activities	**4,946**	7,199	7,867
Movement in cash and cash equivalents	**351**	875	(998)
Foreign exchange losses	**21**	83	17
Cash and cash equivalents at the start of the period	**(653)**	328	328
Cash and cash equivalents at the end of the period	**(281)**	1,286	(653)

NOTES TO THE INTERIM FINANCIAL INFORMATION

1. Analysis by business segment

	Revenue			Operating profit		
	Six months to 30 Sept 2006 £000	Six months to 30 Sept 2005 £000	Year ended 31 March 2006 £000	**Six months to 30 Sept 2006 £000**	Six months to 30 Sept 2005 £000	Year ended 31 March 2006 £000
Performance Materials	**14,626**	11,700	27,521	**3,176**	2,538	5,567
Thermal Technologies	**9,688**	12,867	25,157	**1,270**	1,002	1,377
Distribution	**2,943**	3,540	6,627	**206**	406	565
Continuing operations	**27,257**	28,107	59,305	**4,652**	3,946	7,509
Central costs				**(806)**	(989)	(1,437)
Defined benefit pension charge				**(447)**	(503)	(914)
Underlying operating profit				**3,399**	2,454	5,158
Exceptional items (note 3)				**(2,285)**	(2,286)	(5,951)
Share-based payment				**(115)**	(100)	(201)
Operating profit/(loss)				**999**	68	(994)

2. Earnings per Ordinary Share

The calculation of earnings per share is based on a profit of £552,000 (2005: £297,000 loss) and the weighted average number of shares in issue during the period of 32,864,000 (2005: 31,739,000). The weighted average number of shares used to calculate the diluted earnings per share is 32,864,000 (2005: 32,004,000). 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 business reorganisation and share option costs of £2,232,000 (2005: £1,373,000).

3. 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 2006 £000	Six months to 30 September 2005 £000	Year ended 31 March 2006 £000
Business reorganisation and closure costs	**1,351**	2,286	4,621
Warehouse fire related costs	**498**	-	2,353
Warehouse fire insurance proceeds	**-**	-	(1,750)
Ecoflex® production start up costs	**436**	-	-
Goodwill impairment	**-**	-	1,481
Profit on sale of investment property	**-**	-	(754)
	2,285	2,286	5,951

4. Taxation

Taxation on underlying profit on ordinary activities for the six months to 30 September 2006 has been charged at 28% (2005: 28%) being the estimated rate applicable for the year ending 31 March 2007.

NOTES TO THE INTERIM FINANCIAL INFORMATION CONTINUED

5. Financial information

The Interim Report for the six months ended 30 September 2006 was approved by the board on 30 November 2006. The interim financial information has not been reviewed or audited by the Group's auditors, Ernst & Young LLP. These interim financial statements do not constitute statutory financial statements within the meaning of section 240 of the Companies Act 1985. The accounting policies remain as stated in the Group's 2006 statutory accounts.

The figures for the year ended 31 March 2006 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.