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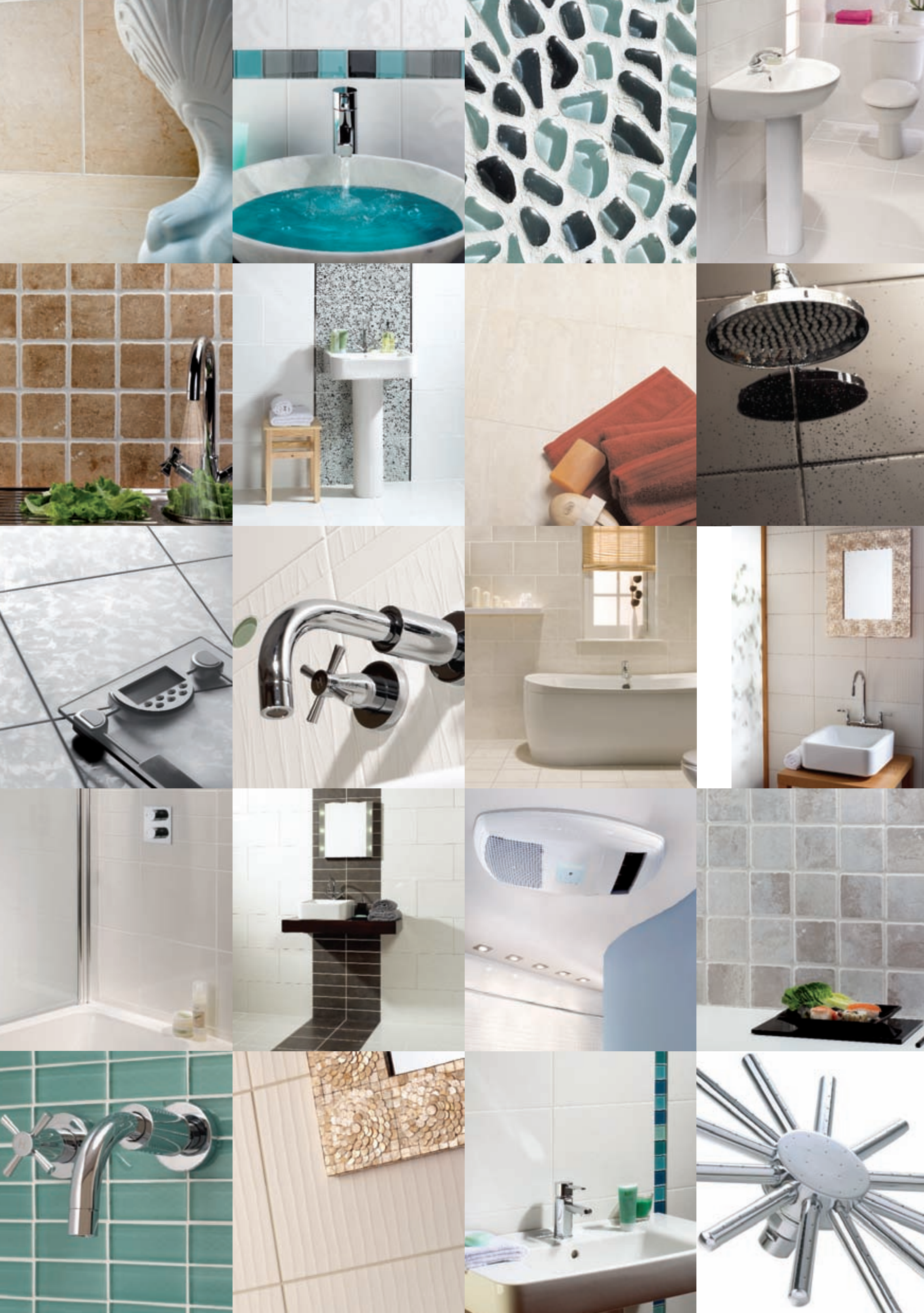
Interim Report for the six months to 30 September 2007



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HIGHLIGHTS

- Revenue increased by 3.8% to £84.3m
- Trading profit increased by 15.0% to £9.2m, with improvements across all geographical segments
- Trading profit margin increased to 10.9% from 9.9%
- Cash generated from operations increased by 71.4% to £10.8m
- £72.0m cash generated following listing of the Company on the London Stock Exchange on 16 July 2007, applied to reduce borrowings.
- Interim dividend of 0.56p

Interim Report for the six months to 30 September 2007

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CHAIRMAN'S STATEMENT

I am pleased to report that the Group has made good progress during the six months to 30 September 2007, recording a significant increase in trading profit and profit before tax and exceptional items compared with the corresponding period in 2006.

Results

The Group reported an increase in revenue of 3.8% to £84.3m (2006: £81.2m). This result reflects growth in all three geographical segments. Reported revenue was adversely impacted by a weakening in the South African Rand to Sterling exchange rate. At constant exchange rates revenue increased by 7.4%.

Group trading profits increased by 15.0% to £9.2m (2006: £8.0m) with improvements across all three geographical areas. At constant exchange rates trading profits increased by 17.9%. Trading profit margins increased to 10.9% from 9.9%. Group profit before tax and exceptional items increased by 48.8% to £6.1m (2006: £4.1m), reflecting the improvements in trading performance and the reduction in net finance costs from £4.4m to £3.3m. The latter is a result of the reduction in net borrowings following the listing of the Company's shares on 16 July 2007 and the consequent refinancing of the previous debt facilities. The exceptional charge of £3.8m in the period relates to the write off of capitalised costs relating to the previous debt facilities. Group profit before tax was £2.3m (2006: £4.1m). Basic earnings per share before exceptional items was 6.23p (2006: 7.4p) reflecting the significant increase in the number of shares in issue following the listing.

Financial

On 16 July 2007 the Company's shares were admitted to the Official List of the UK Listing Authority and the London Stock Exchange's main market. 128,802,669 ordinary shares were placed at 78p per share raising £100.5m in total, of which £72m (after expenses) was raised for the Company. These net proceeds were applied in reducing borrowings and repaying shareholder loans.

Norcros remains focused on maximising operating cash flows and investing in the businesses for future growth. Net cash generated from operations in the period was £10.8m (2006: £6.3m) and investment in capital expenditure and acquisitions was £6.6m (2006: £2.5m) including the balance of the consideration of £3.8m relating to the acquisition of the freehold interests in 14 and the leasehold interests in 2 of the Tile Africa stores which were previously leased. Consequently, net borrowings reduced from £112.9m at 31 March 2007 to £44.5m at 30 September 2007 with equity gearing of 39%.

Dividend

An interim dividend of 0.56p per share has been declared in respect of the period 16 July to 30 September 2007. The dividend is payable on 11 January 2008 to shareholders on the register on 7 December 2007. The shares will be quoted ex-dividend on 5 December 2007.

Operating Review

UK

Total revenues in the UK businesses increased by 3.7% from £51.6m to £53.5m with an increase in trading profits of 7.8% from £6.4m to £6.9m. Each of the three UK businesses recorded an uplift in revenues and trading profit.

At Triton, the market leading domestic shower operation, revenues grew by 3.8% with UK revenues increasing by 6.5%. The growth in the UK was partially offset by a decline in Ireland, Triton's biggest export market, which largely accounted for the overall reduction in export revenues of 6.0%. Triton recorded UK revenue growth in both the trade and retail channels. Volumes with national and independent merchants were boosted by increased specification contracts. Trading with the DIY and home shopping retail accounts showed a strong increase. Tight cost management and selective sales price increases helped to offset input cost pressures and sustain margins. Triton continues to invest significantly in new product development, marketing and promotional programmes including a TV sponsorship campaign in early September. Triton has retained its leading position in the electric shower market as well as growing its share in the mixer market.

In H & R Johnson, a leading UK manufacturer and supplier of ceramic tiles and tile adhesives, overall tile revenues increased by 2.9%. UK tile revenues increased by 8.4% reflecting strong growth in the DIY channel and continued good progress in the trade channel. As anticipated, this was partially offset by a decline in export tile revenues of 20.3% as the contract to supply the Dubai International Airport nears completion.

The UK tile revenue growth reflects the benefits of the business's investment in highly successful new product ranges and through specification gains in the contract sector on the back of more focussed sales and marketing programmes and the government's Decent Homes initiative. The success in the contract sector has been supported by the launch of a new contract product range.

Excluding the Middle East market, tile revenues in the export markets increased by 13.4%, reflecting success in the USA, following cost effective local stocking, and in France where revenues have grown significantly following investment in new product ranges and point of sale merchandise. Margins improved over the comparable period although this advance was limited by lower than expected manufacturing throughput. Action has been taken to improve manufacturing yield and some modest capital investment made to reduce product cost and improve efficiency.

In our recently established UK adhesives business, significant progress has been made in growing revenues and achieving a profitable platform. Revenues increased by 32% whilst the business recorded its first monthly profit earlier this year. The core strategy of developing a Johnson Tile branded adhesive in the contract and house builder market is proving successful. At the design stage, architects and specifiers are finding the integrated concept attractive and a key initiative is to focus on the contractors and fixers to ensure that the specification is secured. Investment in an adhesive and grout manufacturing facility at a cost of approximately £1.0m on the H & R Johnson tile manufacturing site is progressing to plan with final commissioning anticipated by Q1 next year. This will improve quality control, customer service and profitability.

South Africa

Our South African operations have demonstrated strong progress with revenues increasing by 15.0% to £27.6m and trading profits increasing by 41.2% to £2.4m on a constant currency basis. Reported results show revenues and trading profits increasing by 3.0% and 26.3% respectively reflecting the translation impact of the South African Rand to Sterling exchange rate between the comparable periods. Trading profits included a £0.2m profit on disposal of the Roodeport retail store following its closure.

Our retail operation, Tile Africa, has made excellent progress with revenue growth on a constant currency basis of 16.9% resulting in a significant year on year improvement in trading profit. Considerable work has been undertaken to improve and expand the retail estate with four additional stores secured: Rivonia, a store with an innovative new format, was opened in August 07; Paarden Island opened in October 07; and Witbank commenced trading earlier this month. A fourth store at Pomona is scheduled to be opened in March 2008. In addition in September 07 we purchased the George store, which was previously a franchise operation, for a consideration of £0.25m. The improvement and expansion of our retail estate is a priority and discussions are ongoing in relation to other targeted sites. Simultaneously, we have upgraded three of our existing stores and plan to complete a further four upgrades in Q4 of the financial year. We have also invested in a new retail business information system which will support the expansion and development of this operation.

In Johnson Tiles, our tile manufacturing operation, constant currency revenue growth has been more modest at 4.5% reflecting disruption in trade with a number of independent customers and delays in product development. In addition profitability has been impacted by cost increases in energy and raw materials. Action has been taken to expedite the product development programme and increase the flexibility of the plant to produce larger and high specification porcelain tiles to meet customer demand.

TAL, our adhesive operation, has continued to build sales on the back of new product introductions. Total revenues, in constant currency, increased by 12.5% reflecting strong growth in the tile adhesive and industrial adhesive segments with more modest growth in the building products segment. In the industrial segment TAL has been successful in achieving a strong market position in the pressure sensitive and hot melt adhesive areas, largely driven by in-house developed technology. The recent commissioning of a new hot melt plant has secured new business in the roofing insulation field. TAL produces a number of screeding and adhesive products for the soft flooring market and has recently introduced its first pumpable self levelling screed product which has generated considerable interest. Profits in TAL have been maintained in line with expectations.

Rest of the World
Johnson Tiles, our wholly owned subsidiary in Australia selling tiles under the Johnson brand, has continued to make substantial progress following the reorganisation last year. Revenues on a constant currency basis increased by 10.3% and on a reported basis by 14.3%. The business recorded a trading loss of £0.1m for the period compared with a loss of £0.3m in the comparable period last year and in the last two months of the period the business recorded a profit. A key success has been the launch of the “Johnson Home Heating” product range which in addition to having sales potential in its own right has facilitated the cross-selling of ceramic wall and floor tiles. Plans are also in place to launch the first programmable heated towel rail following very positive customer reaction.

Prospects
We have made good progress across all our business segments in the first half of the year and we continue to invest in both capital and revenue programmes to support the long term growth of the business.

Trading since the end of September has been in line with expectations. Notwithstanding the broader economic concerns regarding the UK housing market and the slower rate of consumer spending in both the UK and South Africa, the Board is confident that the initiatives already taken and those planned for the second half of the year will reinforce the quality of the business and that further progress will be made.

A copy of the Norcros interim accounts for the 6 months to 30 September is available on the Company’s website www.norcros.com.

John Brown
Chairman
15 November 2007

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CONSOLIDATED INTERIM INCOME STATEMENTS

	Notes	*Six months to 30 Sept 2007 (unaudited) £m*	*Six months to 30 Sept 2006 (unaudited) £m*	*Year to 31 March 2007 £m*
Revenue		**84.3**	**81.2**	**162.4**
Operating profit		**9.3**	**8.2**	**14.1**
Trading profit*		9.2	8.0	15.3
Exceptional operating items	3	–	–	(1.5)
Other operating income		0.1	0.2	0.3
Operating profit		**9.3**	**8.2**	**14.1**
Finance costs	5	(4.9)	(6.1)	(12.0)
Exceptional write off of costs of raising previous debt finance	5	(3.8)	–	–
Finance income	5	1.6	1.7	3.4
Share of profit of associates		0.1	0.3	0.4
Profit before taxation		**2.3**	**4.1**	**5.9**
Taxation		(0.4)	(0.4)	(1.0)
Profit for the period attributable to equity shareholders		**1.9**	**3.7**	**4.9**
Earnings per share				
Basic		2.08p	7.40p	9.80p
Diluted		2.07p	7.40p	9.80p

* Trading profit is defined as operating profit before exceptional operating items and other operating income.

CONSOLIDATED INTERIM STATEMENTS OF RECOGNISED INCOME AND EXPENSE

	Six months to 30 Sept 2007 (unaudited) £m	*Six months to 30 Sept 2006 (unaudited) £m*	*Year to 31 March 2007 £m*
Profit for the period	**1.9**	**3.7**	**4.9**
Actuarial losses on pension schemes	(2.2)	(1.2)	(7.1)
Foreign currency translation and other adjustments	0.6	(6.1)	(5.9)
Total recognised income and expense for the period attributable to equity shareholders	**0.3**	**(3.6)**	**(8.1)**

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CONSOLIDATED INTERIM BALANCE SHEETS

	Notes	30 Sept 2007 (unaudited) £m	As at 30 Sept 2006 (unaudited) £m	31 March 2007 £m
Non-current assets				
Goodwill		22.2	22.0	22.0
Investment in associates		4.3	4.1	4.1
Financial assets		4.3	4.3	4.3
Trade investments		4.4	4.4	4.4
Property, plant and equipment		46.1	41.2	42.5
Investment properties		5.8	5.8	5.8
Deferred tax asset		1.1	1.7	1.5
		88.2	**83.5**	**84.6**
Current assets				
Inventories		33.8	27.9	30.8
Trade and other receivables		33.2	31.5	32.3
Derivative financial instruments		0.6	0.2	0.5
Cash and cash equivalents		4.8	3.3	4.1
		72.4	**62.9**	**67.7**
Current liabilities				
Trade and other payables		(39.8)	(32.8)	(35.0)
Current tax liabilities		(0.6)	(0.8)	(0.8)
Financial liabilities – borrowings	6	(1.9)	(7.3)	(5.8)
		(42.3)	**(40.9)**	**(41.6)**
Net current assets		**30.1**	**22.0**	**26.1**
Total assets less current liabilities		**118.3**	**105.5**	**110.7**
Non-current liabilities:				
Financial liabilities – borrowings	6	47.4	72.8	75.3
Shareholder loans		–	34.3	35.9
Other non current liabilities		1.8	1.9	2.1
Provisions		12.3	8.2	13.6
		61.5	**117.2**	**126.9**
Financed by:				
Ordinary share capital	7	14.9	0.1	0.1
Share premium	8	63.4	5.5	5.5
Retained earnings and other reserves	8	(21.5)	(17.3)	(21.8)
Total shareholders' equity		**56.8**	**(11.7)**	**(16.2)**
		118.3	**105.5**	**110.7**

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CONSOLIDATED INTERIM CASH FLOW STATEMENTS

	Notes	*Six months to 30 Sept 2007 (unaudited) £m*	*Six months to 30 Sept 2006 (unaudited) £m*	*Year to 31 March 2007 £m*
Cash generated from operations	9	**10.8**	**6.3**	**14.1**
Income taxes paid		(0.2)	(0.6)	(1.3)
Interest received		0.2	0.2	0.3
Interest paid		(3.7)	(3.8)	(6.9)
Net cash generated from operating activities		**7.1**	**2.1**	**6.2**
Cash flows from investing activities				
Acquisition of businesses		(0.2)	–	–
Dividends from associates and trade investments		0.1	0.2	0.3
Purchase of property, plant and equipment		(6.4)	(2.5)	(6.2)
Proceeds from sale of property, plant and equipment		0.4	0.3	0.3
Net cash (used in) investing activities		**(6.1)**	**(2.0)**	**(5.6)**
Cash flows from financing activities				
Repayments of borrowings		(126.0)	(10.6)	(12.6)
Drawdown of borrowings		53.6	5.1	9.5
Net cash received from issue of shares*		72.2	–	–
Net cash (used in) financing activities		**(0.2)**	**(5.5)**	**(3.1)**
Net increase/(decrease) in cash at bank and in hand and bank overdrafts		**0.8**	**(5.4)**	**(2.5)**
Cash at bank and in hand and bank overdrafts at beginning of the period		2.1	5.1	5.1
Exchange movements on cash and bank overdrafts		–	(0.6)	(0.5)
Cash at bank and in hand and bank overdrafts at end of the period		**2.9**	**(0.9)**	**2.1**

* Includes £72.0m generated from admission of the Company to the London Stock Exchange's main market and £0.2m from a previous sale of shares.

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NOTES TO THE ACCOUNTS

1. Accounting policies

The principal accounting policies applied in the preparation of this Interim Report are included in the financial report for the year ended 31 March 2007 and in the prospectus dated 11 July 2007. These policies have been applied consistently to all periods presented, unless otherwise stated.

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year ending 31 March 2008.

-IFRIC 11, IFRS 2 – Group and treasury share transactions. This interpretation is not relevant for the group.

-IFRIC 8, Scope of IFRS 2. This interpretation is not relevant for the group.

-IFRIC 10, Interims and impairment. This interpretation has not had any impact on the timing or recognition of impairment losses.

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective for the financial year ended 31 March 2008, and have not been early adopted.

-IFRS 8, Operating segments.

Basis of preparation

This condensed consolidated financial information for the six months ended 30 September 2007 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34 "Interim financial reporting" as adopted by the European Union.

The condensed consolidated financial report should be read in conjunction with the Annual Report and Financial Statements for the year ended 31 March 2007, which have been prepared in accordance with IFRSs as adopted by the European Union. This Annual Report was approved by the board on 10 July 2007 and delivered to the registrar of Companies. The report of the auditors on the Financial Statements was unqualified and did not contain any statements under section 237 of the Companies Act 1985.

Accounting estimates and judgements

The preparation of condensed consolidated financial information required management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of income, expense, assets and liabilities. The significant estimates and judgements made by management were consistent with those applied to the consolidated financial statements for the year ended 31 March 2007.

2. Segmental reporting

	Six months ended 30 September 2007			
	UK	*South Africa*	*Rest of world*	*Group*
	£m	*£m*	*£m*	*£m*
Revenue	53.5	27.6	3.2	**84.3**
Trading profit	6.9	2.4	(0.1)	**9.2**
Other operating income	–	–	0.1	**0.1**
Operating profit	6.9	2.4	–	**9.3**
Finance costs				**(4.9)**
Exceptional write off of costs of raising previous debt finance				**(3.8)**
Finance income				**1.6**
Share of profit of associates				**0.1**
Profit before taxation				**2.3**
Taxation				**(0.4)**
Profit from continuing operations				**1.9**

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2. Segmental reporting (continued)

	Six months ended 30 September 2007			
	UK	*South Africa*	*Rest of world*	*Group*
	£m	*£m*	*£m*	*£m*
Segment assets	109.4	45.2	6.0	**160.6**
Unallocated assets [1]				1.1
Total assets				**161.7**
Segment liabilities	(41.3)	(12.4)	(1.3)	**(55.0)**
Unallocated liabilities [2]				(49.9)
Total liabilities				**(104.9)**
Capital expenditure	1.0	5.2	–	**6.2**
Depreciation	1.9	0.9	–	**2.8**

1 Unallocated assets include deferred tax assets.
2 Unallocated liabilities include borrowings and tax liabilities.

	Six months ended 30 September 2006			
	UK	*South Africa*	*Rest of world*	*Group*
	£m	*£m*	*£m*	*£m*
Revenue	51.6	26.8	2.8	**81.2**
Trading profit	6.4	1.9	(0.3)	**8.0**
Other operating income	–	–	0.2	**0.2**
Operating profit	6.4	1.9	(0.1)	**8.2**
Finance costs				**(6.1)**
Finance income				**1.7**
Share of profit of associates				**0.3**
Profit before taxation				**4.1**
Taxation				**(0.4)**
Profit for the year from continuing operations				**3.7**
Segment assets	106.4	32.9	5.4	**144.7**
Unallocated assets [1]				1.7
Total assets				**146.4**
Segment liabilities	(30.8)	(10.5)	(1.6)	**(42.9)**
Unallocated liabilities [2]				(115.2)
Total liabilities				**(158.1)**
Capital expenditure	1.9	0.2	–	**2.1**
Depreciation	1.8	0.8	0.1	**2.7**

1 Unallocated assets include deferred tax assets.
2 Unallocated liabilities include borrowings and tax liabilities

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2. Segmental reporting (continued)

	Year ended 31 March 2007 UK £m	South Africa £m	Rest of world £m	Group £m
Revenue	105.8	51.2	5.4	**162.4**
Trading profit	12.1	4.0	(0.8)	**15.3**
Exceptional operating items	(1.3)	–	(0.2)	**(1.5)**
Other operating income	–	–	0.3	**0.3**
Operating profit	10.8	4.0	(0.7)	**14.1**
Finance costs				**(12.0)**
Finance income				**3.4**
Share of profit of associates				**0.4**
Profit before taxation				**5.9**
Taxation				**(1.0)**
Profit from continuing operations				**4.9**
Segment assets	110.3	35.6	4.9	**150.8**
Unallocated assets [1]				1.5
Total assets				**152.3**
Segment liabilities	(40.6)	(9.3)	(0.8)	**(50.7)**
Unallocated liabilities [2]				(117.8)
Total liabilities				**(168.5)**
Capital expenditure	3.0	2.9	–	**5.9**
Depreciation	3.8	1.7	0.1	**5.6**

1 Unallocated assets include deferred tax assets.
2 Unallocated liabilities include borrowings and tax liabilities.

3. Exceptional operating items

	Six months to 30 Sept 2007 (unaudited) £m	*Six months to 30 Sept 2006 (unaudited) £m*	*Year to 31 March 2007 £m*
Past service pension credits	–	–	5.0
Restructuring	–	–	(0.1)
Property provisions	–	–	(6.0)
Aborted transaction costs	–	–	(0.4)
	–	–	**(1.5)**

4. Earnings per share

	Six months to 30 Sept 2007 (unaudited) £m	Six months to 30 Sept 2006 (unaudited) £m	Year to 31 March 2007 £m
Profit for the period	1.9	3.7	4.9
Exceptional items included in the above	3.8	–	1.5
Earnings before exceptional items	**5.7**	**3.7**	**6.4**
Weighted average number of shares:			
For basic earnings per share	91,532,769	49,984,786	49,984,786
Exercise of share options	348,308	–	–
For diluted earnings per share	**91,881,077**	**49,984,786**	**49,984,786**
Earnings per share			
Basic	2.08p	7.40p	9.80p
Diluted	2.07p	7.40p	9.80p
Earnings per share before exceptional items			
Basic	6.23p	7.40p	12.80p
Diluted	6.20p	7.40p	12.80p

5. Finance income and costs

	Six months to 30 Sept 2007 (unaudited)	Six months to 30 Sept 2006 (unaudited)	Year to 31 March 2007
Finance costs:			
Interest payable on bank borrowings	3.1	3.4	6.9
Interest payable on shareholder loans	1.1	1.6	3.2
Amortisation of costs of raising debt finance	0.4	0.6	1.3
Movement on fair value of derivative financial instruments	0.1	0.3	0.2
Discount on property lease provisions	0.2	0.2	0.4
Total finance costs	**4.9**	**6.1**	**12.0**
Finance income:			
Bank interest receivable	(0.2)	(0.2)	(0.5)
IAS 19 net finance income	(1.2)	(1.2)	(2.4)
Movement on fair value of derivative financial instruments	(0.2)	(0.3)	(0.5)
Total finance income	**(1.6)**	**(1.7)**	**(3.4)**
Finance costs – net	**3.3**	**4.4**	**8.6**
Exceptional write off of costs of raising previous debt finance	**3.8**	**–**	**–**

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6. Borrowings

	30 Sept 2007 £m	As at 30 Sept 2006 £m	31 March 2007 £m
Non-current			
Bank borrowings (secured):			
Bank loans	47.9	76.4	78.4
Less costs of raising finance	(0.5)	(3.6)	(3.1)
	47.4	**72.8**	**75.3**
Shareholder Loans	–	34.3	35.9
Total non-current	**47.4**	**107.1**	**111.2**
Current			
Bank borrowings (secured):			
Bank overdrafts	1.9	4.2	2.0
Bank loans	–	4.3	4.9
	1.9	**8.5**	**6.9**
Less costs of raising finance	–	(1.2)	(1.1)
	1.9	**7.3**	**5.8**
Total borrowings	**49.3**	**114.4**	**117.0**

The fair value of bank loans equals their carrying amount, as they bear interest at floating rates. The fair value of shareholder loans is not materially different to their carrying value.

The repayment terms of borrowings are as follows:

	30 Sept 2007 £m	As at 30 Sept 2006 £m	31 March 2007 £m
Not later than one year	1.9	8.5	6.9
Costs of raising finance	–	(1.2)	(1.1)
	1.9	7.3	5.8
After more than one year:			
Later than one year and not later than two years	–	5.2	6.0
Later than two years and not later than five years	47.9	21.2	25.4
Later than five years	–	84.3	82.9
Costs of raising finance	(0.5)	(3.6)	(3.1)
	47.4	107.1	111.2
Total borrowings	**49.3**	**114.4**	**117.0**

Bank borrowings are secured by the Group's assets.

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7. Ordinary called up share capital

	30 Sept 2007 £m	As at 30 Sept 2006 £m	31 March 2007 £m
Authorised			
781,250 'A' ordinary shares of 1p each	–	8	8
5,468,750 'B' ordinary shares of 1p each	–	55	55
200,000,000 ordinary shares of 10p each	20,000	–	–
	20,000	**63**	**63**
Issued and fully paid			
600,000 'A' ordinary shares of 1p each	–	6	6
5,250,000 'B' ordinary shares of 1p each	–	52	52
148,717,884 ordinary shares of 10p each	14,872	–	–
	14,872	**58**	**58**

8. Shareholders' funds and statement of changes in shareholders' equity

(i) Six months to 30 September 2007

	Ordinary share capital £m	*Share premium £m*	*Translation reserve £m*	*Retained losses £m*	*Total £m*
At 1 March 2007	**0.1**	**5.5**	**(3.6)**	**(18.2)**	**(16.2)**
Actuarial loss on pension scheme	–	–	–	(2.2)	(2.2)
Profit for the period	–	–	–	1.9	1.9
Issue of new shares	14.8	57.9	–	–	72.7
Exchange differences		–	0.6	–	0.6
At 30 September 2007	**14.9**	**63.4**	**(3.0)**	**(18.5)**	**56.8**

(ii) Six months to 30 September 2006

	Ordinary share capital £m	*Share premium £m*	*Translation reserve £m*	*Retained losses £m*	*Total £m*
At 31 March 2006	**0.1**	**5.5**	**2.3**	**(16.0)**	**(8.1)**
Actuarial loss on pension scheme	–	–	–	(1.2)	(1.2)
Profit for the period	–	–	–	3.7	3.7
Exchange differences	–	–	(6.1)	–	(6.1)
At 30 September 2006	**0.1**	**5.5**	**(3.8)**	**(13.5)**	**(11.7)**

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8. Shareholders' funds and statement of changes in shareholders' equity (continued)
(iii) Year to 31 March 2007

	Ordinary share capital £m	*Share premium £m*	*Translation reserve £m*	*Retained losses £m*	*Total £m*
At 31 March 2006	**0.1**	**5.5**	**2.3**	**(16.0)**	**(8.1)**
Actuarial loss on pension scheme	–	–	–	(7.1)	(7.1)
Profit for the period	–	–	–	4.9	4.9
Exchange differences	–	–	(5.9)	–	(5.9)
At 31 March 2007	**0.1**	**5.5**	**(3.6)**	**(18.2)**	**(16.2)**

9. Consolidated cash flow statements
a) Cash generated from operations

	Six months to 30 Sept 2007 (unaudited) £m	*Six months to 30 Sept 2006 (unaudited) £m*	*Year to 31 March 2007 £m*
Profit before taxation	2.3	4.1	5.9
Adjustments for:			
Exceptional items included in the above	–	–	1.5
Cash flows from exceptional items	(1.5)	(1.0)	(2.1)
Other operating income	(0.1)	(0.2)	(0.3)
Depreciation	2.8	2.7	5.6
Lump sum pension contributions	(1.0)	–	–
(Profit)/Loss on disposal of property, plant and equipment	(0.2)	–	–
Finance costs	4.9	6.1	12.0
Exceptional write off of costs of raising previous debt finance	3.8	–	–
Finance income	(1.6)	(1.7)	(3.4)
Share of profit of associates	(0.1)	(0.3)	(0.4)
Exchange differences	–	(0.2)	(0.2)
Operating cash flows before movement in working capital	9.3	9.5	18.6
Changes in working capital:			
(Increase) in inventories	(3.0)	(3.0)	(5.0)
(Increase) in trade and other receivables	(1.2)	(2.0)	(1.4)
Increase in payables	5.7	1.8	1.9
Cash generated from operations	**10.8**	**6.3**	**14.1**

b) Outflow related to exceptional items
This includes expenditure charged to exceptional provisions relating to business rationalisation and restructuring including severance and other employee costs.

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9. Consolidated cash flow statements (continued)
c) Analysis of net debt

	Net cash *£m*	*Net debt* *£m*	*Total* *£m*
At 1 April 2006	**5.1**	**(116.1)**	**(111.0)**
Cash flow	(2.5)	3.1	0.6
Other non cash movements	–	(4.5)	(4.5)
Exchange movement	(0.5)	2.5	2.0
At 31 March 2007	**2.1**	**(115.0)**	**(112.9)**
At 1 April 2006	**5.1**	**(116.1)**	**(111.0)**
Cash flow	(5.4)	5.5	0.1
Other non cash movements	–	(2.3)	(2.3)
Exchange movement	(0.6)	2.7	2.1
At 30 September 2006	**(0.9)**	**(110.2)**	**(111.1)**
At 1 April 2007	**2.1**	**(115.0)**	**(112.9)**
Cash flow	0.8	72.4	73.2
Other non cash movements	–	(4.8)	(4.8)
Exchange movement	–	–	–
At 30 September 2007	**2.9**	**(47.4)**	**(44.5)**

10. Principal subsidiaries and associated company
The principal Group subsidiaries and associates are disclosed below. Transactions between subsidiaries and between the parent company and its subsidiaries are eliminated on consolidation.

United Kingdom
Norcros Group (Holdings) Limited
H & R Johnson Tiles Ltd.*
Triton Plc*

Overseas
Norcros SA (Pty) Ltd. trading as Johnson Tiles (Pty) Ltd, TAL and TAF*
Incorporated in South Africa
TAL (Pty) Ltd.*
Incorporated in South Africa
Tile Africa Group (Pty) Ltd.*
Incorporated in South Africa
Johnson Tiles Pty. Ltd.*
Incorporated in Australia
Philkeram-Johnson SA*
Associated company – 50%, Incorporated in Greece **
* The Group interest is owned by Group companies other than Norcros plc.
**This investment is accounted for as an associate as the directors do not exert control over the financial and operating activities

Notes:

Unless otherwise stated, all companies are 100% owned and all UK companies are incorporated and operate in Great Britain and are registered in England and Wales. Overseas companies operate in the countries in which they are incorporated.

Only those subsidiary undertakings and associated companies whose results principally affect the financial statements of the Group are included above.

Statement of Directors' Responsibilities
The directors' confirm that, to the best of their knowledge and belief, this condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union, and that the interim management report included a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Norcros plc are listed in the Norcros plc Annual Report and Financial Statements with the exception of the following changes in the period : Alan Lewis, Hamish Grant, Julian Knights and Andrew Haining resigned on 10 July 2007, John Brown, Leslie Tench and Jamie Stevenson were appointed on 16 July 2007.

By order of the Board

Joseph Matthews
Group Chief Executive
15 November 2007

Nicholas P. Kelsall
Group Finance Director
15 November 2007

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Company Information

Directors
John Brown
(Non-executive Chairman)

Joseph Matthews
(Group Chief Executive)

Nicholas P. Kelsall
(Group Finance Director)

David W. Hamilton
(Director and Secretary)

Leslie Tench
(Non-executive Director)

Jamie Stevenson
(Non-executive Director)

Company Website
www.norcros.com

Listing Details
Market – UK Listed
Reference – NXR
Index – FTSE SmallCap
Sector – Construction & materials

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Fax :01625 549011

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3691883
Registered in England

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M2 1HW

Fortis Bank
Chapel Walks
3rd Floor
The Observatory
Manchester
M2 1HL

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Huddersfield
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Stockbrokers
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London
EC4N 6HH

Auditors
PricewaterhouseCoopers LLP
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Financial Calendar

Interim dividend 2007	Payable 11 January 2008
Full year results	Announcement June 2008
Report and Accounts	Available to Shareholders July 2008
Final Dividend	Payable July 2008

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