



Disposal of investment and Interim Management Statement

Norcros, the home consumer products group, is today pleased to announce the sale of its 18.51 per cent interest in H & R Johnson (India) Limited ("HRJ India") and also takes this opportunity to update the market by issuing its Interim Management Statement for the 13 week period from 31st March 2008 to 29th June 2008, ahead of its Annual General Meeting to be held at 11.00am on Thursday 17th July at the Stanneylands Hotel, Stanneylands Road, Wilmslow, Cheshire, SK9 4EY.

Disposal of investment in HRJ India

The Group announces that it has completed the sale of its 18.51 per cent interest in H & R Johnson (India) Limited ("HRJ India") for a consideration of £3.7 million, net of costs and taxes. The purchaser is HRJ India by means of a share buyback programme.

HRJ India is primarily involved in the manufacture and distribution of ceramic tiles in India. In the Group's accounts for the year ended 31 March 2008, HRJ India was accounted for as a trade investment and made no financial contribution (2007: nil).

Terms of the transaction

The cash consideration paid was £3.7 million, net of costs and taxes (£4.1 million gross).

The carrying value of the investment in the Group's balance sheet as at 31 March 2008 was £2.7 million. A profit on disposal of £1.0 million will, accordingly, be reported in the Group's financial statements for the year ended 31 March 2009. This disposal realises value from the Group's investment and reduces indebtedness and associated interest costs. The Group's net debt at the end of June 2008 was £48.5 million.

Trading update

At our preliminary results in June, we mentioned our ongoing programme to implement cost savings and improve efficiencies across the Group. We are pleased to report that this range of cost saving measures is progressing in line with current guidance and we expect to see the benefit of these measures during the rest of this financial year and beyond. We also noted that since the year end our main markets in the UK and South Africa had continued to soften whilst energy prices had continued to increase substantially. As we anticipated we have seen no evidence of respite in these challenging conditions and accordingly we are maintaining our focus on cost reduction and cash management.

Group revenues for the 13 weeks ending 29th June 2008 declined by 7.5% and by 5.5% on a constant currency basis reflecting revenue decline of 10.6 % in our UK operations partly offset by

constant currency revenue growth of 4.1% in our South African operations and constant currency revenue growth of 5.9% in the Rest of the World.

UK

Triton, the UK market leader in domestic showers, experienced a decline in overall revenues of 14.8% in the period reflecting challenging conditions in the trade segment and very soft retail markets which were accentuated over this period by destocking at a number of retail customers. We do not expect this level of destocking to persist and Triton has continued to maintain its market share and launched an exciting new product programme which has been well received by the trade and retail customer base.

Johnson tiles, a leading UK manufacturer and supplier of ceramic tiles, maintained its tile revenues from the trade segment in line with last year although it experienced a decline in the retail segment. Overall tile revenues declined by 8.1%. Our adhesive business continued to make good progress with revenues 40% higher.

South Africa

As previously reported, our operations in South Africa continue to be impacted by high interest rates, consumer uncertainty and power supply disruption and input cost increases. Despite these factors our investment in new stores and store refurbishment is delivering revenue benefits and continues to strengthen the market position of the business. Overall constant currency revenues have grown by 4.1%.

Initiatives

The Board's priority continues to be on managing the Group's cost base, whilst at the same time investing selectively in the business for future growth. In addition, the board continues to actively focus on cash management and debt reduction. The disposal of the Group's investment in H & R Johnson (India) Limited for £3.7m net of tax and costs is a helpful step in this regard. We continue to take steps to preserve our strong market position and margins in a challenging environment.

John Brown, Chairman, commented:

"The disposal of HRJ India is consistent with the objective of improving our return on investment. Against a backdrop of difficult market conditions, the Group continues to benefit from having market leading brands with strong positions in attractive market segments. Whilst targeting further reductions in our cost base, debt and associated interest costs, we will also continue to judiciously invest in both capital and revenue programmes to support the longer term development of the business".

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ENQUIRIES

Norcros plc

Joe Matthews, Group Chief Executive
Nick Kelsall, Group Finance Director

Tel: 01625 547700

Altium

Phil Adams
Paul Lines

Tel: 0161 831 9133

College Hill

Mark Garraway
Adam Aljewicz

Tel: 020 7457 2020

For further information please visit the Company website:
www.norcros.com