

Norcros plc

("Norcros", the "Group" or the "Company")

Interim Management Statement

Norcros, the home consumer products group today publishes its Interim Management Statement covering the 18 week period to 1 February 2009.

Trading update

Group revenues for the 18 weeks ending 1 February 2009 declined by 12.7% and by 10.4% on a constant currency basis relative to the comparable period last year, reflecting revenue decline of 17.3% in our UK operations partly offset by constant currency revenue growth of 3.0% in our South African operations and 4.8% growth in the Rest of the World.

UK

Triton, the UK market leader in domestic showers, maintained a resilient performance in the trade sector but, nevertheless, experienced a decline in overall revenues of 25.4% in the period principally reflecting lower demand in the Irish market and a very soft UK retail market which continued to be impacted by further destocking. Total UK revenues declined by 23.0%. Profits have been impacted by the revenue decline but mitigated by management's actions on cost reduction and tight control of discretionary expenditure. As a result net margins have been largely maintained reflecting the flexibility of its operating structure and our ability to flex the cost base. We have continued to make significant investment in new product development and marketing and promotional programmes.

Johnson Tiles, a leading UK manufacturer and supplier of ceramic tiles experienced a decline in overall revenues of 9.1% in the period reflecting a resilient performance in the UK retail segment on the back of new range introductions and increased export business offset by weaker demand in the UK trade segment. The benefits of cost-reduction programmes, tight control of discretionary spend and re-negotiation of input prices has mitigated the profit impact of the lower revenue levels. Good progress continues to be made with our UK adhesives business with revenues 14.3% higher.

South Africa

In South Africa, overall revenues grew by 3.0% in constant currency but declined by 5.0% in Sterling. Business confidence continues to be impacted by the uncertain local and global economic environment albeit local interest rates have recently reduced by 150 basis points and the disruption to electricity supply has been less frequent than experienced earlier in the year. Profitability continues to be impacted by the investment in new stores, our store restructuring programme, and higher costs and inefficiencies in our tile manufacturing operations.

Our retail operation, Tile Africa, increased revenues by 5.5% in constant currency, reflecting the benefits of both the store expansion and upgrade programmes. In the period, two new stores opened and one underperforming store closed. The business is currently trading from 36 stores.

TAL, our adhesive operation, experienced a decline in constant currency revenues of 7.3 % reflecting a lower level of demand in its key business segments.

Johnson Tiles, our tile manufacturing operation, benefited from higher revenues but profitability was impacted by inefficiencies and cost increases in energy and raw materials. As previously announced, we have implemented the closure of the inefficient wall tile facility in December. We anticipate that this will result in an exceptional charge of circa £1m (cash element £0.3m) consistent with previous guidance.

Outlook

We remain focused on ensuring that our operating capacity and cost base are aligned with demand and on cash management. As we highlighted in our interim statement the decline in Sterling and the Rand against the US Dollar and Euro has adversely impacted our input costs in the period and has more than negated the benefit in reduced energy costs which, although lower, have failed to match the significant reduction in oil prices.

January trading was slower than expected, particularly in our tile operations, and although February and March are traditionally strong trading months forecasting is very difficult in the current economic climate. In the absence of any further deterioration in the trading environment, we expect full year Group trading profits before exceptional items to be approximately 10% lower than market expectations with net debt broadly in line with expectations.

Trading conditions are difficult and are likely to remain challenging throughout 2009. However our businesses are broadly holding their own and responding quickly to market changes. We are confident that our shower and tile brands will not only hold up through the downturn but are well positioned to take any advantage of any market opportunities.

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