Norman Hay plc
Preliminary Results for the year ended 31 December 2008

FINANCIAL HIGHLIGHTS

- Pre-tax profits increased to £2.4m (2007: £2.34m)
- Turnover up to £27m (2007: £24m)
- Final dividend for the year of 2.0p making the total for the full year 4.0p (2007: 4.4p)

CHAIRMAN'S STATEMENT

I am pleased to announce that the Norman Hay Group achieved a pre-tax profit for 2008 of £2.4m on a turnover of £27m.

These results include foreign exchange gains and the sale of the BK freehold site, which we previously announced in April 2008.

Our strong performance in the first half of the year slowed down significantly in the second half, as the effects of the global financial crisis impacted many of our customers from mid September onwards.

Your Board is continuing to respond to the fast changing economic environment by ensuring that all efforts are targeted on our most significant sales opportunities whilst introducing further cost controls across the Group.

Our position is strengthened in these difficult trading conditions by our focus on three very different markets worldwide, providing specialist chemical products for the Automotive, Construction and Oil & Gas industries.

The strategic move into specialist chemical products has brought global sales opportunities - especially in the Asia-Pacific region - reducing our exposure to the worsening business climate in the UK, particularly in the automotive sector.

This diversification has brought balance to our global customer base and seen our international revenues increase to 48% of total Group sales.

Dividends

Your Directors recommend a final dividend for the year of 2.0p (2007: 2.6p) making the total for the full year 4.0p (2007: 4.4p), a small reduction in these difficult times.

If approved at the Annual General Meeting to be held on 24 June 2009, the dividend will be paid on 31 July 2009 to shareholders on the register on 26 June 2009.

Business Overview-

The Group comprises three main chemical divisions:

"Armourcote" - Surface Coatings

In order to be able to offer the full range of Armourcote specialised coatings to our global Oil & Gas customer base, we have expanded Hi-Tech Coatings in Perth, Western Australia and opened a brand new facility in Port Klang, Malaysia.

The integration of new processes into the existing business in Perth proved immediately profitable. The new start-up operation in Malaysia, which has made losses in the period to date, is expected to move into profit in the second half of 2009.

There has been significant pressure on margins in our UK sub-contract surface coatings and treatment businesses. In order to mitigate the effects of this pressure, we acquired Advanced Surface Treatments Limited, another Coventry-based operation, and have centralised all zinc and alloy electroplating on to one site.

"Ultraseal" - Automotive Sealants

2008 proved to be a strong year in terms of sales and profitability despite the well documented downturn of the global automotive sector in the last quarter of the year.

Ultraseal International delivered and installed 25 new process plants during the year in Europe and Asia. Manufactured at their bases in the UK, India and China, these plants will further expand the global customer base for their consumable chemicals in the coming year.

New and developing markets returned positive and real growth whilst the traditional territories also held up well.

The ongoing international economic situation is naturally of concern and we have modified our short term objectives and focus to minimise the impact of this situation on what is a specialised and niche global business.

"TAM International" - Construction Chemicals

Sales from the TAM International Group grew strongly in the last 12 months as we continue to invest in its global infrastructure.

TAM's new Tunnelling & Mining division has been formed to operate primarily in the Asia-Pacific region and is supported by our new Taiwanese operation, which manufactures the specialised construction chemicals and additives required for this important industry sector.

The start-up costs of these new operations have impacted TAM's overall results and, whilst this will continue during the second quarter of 2009, we believe that these businesses will considerably benefit the future strength of the Group.

"Norman Hay Engineering" - Chemical Engineering

Our engineering business continues to perform well and profitably in its increasingly global market.

Designing and manufacturing our own range of chemical process plants supports the three main chemical divisions of the Group.

The bespoke systems include metal finishing plants, extraction, pollution control equipment, vacuum impregnation and non-destructive testing equipment.

Staff

On behalf of the Board and our shareholders, I would like to thank all of the Group's staff for their consistent hard work, loyalty and commitment to the Group.

Working, as we do, in these challenging times I am confident that they will continue to deliver excellent service to our customers.

We have, inevitably, had to lose some of our staff as we continuously scale our businesses in line with the changing operating and economic environment.

That is not a decision easily taken and the necessity of it is regretted by us all.

Outlook

The turmoil in the financial markets is pushing many industrialised nations in to recession and it is difficult to evaluate exactly how this will impact our businesses in 2009.

Despite being well structured to weather the storm, economic weakness in our main markets has significantly affected our trading in the first quarter of this year.

Many Governments around the world are investing, or planning to invest, in major civil engineering and infrastructure projects as a way of combating the downturn. This will help to bolster the global construction industry and, in due course, our construction chemicals and engineering businesses should benefit.

So far this year we have set up new operations in Indonesia and India to complement those set up in 2008 in Taiwan and Malaysia. Inevitably these new businesses put a strain on resources during their start up periods, but they will form part of the bedrock of our future growth when normal trading conditions return.

In March 2009 we moved the TAM UK operation from Daventry to our Coventry site in order to optimise resources and pool its manufacturing facilities with those of Ultraseal International.

In the same month Norman Hay Engineering secured a major £4m contract for an aerospace process facility to be installed in the Kingdom of Saudi Arabia.

This, together with the measures that we have taken, and continue to take, to maximise efficiencies, minimise operating costs and refocus our markets will stand the Group in good stead to come through this current period of economic turmoil.

We expect trading to improve in the second quarter as some of our customers will need to re-stock and this trend should continue into the second half of this year.

Peter L Hay
Chairman
9 April 2009

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Unaudited consolidated income statement for the year ended 31 December 2008

	2008 £000	2007 £000
Revenue	**27,001**	23,959
Cost of sales	**(17,175)**	(15,327)
Gross profit	**9,826**	8,632
Distribution expenses	**(1,036)**	(631)
Administrative expenses	**(6,857)**	(5,749)
Other income	**497**	143
Profit from operations	**2,430**	**2,395**
Finance income	**139**	190
Finance costs	**(206)**	(243)
Profit before taxation	**2,363**	**2,342**
Taxation	**(810)**	**(672)**
Profit after taxation	**1,553**	**1,670**
Attributable to :		
Equity holders of the parent	**1,562**	1,637
Minority interest	**(9)**	33
	1,553	1,670
Basic earnings per share	**10.7p**	11.4p
Diluted earnings per share	**10.4p**	10.9p

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Unaudited consolidated balance sheet at 31 December 2008

		2008		2007
	£000	**£000**	£000	£000
Assets				
Non-current Assets				
Intangible Assets	**2,952**		2,437	
Property, plant and equipment	**5,837**		4,633	
Investments	**26**		26	
Other receivables	**-**		72	
Total non-current assets		**8,815**		**7,168**
Current Assets				
Inventories	**2,846**		1,795	
Trade and other receivables	**7,206**		6,774	
Cash and cash equivalents	**1,015**		801	
Assets held for sale	**-**		271	
Total current assets		**11,067**		**9,641**
Total Assets		**19,882**		**16,809**
Liabilities				
Current liabilities				
Other financial liabilities	**512**		659	
Trade and other payables	**4,380**		3,870	
Provisions	**114**		142	
Current tax liabilities	**653**		682	
Total current liabilities		**5,659**		**5,353**
Non-current liabilities				
Other financial liabilities	**2,000**		1,331	
Trade and other payables	**21**		-	
Deferred tax liabilities	**422**		144	
Total non-current liabilities		**2,443**		**1,475**
Total liabilities		**8,102**		**6,828**

Net assets	**11,780**	**9,981**
Equity		
Share capital	**1,481**	1,481
Share premium account	**1,254**	1,254
Capital redemption reserve	**94**	94
Other non-distributable reserve	**766**	766
Reserve for own shares	**(322)**	(322)
Share scheme reserve	**43**	26
Foreign exchange reserve	**772**	36
Retained earnings	**7,372**	6,475
Equity attributable to equity holders of the parent company	**11,460**	9,810
Minority Interest	**320**	171
Total equity	**11,780**	**9,981**

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Unaudited consolidated cash flow statement for the year ended 31 December 2008

	2008	2007
Cash flows from operating activities	**£000**	£000
Profit from operations	**2,430**	2,395
Release of negative goodwill	**(231)**	-
Impairment of intangibles	**-**	15
Depreciation	**566**	383
(Profit)/loss on sale of property, plant and equipment	**(378)**	38
Share option charge	**17**	17
Increase in inventories	**(916)**	(515)
Decrease/(increase) in receivables	**148**	(864)
(Decrease)/ increase in payables	**(14)**	167
Exchange movements on working capital	**333**	-
(Decrease)/increase in provisions	**(28)**	48
Finance income	**139**	190
Finance costs	**(206)**	(243)
Tax paid	**(781)**	(414)
Net cash generated from operating activities	**1,079**	**1,217**
Cash flows from investing activities		
Acquisition of subsidiaries net of cash acquired	**(210)**	(383)
Purchase of property, plant and equipment	**(1,030)**	(847)
Expenditure on intangibles	**-**	(15)
Proceeds from disposal of property, plant and equipment	**691**	18
Net borrowing disposed of with subsidiary undertaking	**-**	134
Net cash used in investing activities	**(549)**	**(1,093)**
Cash flows from financing activities		
Dividends paid to shareholders	**(669)**	(554)
Net proceeds from issue of ordinary share capital	**-**	112
Payments for purchase of share capital in subsidiary	**(26)**	-
Net proceeds from issue of share capital to minority shareholders	**197**	-
Purchase of long term incentive plan shares	**-**	(322)
Finance lease repayment	**(59)**	(31)
New loans raised	**303**	581
Repayment of loans	**(214)**	(546)

Net cash used in financing activities	**(468)**	(760)
Net increase/(decrease) in cash and cash equivalents	**62**	(770)
Cash and cash equivalents at the beginning of the year	**541**	1,264
Effects of foreign exchange rate changes	**224**	47
Cash and cash equivalents at the end of the year	**827**	**541**

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Unaudited consolidated statement of recognised income and expense

for the year ended 31 December 2008	**2008**	2007
	£000	£000
Exchange differences on translation of foreign operations	**723**	75
Deferred tax movements in respect of share option scheme	**4**	(4)
Net income recognised directly in equity	**727**	71
Profit for the year	**1,553**	1,670
Total recognised income and expense for the year	**2,280**	**1,741**
Attributable to		
Equity shareholders	**2,302**	1,708
Minority interests	**(22)**	33
	2,280	**1,741**

Notes:

1. The calculation of basic earnings per share is based on the profit of £1,562,000 (2007: £1,637,000) and on 14,546,000 weighted average ordinary shares (2007 : 14,400,000) in issue. The calculation of diluted earnings per share is based on 15,053,000 (2007 : 15,069,000) shares in issue.

2. The financial information set out above has been prepared in accordance with the recognition and measurement principles of IFRS as endorsed for use in the European Union, using the accounting policies that were set out in the Group's Financial Statements for the year ended 31 December 2007. The Auditors have consented to the release of this preliminary statement.

3. The financial information set out above does not constitute the Company's Statutory Financial Statements within the meaning of Section 240 of the Companies Act 1985. The 2008 figures are based on unaudited financial statements for the year ended 31 December 2008. The auditors do not expect to issue a qualified report on the Statutory Financial Statements which will be finalised on the basis of the financial information presented by the Directors in the preliminary announcement and which will be delivered to the Registrar of Companies following the Company's Annual General Meeting.

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4. The comparatives for the full year ended 31 December 2007 are based on the latest Statutory Financial Statements. They are not the Company's full Statutory Financial Statements for the year. A copy of the Statutory Financial Statements for that year has been delivered to the Registrar of Companies. The auditors' report on those financial statements was unqualified, did not include references to any matters which the auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 237(2)-(3) of the Companies Act 1985.