

Norman Hay plc

Interim Results

Chairman's Statement

Pre-tax profits of £899,000 for the six months to June compared favourably with the first half of last year (2005: £334,000) on sales of £10.9m (2005: £10.1m).

Earnings per share of 4.4p (2005: 2.0p) enable us to pay an increased interim dividend of 1.3p per share (2005: 1.1p) and this will be paid on 3 November 2006 to shareholders on the register on 6 October 2006.

We continued to be cash generative and at the end of June the Group had no gearing.

Operational Overview

Ultraseal had a good half year with increased international sales, boosted by additional business from MX Systems, which joined the Group in July 2005.

Our surface coatings businesses continued to perform well with a significant improvement in our operations at Coventry and a useful contribution from APC, which we acquired in August 2005.

The new engineering division at Coventry, formed by the amalgamation of Plasticraft and Ultraseal Engineering, has settled in well.

Outlook

As we continue to streamline our operations in the UK, we remain focussed on international opportunities for our businesses. Whilst the summer months have been relatively slow, we remain encouraged by the Group's underlying performance.

Peter L Hay

Chairman

22 September 2006

Unaudited group profit and loss account for the half year ended 30 June 2006

	Notes	Unaudited 6 Months 2006 £000	Unaudited 6 Months 2005 £000	Audited 12 Months 2005 £000
Turnover		10,887	10,113	21,203
Gross profit		3,681	2,981	7,268
Distribution expenses		(258)	(219)	(446)

Administrative	- exceptional	(40)	--	(332)
	- other	(2,467)	(2,391)	(5,274)
		<hr/>	<hr/>	<hr/>
	Total administrative expenses	(2,507)	(2,391)	(5,606)
Operating profit		916	371	1,216
Profit/(loss) on disposal of business		91	--	(117)
Loss on disposal of assets		(82)	--	--
Interest receivable		39	28	69
Interest payable		(65)	(65)	(155)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities before taxation		899	334	1,013
Taxation charge		(239)	(70)	(243)
		<hr/>	<hr/>	<hr/>
Profit on ordinary activities after taxation		660	264	770
Minority Interest		(19)	21	22
		<hr/>	<hr/>	<hr/>
Profit for the period		641	285	792
Basic and diluted earnings per share	1	4.4p	2.0p	5.5p
Unaudited group statement of total recognised gains and losses				
Profit attributable to shareholders		641	285	792
Currency translation differences		(15)	9	19
		<hr/>	<hr/>	<hr/>
Total recognised gains and losses		626	294	811

Unaudited group balance sheet at 30 June 2006

	Unaudited	Unaudited	Audited
	30 June	30 June	31 Dec
	2006	2005	2005
Notes	£000	£000	£000

Fixed assets		5,751	5,914	6,185
Current assets	4	8,758	6,910	7,461
Creditors due within one year		4,676	5,016	4,420
Net current assets		4,082	1,894	3,041
Total assets less current liabilities		9,833	7,808	9,226
Creditors due after one year		1,275	464	1,313
Provision for liabilities and charges		34	-	34
		8,524	7,344	7,879

Capital and reserves

Called up share capital		1,452	1,452	1,452
Share premium account		1,170	1,170	1,170
Revaluation reserve		541	552	545
Capital redemption reserve		94	94	94
Other reserves		766	766	766
Profit and loss account		4,441	3,279	3,811
		8,464	7,313	7,838
Minority Interest		60	31	41
		8,524	7,344	7,879

Unaudited group cash flow statement at 30 June 2006

	Unaudited	Unaudited	Audited
	30 June	30 June	31 Dec
	2006	2005	2005
Notes	£000	£000	£000

Net cash inflow from operating activities	1,344	100	1,342
Return on investment and servicing of finance			
Interest Received	39	28	69
Interest paid	(56)	(59)	(145)
Interest element of finance lease rental payments	(9)	(6)	(10)
	<u>(26)</u>	<u>(37)</u>	<u>(86)</u>
Taxation			
Tax paid	(54)	-	(141)
Capital expenditure			
Purchase of tangible and intangible fixed assets	(142)	(129)	(435)
Sale of tangible fixed assets	85	-	73
	<u>(57)</u>	<u>(129)</u>	<u>(362)</u>
Acquisitions and disposals			
Sale of business and operations	-	-	5
Purchase of subsidiary operations	-	(120)	(874)
Net cash acquired with subsidiary undertaking	-	-	176
	<u>-</u>	<u>(120)</u>	<u>(693)</u>
Equity dividends paid	-	-	(348)
Net cash inflow/(outflow) before financing	1,207	(186)	(288)
Financing			
Issue of new shares	-	56	55
Purchase of own shares	-	(78)	(78)
Issue of new debt	-	-	1,200
Increase/(decrease) in debt	20	29	(506)
Capital portion of finance leases	(43)	126	87
	<u>(23)</u>	<u>133</u>	<u>758</u>

Increase/(decrease) in cash

1,184

(53)

470

Notes

1. The calculation of earnings per share is based on the profit of £641,000 (2005 : £285,000) and on the weighted average number of ordinary shares in issue 14,524,000 (2005 : 14,485,000)
2. The financial statements have been prepared on the basis of the accounting policies set out in the Group's statutory accounts for the year ended 31 December 2005.
3. These accounts do not constitute statutory accounts. The comparative figures for the year ended 31 December 2005 have been extracted from statutory accounts for the year then ended. These statutory accounts have been delivered to the Registrar of Companies, the auditors report on which was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.
4. Current assets include £216,000 receivable after more than one year in relation to the disposal of certain business activities.
5. This statement will be sent out to shareholders and copies will be made available at the Company's registered office, Godiva Place, Coventry CV1 5PN.
6. **Reconciliation of operating profit to net cash inflow from operating activities**

	Unaudited 6 Months 2006 £000	Unaudited 6 Months 2005 £000	Audited 12 Months 2005 £000
Operating profit	916	371	1,216
Share option charge	-	54	54
Depreciation, amortisation and impairment	491	182	922
Decrease/(increase) in stocks	54	(55)	(39)
Increase in debtors	(167)	(1,040)	(784)
Increase/(decrease) in creditors	50	588	(27)
Net cash inflow from operating activities	<u>1,344</u>	<u>100</u>	<u>1,342</u>