22 September 2008

NORCON PLC

INTERIM RESULTS
FOR THE SIX MONTHS PERIOD ENDING 30 JUNE 2008

Norcon plc ("Norcon" or "the Company"; LSE/AIM: NCON), an international leader in project management and outsourcing in the telecommunications, defence and IT sectors is pleased to announce its unaudited interim results for the six months ended 30 June 2008 (the "Interim Period"). This is the Company's first set of results since its Initial Public Offering ("IPO") on the AIM market of the London Stock Exchange on 28 July 2008. Results for the Interim Period are being compared to the full year 2007 figures as comparable half year 2007 figures are not easily available.

FINANCIAL HIGHLIGHTS:

- Revenue of US$35.1m for the Interim Period (Full Year 2007: US$55.1m)
- Gross profit of US$7.4m for the Interim Period (Full Year 2007: US$11.6m)
- Profit before tax of US$4.9m for the Interim Period (Full Year 2007: US$7.2m) after $0.4 million in extraordinary expenses related to the IPO
- Positive cash flows continue with cash increasing to US$5.5m, US$3.0m net cash, as of 30 June
- Pro forma earnings per share for the Interim Period on a basic and diluted basis of US$0.09 compared to US$0.14 for the full year 2007 on a base of 40,000,000 shares (see note r)

OPERATIONAL HIGHLIGHTS:

- Continued strong sales growth to established telecommunications and IT clients in the Middle East and Southeast Asia, and successful expansion into Kuwait
- Staff growth to 630 at period end, from 586 at 31 March 2008, with consultant utilisation levels remaining high at close to 95%
- All service orders with Norcon's long-standing key client in Saudi Arabia relating to the 2008 full year budget have been signed
- Additional opportunities exist in the defence command and control sector

Commenting on the results, Norcon's Chairman, Trond Tostrup, said:

"This has been a solid start to our current financial year, our first as a public company, with revenues increasing by more than 25% on an annualised basis. We continue to make progress in expanding our business and client relationships in our target markets of the Middle East and South East Asia, where economic conditions are robust and where there is an increasing demand for our services. We are therefore confident of achieving our revenue and net income targets for 2008 and goals for growth over the remainder of this year and beyond."

CONTACTS:

Norcon plc
Arnold Rørholt, Chief Executive Officer +47 (0) 90 11 66 90
Marne Martin, Chief Financial Officer +44 (0) 78 13 92 09 74

ICIS
Tom Moriarty, Christian Taylor-Wilkinson, or Caroline Evans-Jones +44 (0) 20 7651 8688

Finncap
Clive Carver or Rose Herbert +44 (0) 20 3207 3212

ABOUT NORCON:

Norcon is an international project management and outsourcing services business, operating in the telecommunications, IT and defence sectors. Headquartered in Cyprus, the Company has provided project management services since 1957 in more than 20 countries around the world and currently has 630 staff. www.norconplc.com

INTERIM STATEMENT FROM THE CEO, ARNOLD RØRHOLT

Introduction

I am pleased to report that the Company has delivered a robust set of interim results for the first half of 2008, in which Norcon once again achieved significant revenue and profits growth. I am delighted to state that, since the period end, Norcon achieved a major milestone in its development with a successful listing on the AIM market of the London Stock Exchange. Given the current difficult conditions in today's capital markets, this is an excellent endorsement of the Company's business and its future potential. We welcome on board our new shareholders.

Within our target vertical markets, we continue to experience strong demand for our project management and outsourcing services, resulting in expanded business with our largest client Saudi Telecom Company ("STC"), a large client win earlier this year in Kuwait with Kuwait Telecom Co. ("Viva"), and many other ongoing client engagements throughout the Middle East and Southeast Asia with Qatar Telecom ("Qtel"), Maxis ("Axis"), and others. In addition, we are now pursuing profitable acquisition opportunities complimentary to our business.

Review of Operations

The strong demand we have witnessed so far this year has driven an increase in turnover of 27% with profit before tax increasing by 35% on an annualised basis compared to 2007. This is despite incurring US$415,000 of mostly non-recurring IPO related costs. Turnover has increased strongly compared to last year while we have maintained a tight control on our costs. The mild recovery of the US Dollar, subsequent to the period end, was received positively by the Company, especially the affect on the dollar to euro conversion rate, as this helped ease some of the pressure on staff salaries. Given the Company's share price is quoted in sterling, the appreciation of the US Dollar against the pound was also positive for the Company.

We regard our relationship with our long term client, STC, to be as strong as ever. We have signed recently numerous service orders under the current Master Purchase agreement for multiple projects and we look forward to working with them for many more years to come.

However, broadening the diversity of our client base is a long-term strategic goal to reduce our reliance on our key client in Saudi Arabia. In this regard, we have made good progress with our contract wins referenced above, and expect to continue this trend in the future with ongoing project discussions currently in UAE, Qatar, Oman, Norway, Malaysia, Pakistan, Vietnam and others. Furthermore, the Company is pursuing additional project management opportunities in the defence sector where project spending is accelerating in the Gulf region.

Staff numbers have increased since the year-end to support this growth. As of 30 June, Norcon had 630 employees, up from 568 as of 31 March, and consultant utilisation levels remain close to 95%.

Finally, we continue to maintain our position as the independent market leader in our core markets. We expect to be able to defend and expand this position through additional contract wins, as well as pursuing targeted acquisition opportunities that reinforce our market leadership, growth projections and financial strength.

Strategy

Our continuing strategy to achieve our organic growth targets is to expand our long-term outsourcing business with project management clients and increase the number of new project/outsourcing contracts. In addition, we have commenced a programme to identify additional potential acquisition targets that will strengthen our market position and accelerate growth. While retaining our focus on the Middle East and South East Asian markets, we will continue to look at opportunities to further extend into the Asiatic and Oceanic regions, as well as potentially into Africa.

Management and the Norcon plc Board

Effective as at the time of the IPO, Marne Martin was appointed Chief Financial Officer and greatly adds to the abilities of the senior management team. She joins Gaute Vik and me to make up the three Executive Directors on the newly formed Norcon plc Board. Trond Tostrup joins the Company as Norcon's Chairman, Jørn Longem was appointed as another non-executive Director and we are pleased that Kenneth West has joined the Board as our Independent non-executive Director, all appointments effective as of 28 July 2008.

I am also happy to announce that effective as of our IPO, we have implemented a long term incentive programme for senior management.

Dividend

Prior to the end of the Interim Period, the previous Board of Directors declared a US$5.1m dividend to shareholders of record as of 31 December 2007. The current Norcon plc Board will uphold the post-IPO dividend policy of paying out fifty percent of net income and expects to declare a dividend in the first half of 2009, following the announcement of our final results for the year ending 31 December 2008. Therefore, shareholders on Norcon's register at the time of declaration in 2009 will be the ones entitled to receive the dividend related to the 2008 net income results.

Outlook

At the date of these results, we have visibility for the full year 2008 performance and well into 2009. We continue to see very strong economic performance in Norcon's core markets and an increase in spending within the oil rich economies in which we operate. This will continue to support our growth in the future and we look forward to a successful outcome for the full year.

On behalf of the Board, I would like to take this opportunity to thank all our employees for their excellent commitment, contribution and hard work during the first half of the year. I would also like to welcome the new employees who have joined Norcon during the period, bringing with them skills and initiatives that I am confident will contribute positively to the Company going forward.

Arnold Rørholt
Chief Executive Officer
19 September 2008

FINANCIAL REVIEW

Summary

Norcon's performance during the first six months of 2008 has been very positive. Turnover for the Group was up by 27% on an annualised basis to US$35.1m for the Interim Period. Geographically, we saw revenue growth across all of the countries in which we operate.

Gross profit of US$7.4m for the Interim Period was up 28% on an annualised basis compared to the full year results of US$11.6.m in 2007.

Profit before tax of US$4.9m for the Interim Period was up by 35% on an annualised basis compared to the full year 2007 figure of US$7.2m, despite incurring non-recurring expenses of US$0.4m related to the IPO. This increase is primarily due to increased staff numbers while maintaining the continued high utilisation of staff at a level of close to 95%, and tight cost control.

Profit after tax for the Interim Period was US$3.7m, up 30% on an annualised basis compared to the full year 2007 result of US$5.7m. Tax rates increased a few percentage points to 24%, and we continue to project a 25% average tax rate for the full year 2008.

Pro forma earnings per share were US$0.09 for the Interim Period compared to the US$0.14 earnings per share for the full year 2007, an increase of 29% on an annualised basis. Earnings per share for comparison of both periods is calculated on the number of shares issued by Norcon in consideration for the transfer of the entire issued share capital of Norconsult Telematics Ltd, but excluding the number of shares issued to the public as part of the admission process as of 28 July 2008. Earnings per share for the full year will be calculated on the shares in issue as of 31 December 2008.

Costs

Costs of goods sold totalled US$27.6m for the period. This represents an increase of 27% on an annualised basis compared to the 2007 figure of US$45.8m.

General, administrative and financial expenses totalled US$2.5m for the period, including the $0.4m of mostly non-recurring expenses related to the admission process. On an annualised basis, this equates to 20% growth compared to the 2007 figure of US$4.2 million. Removing the charges related to the IPO process, the annualised growth was 10%.

Cash Flow

Cash flow continues to be positive and cash balances are expected to increase in the second half of the year. This is as a result of increased invoicing to, and then collections from, Norcon's key client following the signing of a large number of service orders in July relating to work begun earlier in the year and lasting through year-end.

Balance Sheet

Cash at the end of the Interim Period increased compared to year end 2007. As at 30 June, cash was US$5.5m or US$3.0m net, reflecting the outstanding short term loan balance of US$2.5m related to factoring of select accounts receivable balances. There were no amounts outstanding from the overdraft facility and the Company remains net asset positive on the balance sheet.

Accounts receivable balances increased as of the period end in line with the overall increase in turnover and the typical cyclicality seen in the business, but have decreased significantly since.

Cash conversion is expected to accelerate in the second half of the year as mentioned above with accounts receivable therefore projected to be at lower levels by 31 December compared to 30 June.

Relating to the 2007 earnings, a US$5.1m dividend was declared prior to the IPO in June 2008 to the shareholders as of 31 December 2007. The first half of this dividend (US$2.5 million) was paid in August and the remainder will be paid in the autumn of this year.

Retained earnings (after the deduction for the $5.1m dividend) totalled US$8.6m as of the end of the Interim Period.

Taxation

Taxes were accrued in the amount of US$1.2m during the period at an average tax rate of 24%. For the full year, the Company is forecasting taxes to be at a rate of 25%, which is an increase over the average 22% rate reflected in 2007. This projected increase in the blended tax rate is largely due to a 5% withholding tax on dividends and other payments from Saudi Arabia.

Foreign Exchange

Foreign exchange losses in the period were minimal. The Company is continuing its policy of denominating revenue and expenses either in the local currency if pegged to the US dollar or in US dollars to the extent feasible.

International Financial Reporting Standards (IFRS)

The Interim Consolidated Financial Statements of Norcon and its branches and subsidiary companies ("Norcon Group") are prepared in conformity with all IFRS Standards (International Financial Reporting Standards, formerly International Accounting Standards) and Interpretations of the IASB (International Accounting Standards Board). The same accounting and valuation method as was used for the 2007 Annual Consolidated Financial Statements was applied. The Interim Consolidated Financial Statements have neither been audited nor reviewed.

Marne Martin
Chief Financial Officer
19 September 2008

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2008

CONSOLIDATED INCOME STATEMENT

	6 Months to 30 June 2008	*12 Months to 31 Dec 2007*
	US$'000	***US$'000***
Turnover	35,045	55,139
Cost of sales	(27,637)	(43,553)
Gross profit	7,408	11,586
Operating and administrative expenses	(2,399)	(3,382)
Other operating income	18	-
Profit from operations	5,027	8,204
Diminution in value of investments	(23)	(6)
Profit/(loss)on disposal of fixed assets	-	(39)
Finance income	-	107
Finance cost	(125)	(935)
Partner's share of Pakistan profit	-	(90)
Share of loss of associate	-	(4)
Profit before tax	4,879	7,237
Defence tax contribution	-	(10)
Income tax expense	(1,213)	(1,569)
Profit for the year	3,666	5,658
Attributable to:		
Equity holders of the parent	3,666	5,661
Minority interest	(0)	(3)
	3,666	5,658
	US$	***US$***
Pro forma earnings per share (note r)	0.09	0.14

CONSOLIDATED BALANCE SHEET

	As At 30 June 2008 US$'000	*As At 31 Dec 2007 US$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	105	77
Investments	-	-
Investment in associate	594	594
	699	671
Current assets		
Work in progress	65	-
Trade and other receivables	40,072	30,402
Cash and cash equivalents	5,496	4,475
	45,632	34,877
Total assets	46,332	35,548

CONSOLIDATED BALANCE SHEET (Continued)

	As At 30 June 2008 US$'000	As At 31 Dec 2007 US$'000
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	22	22
Legal reserve	17	17
Exchange difference reserve	90	90
Retained earnings	8,625	10,059
Equity attributable to the equity holders of the parent	8,754	10,188
Minority interest	21	21
	8,775	10,209
Non-current liabilities		
Provision for employees' terminal benefits	5,058	4,296
Current liabilities		
Trade and other payables	28,603	17,897
Bank overdraft	-	12
Income tax payable	1,392	1,334
Short-term loan	2,504	1,800
	32.499	21,043
Total equity and liabilities	46,332	35,548

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2008 US$'000	*12 Months to 31 Dec 2007 US$'000*
Cash flows from operating activities		
Profit for the year before taxation	3,666	7,237
Adjustments for:		
Depreciation	23	47
Impairment of investment	-	6
Movement in provision for employees' terminal benefits	762	1,126
Loss on disposal of fixed assets	-	39
Exchange difference	-	(3)
Operating profit before working capital changes	4,451	8,452
Increase in work in progress	(65)	-
Increase in receivables	(9,663)	(4,230)
Increase in creditors	5,739	847
(Decrease)/increase in related parties	4,967*	(2,792)
Cash generated from operations	5,429	2,277
Income tax paid and other items	(1,811)	(1,189)
Net cash generated from operating activities	3,618	1,088
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	6
Payments to acquire fixed assets	-	(28)
Net cash used in investing activities	-	(22)
Cash flows from financing activities		
Short term loan	2,504	1,812
Investments	-	-
Dividend declared	(5,100)	-
Net cash used in financing activities	(2,596)	1,812

CONSOLIDATED CASH FLOW STATEMENT (Continued)

Net increase in cash and cash equivalents	1,022	2,878
Cash and cash equivalents at beginning of year	4.474	1,597
Cash and cash equivalent at end of year	5,496	4,474

*Includes the US$5.1m dividend.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	*Retained earnings*	*Legal reserve*	*Exchange difference reserve*	*Total*	*Minority interest*	*Total equity*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2007	22	10,059	17	90	10,188	21	10,209
Net profit for the year	-	3,666	-	-	3,666	-	3,669
Declared dividend	-	(5,100)	-	-	(5,100)	-	(5,100)
As at 30 June 2008	22	8,625	17	90	8,754	21	8,775

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial information is based on the consolidated financial statements of the Group which have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards.

The principal accounting policies that are followed by the Group are shown below for a better understanding and evaluation of the financial statements.

a) Basis of preparation

The Interim Consolidated Financial Statements of Norcon and its branches and subsidiary companies ("Norcon Group") are prepared in conformity with all IFRS Standards (International Financial Reporting Standards, formerly International Accounting Standards) and Interpretations of the IASB (International Accounting Standards Board).

Significant inter-branch balances are eliminated. The financial statements are prepared in United States Dollars.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company, its branches, subsidiaries and associates.

For this purpose a subsidiary is an entity in which the controlling interest is more than 50% of the voting power and where the company has the power to govern the financial and operating policies so as to obtain benefits from its activities.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale.

The results or subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Goodwill arising on the acquisition of the subsidiaries and associate is recognised as an asset. The excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised in the income statement in the year of acquisition. The Group annually reviews goodwill arising on the acquisition of subsidiaries for any impairment. If impairment occurs, this is transferred to the income statement.

c) Significant accounting estimates and assumptions

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgment in the process of applying the Company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management anticipates that any estimates and judgements made do not have a material effect on the results.

d) Foreign exchange

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in United States Dollars, which is the functional and presentational currency of the Group.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are expressed in United States dollars using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and recognised in the Group's foreign currency translation reserve. Such exchange differences are recognised in the income statement in the period in which the foreign operation is disposed of.

e) Revenue recognition

Revenue from a contract to provide services is recognised by reference to the progress of completion of the contract based on the provisions of each contract.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

f) Property, plant and equipment

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than land and properties under construction, over the estimated useful lives, using the straight line method.

The estimated useful lives of the assets are as follows:

	Months
Furniture, fittings and equipment	36 - 80
Computer hardware and software	36 - 80
Motor vehicle	36 - 60

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

g) Taxation

Tax is calculated as follows:

The current and deferred taxation are recognized as income or expense for the year.

The provision for income tax and special defence contribution for the year is calculated in accordance with the Income Tax Laws. Deferred taxation is calculated on the basis of the rates ruling at the balance sheet date.

The debit balances of the deferred taxation arriving from deductible temporary differences are recognised to the extent of the anticipated taxable profits.

h) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

i) Financial assets and trade receivables

The Group does not have any financial assets other than trade receivables.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at cost, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

j) Financial liabilities and equity instruments issued by the Group

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. The Group does not have any financial liabilities 'at fair value through profit or loss'.

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at cost with interest expense recognised on an effective yield basis.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

k) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

l) Employees' terminal benefits

Provision is made for amounts payable under applicable local laws and regulations and employment contracts applicable to employees' accumulated period of service at the balance sheet date. The provision at the year end is calculated by reference to the benefit accrued at that date.

m) Work in progress

Contract work in progress is calculated at cost, plus attributable profit, less amount received or receivable as progress payments.

n) Contingent liabilities

Contingent liabilities are disclosed if the confirmation of the expense or loss is considered possible from future events.

o) Segmental reporting

A segment is a component of the Group distinguishable by economic activity (business segment) or by its geographical location (geographical segment), which is subject to risks and rewards that are different from those of other segments.

p) Post balance sheet events

Current assets and liabilities of the company are adjusted to reflect any post balance sheet events and include additional information for amounts calculated on the basis ruling at the balance sheet date.

q) Turnover

Value of work executed represents engineering consultancy work executed in the company's operating markets, stated at invoiced value net of discounts.

r) Earnings per share

The following reflects the income and share data used in calculating basic and diluted earnings per share.

		Period End:
	30 June 2008	***31 Dec 2007***
	US$'000s	***US$'000s***
Profit for the year attributable to the equity holders of the parent	3,666,323	5,660,559
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	40,000,000	40,000,000
	US$ cents	***US$ cents***
Pro forma earnings per share (EPS)	0.09	0.14

There is no difference between basic EPS and diluted EPS as there were no shares options or warrants in issue as of 30 June 2008 or 31 December 2007, although warrants in the amount equivalent to 411,231 ordinary shares were issued to JM Finn Capital Markets Limited in relation to the admission to the AIM market of the London Stock Exchange as of 28 July 2008.

s) Investment

The investment relates to the Group's 40% interest in Norconsult Telematics Philippines Inc, a company incorporated in the Philippines. Norconsult Telematics Philippines Inc has not been accounted for using the equity method of accounting in these consolidated financial statements as its results and net asset position is considered by the directors to be immaterial to the Group.

t) Short-term loan

The short term loan is secured over the assignment of certain trade receivable invoices. It carries interest at commercial rates and is repayable within one year.

u) Contingent liabilities

A letter of guarantee for the Company's branch in Saudi Arabia of US$26,667 and banker guarantee letters related to the Saudi Zakat tax of US$3,454,700 was in issue as at 30 June 2008 (2007: Tax - US$1,855,005) in respect of contract performance.

A letter of guarantee (Performance Bonds) for the Company's branch in Qatar of US$21,779 was in issue as at 30 June 2008 (2007: US$18,668).

Letters of guarantee (Performance Bonds) for the Company's branch in UAE amounting to US$798,000 and US$120,400 were in issue as at 30 June 2008 (2007: US$918,400 and US$120,400).

A letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch and AED30,000 for general labour guarantees were in issue as at 30 June 2008 (2007: AED50,000 and AED30,000).

v) Financial instruments and risk management

Financial instruments consist of financial assets and financial liabilities. Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets of the Group include investments, cash and cash equivalents, deposits and receivables.

Financial liabilities of the Group include payables, bank overdraft and other creditors and accrued liabilities.

The risks involved with financial instruments and the Group's approach to controlling such risks are explained below:

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed the statement of changes in equity.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's functional currency is the United States Dollar. The Group does not have significant exposure in other currencies, other than those recognised and disclosed in the Financial Statements. The exchange rate for the majority of the receivables is fixed (i.e. Saudi Arabia) or denominated in United States Dollars.

Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market conditions. The Group is exposed to market risk with respect to its investments and receivables.

The Group limits its market risk by maintaining a conservative investment portfolio and continuously monitoring the related factors which affect their valuation.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group has time deposits that are subject to interest rate risk. Interest rate risk to the Group is the risk of changes in market interest rates reducing the overall return on its interest bearing time deposits. The Group limits interest rate risk by following up changes in interest rates in the currencies in which its time deposits are denominated.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group employs certain policies and procedures in order to maintain credit risk exposures within reasonable limits.

The Group monitors receivables on an ongoing basis and continuously follows up outstanding balances for collection.

The credit risk on liquid funds is limited, as the counter parties are well known banks, with high credit rating by international credit rating agencies.

The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset as disclosed in the financial statements.

Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial liabilities. Liquidity requirements are monitored on a regular basis and management is confident that sufficient funds are available to meet any commitments as they may arise.

w) Fair value

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair value of assets and liabilities, approximate their carrying values at the balance sheet date, assuming the company will continue as a going concern without any intention or need to liquidate, undertake transactions on adverse terms or materially discontinue its operations.

x) A copy of this announcement is available from the Company's website, www.norconplc.com.