9 September 2009

NORCON PLC

INTERIM RESULTS
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2009

Norcon plc ("Norcon" or "the Company"; LSE/AIM: NCON), an international leader providing services to clients in the telecommunications, IT and defence sectors, is pleased to announce its unaudited interim results for the six months ended 30 June 2009 (the "Interim Period").

FINANCIAL HIGHLIGHTS:

- Revenue increased by 7% to US$37.4m (H1 FY 2008: US$35.1m)
- Gross profit increased by 5% to US$7.8m (H1 FY 2008: US$7.4m)
- Profit before tax increased by 6% to US$5.2m (H1 FY2008: US$4.9m)
- Cash flows from operations increased by 36% to US$7.6m
- Net cash increased by 67% to US$5.0m (30 June 2008: US$3.0m net cash)
- Steady pro forma earnings per share of US$0.09 despite a $0.35m LTIP charge (H1FY2008: US$0.09) (see note r)
- Previously declared US$0.078 per share dividend to be paid 13 November 2009

OPERATIONAL HIGHLIGHTS:

- Continued strong sales to established telecommunications and IT clients in the Middle East and Southeast Asia
- Expansionary focus into India and South Africa
- Exciting opportunities in the defence command and control sector
- Increased focus on strategic partnerships and acquisitions

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

"At the date of these results, our long-term contracts and high levels of client retention mean that we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing and new clients and on acquisitions. 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."

CONTACTS:

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

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

FinnCap
Clive Carver or Rose Herbert +44 (0) 20 7600 1658

ABOUT NORCON:

Norcon is an international leader providing services to clients in the telecommunications, IT and defence sectors. A multinational company, Norcon has provided project management services since 1957 in more than 20 countries around the world. www.norconplc.com

INTERIM STATEMENT FROM THE CEO, ARNOLD RØRHOLT

Introduction

I am pleased to report that Norcon has delivered another strong set of interim results for the first half of 2009. Our established reputation and client relationships have enabled the continuation of the success achieved in 2008 and prior years. Once again, Norcon has achieved measurable revenue and profits growth.

Our focus on delivering high quality services into emerging markets to our telecom and defence clients has to a large degree insulated us thus far from the downturn in the broader global economy. As regards our largest market, Saudi Arabia, we have signed contracts in line with our budget for the current financial year.

As per our stated growth strategy, we were pleased to announce activities during the first half in the new geographies of South Africa and India. Additional developments during the half also included entering the final stages of renewal and expansion of a defence project in the UAE, the exploration of additional prospects for growth within the defence sector, as well as the pursuit of several strategic partnership and acquisition opportunities. We therefore expect the favourable performance achieved in the first half of the year to continue into a satisfactory second half.

In preparation for next year, we are expanding our range of services to existing and new clients, such as advisory services related to operations and have successfully commenced on this track. We are well positioned to enter this market having had many years experience managing the implementation of our clients' networks. We therefore believe the Company is well placed to face the opportunities and challenges that the future may bring.

Review of Operations

Despite the softening economic conditions globally, our focus on relatively resilient markets and our strong customer relationships have driven a continued demand for our services in the half year, resulting in an increase in turnover of seven percent, all from organic sources, to US$37.4m. Operational efficiencies and flexibility have allowed the Company's margins to remain steady during the current financial period. Norcon's focus is to maintain a steady percentage of earnings after tax and continued cash conversion.

Staff numbers have decreased since the year-end as levels have been optimised with clients and throughout the Company. As of 30 June, Norcon had 579 employees, down from 657 as of 31 December 2008, as planned in the budget.

Telecom Growth Strategy

Diversification outside of Saudi Arabia remains a key goal as 78% of our revenue comes from a variety of private and governmental clients in that market. We continue to seek entry into new geographical areas and were pleased to announce during the period the signing of a strategic partnership with Metro Telworks, a leading Indian wireless telecom networks specialist. The Company also secured its first small contract in South Africa, with Cell-C, the country's third largest mobile telecoms network. We hope this will lead to larger engagements in this region. As mentioned above, we are also further expanding our service offerings, moving into advisory services related to the operation and maintenance of installed telecoms networks.

Defence Growth Strategy

The Company is pursuing additional project management opportunities in the defence sector where project spending is accelerating in the Gulf region. The UAE, Qatar and Saudi Arabia in particular are investing heavily in defence. Typically, governments employ consultancies for the design and management of the larger, more complex IT defence projects, such as Command and Control systems, to manage their growing number of defence assets. With our 30 years' of experience in this area, we believe Norcon is well positioned to capitalise on the substantial number of opportunities in this field. With typically long lead times, we expect only a minor impact on revenues from this area in 2010, building into 2011.

Mergers & Acquisitions

As previously stated, we are seeking profitable acquisition and joint venture opportunities to strengthen our market position and accelerate growth. While retaining our focus on the Middle East and Southeast Asian markets, we will continue to look at opportunities to further extend into the Asiatic and African regions. We operate in a fragmented market-place and believe there are significant opportunities for us to acquire entry into these new markets through acquisition. We expect to pursue this strategy more aggressively in the second half of the year.

Strengthening Competitive Positioning

Finally, we believe during the period we have strengthened our competitive position in our key markets. Being focused on only the more resilient geographies, we have avoided some of the difficulties encountered by some of our competitors. We believe that our financial and operational strengths will allow us to defend and continue to expand our market position in these key markets.

Dividend policy

Norcon is committed to maintaining an attractive dividend policy. The dividend of US$0.078 per share (US$3.22 million in total) previously declared and calculated as 50 per cent of 2008 net income, is payable in US dollars on 13 November 2009. Sterling payments will be made available for convenience to individual (non-nominee) shareholders residing in the British Isles or Channel Islands at an exchange rate calculated as of 9 November 2009. All other shareholders (including nominees) will receive payment in US dollars.

It is the Board's intention, subject to unforeseen adverse events, to broadly maintain this ratio of dividend payments and to declare a final dividend with the publication of the full year results in April payable in the autumn of the given year.

Outlook

At the date of these results, our long-term contracts and high levels of client retention mean we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing clients, focusing on new areas as well as on acquisitions. The speed to which we are successful will depend in part upon the relative strength of the oil rich and Asian economies in which we operate, and our continued success in our expansion strategy. We believe we are well placed to execute this strategy and continue to view the future with confidence.

Arnold Rørholt
Chief Executive Officer
9 September 2009

FINANCIAL REVIEW

Summary

Norcon's performance during the Interim Period has been positive. Turnover for the Group was up by 7% to US$37.4m. Geographically, we saw steady turnover and profits across all of the countries in which we operate, with 78% of the revenue derived from Saudi Arabian clients.

Gross profit of US$7.8m for the Interim Period was up 5% compared to US$7.4m in 2008, with a stable margin of 21%.

Profit before tax of US$5.2m for the Interim Period was up by 6% compared to the 2008 interim figure of US$4.9m, despite the additional fair value income statement charge of US$0.35m related to the Long Term Incentive Program.

Profit after tax for the Interim Period was US$3.7m, up marginally compared to the 2008 interim result.

Pro forma earnings per share were US$0.09 for the Interim Period compared to the US$0.09 earnings per share for the first half of 2008, stable despite the accrual in 2009 of the US$0.35m fair value charge related to the Long Term Incentive Plan. Earnings per share is calculated on the outstanding share base of 41,123,188 shares as of 30 June 2009. This share base has remained unchanged since the IPO as of 28 July 2008, but will be increased by 758,333 shares as the conditional share awards that vested as of 28 July 2009 pursuant to the Long Term Incentive Plan will be issued upon expiry of the close period.

Net income margin, despite the added fair value cost booked for the employee incentive program, increased to 10% for the period.

Costs

Costs of work executed totalled US$29.6m for the period. This represents an increase of 7% on an annualised basis compared to the 2008 interim figure of US$27.6m.

General, administrative and financial expenses totalled US$2.2m for the period. This equates to a decline of 12% compared to the 2008 interims figure of US$2.5 million.

The fair value charge of $0.35m related to the Long Term Incentive Program approved as of 28 July 2008 was accrued for in the Interim Period. Consequently, this expense was compensated by the reduction in the general, administrative and finance expenses.

Cash Flow

Cash flow from operations has increased greatly since year end and cash balances at the half year have on a net basis increased by more than US$7.0m from year end and US$2.0m compared to last year's interim results. Cash flow from operations for the first half has increased by 36% to US$7.6m and net cash balances by 67% to US$5.0m.

Balance Sheet

At 30 June, cash was US$5.4m (US$5.0m net), reflecting the outstanding short term loan balance of US$0.4m related to utilisation of the overdraft facility in Saudi Arabia.

Accounts receivable and prepayment balances of $25.1m decreased significantly as at 30 June 2009 compared to the US$40.1m at half year in 2008. This was largely due to shorter collection times achieved by the Saudi branch.

Trade and other accounts payable likewise declined to US$16.7m from US$28.6m.

The Company's current ratio has increased from US$13.3m in 2008 at the half year to US$18.5m as at the end of this Interim Period.

The provision for employees' terminal benefits increased as of the Interim Period to US$6.7m from $5.1m in 2008.

Retained earnings totalled US$11.5m (see the Consolidation Statement of Changes to Equity) as at the end of the Interim Period compared to US$8.6m in 2008 at the half year.

<u>Taxation</u>

Taxes were accrued in the amount of US$1.6m, from US$1.2m in 2008, during the Interim Period at a blended average tax rate of 30%. This blended rate is expected to be consistent for the full year.

<u>Foreign Exchange</u>

Foreign exchange losses in the period were within range and small. 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.

<u>International Financial Reporting Standards (IFRS)</u>

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 2008 Annual Consolidated Financial Statements was applied. The Interim Consolidated Financial Statements have not been audited.

Marne Martin
Chief Financial Officer
9 September 2009

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2009

CONSOLIDATED INCOME STATEMENT

	6 Months to 30 June 2009	***6 Months to 30 June 2008***
	US$'000	***US$'000***
Turnover	37,354	35,045
Cost of sales	(29,596)	(27,637)
Gross profit	7,758	7,408
Operating and administrative expenses	(1,885)	(2,399)
Other operating income	33	18
Profit from operations	5,906	5,027
Diminution in value of investments	(10)	(23)
Profit/(loss) on disposal of fixed assets	-	-
Finance income/(expense)	(310)	(125)
Accrued LTIP expense	(347)	-
Profit before tax	5,239	4,879
Defence tax contribution	-	-
Income tax expense	(1,557)	(1,213)
Profit for the half year	3,682	3,666
	US$	***US$***
Pro forma earnings per share (note r)	0.09	0.09

CONSOLIDATED BALANCE SHEET

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	120	105
Investments	87	-
Investment in associate	594	594
	801	699
Current assets		
Work in progress	7,250	65
Trade and other receivables	25,153	40,072
Cash and cash equivalents	5,353	5,496
	37,756	45,633
Total assets	38,557	46,332

CONSOLIDATED BALANCE SHEET (Continued)

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	822	22
Legal/LTIP reserve	347	17
Exchange difference reserve	-	90
Retained earnings*	11,453	8,625
Equity attributable to the equity holders	12,622	8,754
Minority interest	18	21
	12,640	8,775
Non-current liabilities		
Provision for employees' terminal benefits	6,693	5,058
Current liabilities		
Trade and other payables*	16,673	28,603
Bank overdraft	-	-
Income tax payable	2,198	1,392
Short-term loan	353	2,504
	19.224	32.499
Total equity and liabilities	38,557	46,332

*Includes in 2009 the $3,220,000 declared but unpaid dividend, and in 2008, the $5,100,000 dividend

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Cash flows from operating activities		
Profit for the year before taxation	5,239	4,879
Adjustments for:		
Depreciation	10	23
Impairment of investment	-	-
Movement in provision for employees' terminal benefits	529	762
Loss on disposal of fixed assets	-	-
Movement in foreign exchange/LTIP reserve	98	(90)
Operating profit before working capital changes	5,876	5,574
Increase in work in progress	(7,188)	(65)
Increase in receivables	6,649	(9,670)
Increase in creditors	3,686	5,797
(Decrease)/increase in related parties	3,108	4,967
Cash generated from operations	12,131	6,604
Income tax paid and other items	(4,568)	(1,032)
Net cash generated from operating activities	7,563	5,571
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	-
Payments to acquire fixed assets	-	(28)
Net cash used in investing activities	-	(28)
Cash flows from financing activities		
Net proceeds from borrowing	(10,305)	704
Interest paid	(152)	(125)
Dividend paid	(-)	(5,100)
Net cash used in financing activities	(10,457)	(4,521)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Net increase in cash and cash equivalents	(2,894)	1,022
Cash and cash equivalents at 1 January	8,247	4,474
Cash and cash equivalent at 30 June	5,353	5,496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital US$'000	***Retained earnings US$'000***	***Other reserves US$'000***	***Total US$'000***	***Minority interest US$'000***	***Total equity US$'000***
As at 31 December 2008	821	3,461	7,629	11,911	18	11,929
Net profit for the half year	-	3,682	-	3,682	-	3,682
Other activity	1	-	248	249	-	249
Declared dividend	-	(3,220)	-	(3,220)	-	(3,220)
As at 30 June 2009	822	3,923	7,877	12,622	18	12,640

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 Group for the 2008 half year results was composed of those branches and entities under Norconsult Telematics, Ltd. The Group for the 2009 half year results was composed of those branches and entities (including Norconsult Telematics, Ltd.) under Norcon plc, the entity created on 2 June 2008 for the purpose of facilitating the listing on the AIM market of the London Stock Exchange on 28 July 2008. Norcon plc owns 100% of Norconsult Telematics, Ltd.

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 the 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 2009 US$'000	***30 June 2008 US$'000***
Profit for the year	3,681,768	3,666,323
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	41,123,188	41,123,188
	US$	***US$***
Pro forma earnings per share (EPS)	0.09	0.09

The fully diluted EPS as of 30 June 2009 is likewise US$0.09, based on the inclusion of the 758,333 in vested share awards to be issued at the expiry of the close period and outstanding 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 in associates/Investments

The investment in associate relates to the Group's 50% interest in NT Saudi, Ltd., a dormant entity. The investment related to amounts in the Kuwaiti investment fund invested as per the Kuwaiti offset requirement.

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$90,080 and banker guarantee letters related to the Saudi Zakat tax of US$2,682,395 was in issue as at 30 June 2009 (2008: Performance – US$26,667 and Tax - US$3,454,700) in respect of contract performance.

A letter of guarantee (Performance Bond) for the Company's branch in Qatar of US$29,136 was in issue as at 30 June 2009 (2008: US$21,779).

A letter of guarantee (Performance Bond) for the Company's branch in UAE amounting to US$798,000 was in issue as at 30 June 2009 (2008: US$798,000 and US$120,400).

A letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 30 June 2009 (2008: AED50,000).

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.

9 September 2009

NORCON PLC

INTERIM RESULTS
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2009

Norcon plc ("Norcon" or "the Company"; LSE/AIM: NCON), an international leader providing services to clients in the telecommunications, IT and defence sectors, is pleased to announce its unaudited interim results for the six months ended 30 June 2009 (the "Interim Period").

FINANCIAL HIGHLIGHTS:

- Revenue increased by 7% to US$37.4m (H1 FY 2008: US$35.1m)
- Gross profit increased by 5% to US$7.8m (H1 FY 2008: US$7.4m)
- Profit before tax increased by 6% to US$5.2m (H1 FY2008: US$4.9m)
- Cash flows from operations increased by 36% to US$7.6m
- Net cash increased by 67% to US$5.0m (30 June 2008: US$3.0m net cash)
- Steady pro forma earnings per share of US$0.09 despite a $0.35m LTIP charge (H1FY2008: US$0.09) (see note r)
- Previously declared US$0.078 per share dividend to be paid 13 November 2009

OPERATIONAL HIGHLIGHTS:

- Continued strong sales to established telecommunications and IT clients in the Middle East and Southeast Asia
- Expansionary focus into India and South Africa
- Exciting opportunities in the defence command and control sector
- Increased focus on strategic partnerships and acquisitions

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

"At the date of these results, our long-term contracts and high levels of client retention mean that we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing and new clients and on acquisitions. 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."

CONTACTS:

Norcon plc	
Arnold Rørholt, Chief Executive Officer	+47 90 11 66 90
Marne Martin, Chief Financial Officer	+44 (0) 78 13 92 09 74
ICIS	
Tom Moriarty or Caroline Evans-Jones	+44 (0) 20 7651 8688
FinnCap	
Clive Carver or Rose Herbert	+44 (0) 20 7600 1658

ABOUT NORCON:

Norcon is an international leader providing services to clients in the telecommunications, IT and defence sectors. A multinational company, Norcon has provided project management services since 1957 in more than 20 countries around the world. www.norconplc.com

INTERIM STATEMENT FROM THE CEO, ARNOLD RØRHOLT

Introduction

I am pleased to report that Norcon has delivered another strong set of interim results for the first half of 2009. Our established reputation and client relationships have enabled the continuation of the success achieved in 2008 and prior years. Once again, Norcon has achieved measurable revenue and profits growth.

Our focus on delivering high quality services into emerging markets to our telecom and defence clients has to a large degree insulated us thus far from the downturn in the broader global economy. As regards our largest market, Saudi Arabia, we have signed contracts in line with our budget for the current financial year.

As per our stated growth strategy, we were pleased to announce activities during the first half in the new geographies of South Africa and India. Additional developments during the half also included entering the final stages of renewal and expansion of a defence project in the UAE, the exploration of additional prospects for growth within the defence sector, as well as the pursuit of several strategic partnership and acquisition opportunities. We therefore expect the favourable performance achieved in the first half of the year to continue into a satisfactory second half.

In preparation for next year, we are expanding our range of services to existing and new clients, such as advisory services related to operations and have successfully commenced on this track. We are well positioned to enter this market having had many years experience managing the implementation of our clients' networks. We therefore believe the Company is well placed to face the opportunities and challenges that the future may bring.

Review of Operations

Despite the softening economic conditions globally, our focus on relatively resilient markets and our strong customer relationships have driven a continued demand for our services in the half year, resulting in an increase in turnover of seven percent, all from organic sources, to US$37.4m. Operational efficiencies and flexibility have allowed the Company's margins to remain steady during the current financial period. Norcon's focus is to maintain a steady percentage of earnings after tax and continued cash conversion.

Staff numbers have decreased since the year-end as levels have been optimised with clients and throughout the Company. As of 30 June, Norcon had 579 employees, down from 657 as of 31 December 2008, as planned in the budget.

Telecom Growth Strategy

Diversification outside of Saudi Arabia remains a key goal as 78% of our revenue comes from a variety of private and governmental clients in that market. We continue to seek entry into new geographical areas and were pleased to announce during the period the signing of a strategic partnership with Metro Telworks, a leading Indian wireless telecom networks specialist. The Company also secured its first small contract in South Africa, with Cell-C, the country's third largest mobile telecoms network. We hope this will lead to larger engagements in this region. As mentioned above, we are also further expanding our service offerings, moving into advisory services related to the operation and maintenance of installed telecoms networks.

Defence Growth Strategy

The Company is pursuing additional project management opportunities in the defence sector where project spending is accelerating in the Gulf region. The UAE, Qatar and Saudi Arabia in particular are investing heavily in defence. Typically, governments employ consultancies for the design and management of the larger, more complex IT defence projects, such as Command and Control systems, to manage their growing number of defence assets. With our 30 years' of experience in this area, we believe Norcon is well positioned to capitalise on the substantial number of opportunities in this field. With typically long lead times, we expect only a minor impact on revenues from this area in 2010, building into 2011.

Mergers & Acquisitions

As previously stated, we are seeking profitable acquisition and joint venture opportunities to strengthen our market position and accelerate growth. While retaining our focus on the Middle East and Southeast Asian markets, we will continue to look at opportunities to further extend into the Asiatic and African regions. We operate in a fragmented market-place and believe there are significant opportunities for us to acquire entry into these new markets through acquisition. We expect to pursue this strategy more aggressively in the second half of the year.

Strengthening Competitive Positioning

Finally, we believe during the period we have strengthened our competitive position in our key markets. Being focused on only the more resilient geographies, we have avoided some of the difficulties encountered by some of our competitors. We believe that our financial and operational strengths will allow us to defend and continue to expand our market position in these key markets.

Dividend policy

Norcon is committed to maintaining an attractive dividend policy. The dividend of US$0.078 per share (US$3.22 million in total) previously declared and calculated as 50 per cent of 2008 net income, is payable in US dollars on 13 November 2009. Sterling payments will be made available for convenience to individual (non-nominee) shareholders residing in the British Isles or Channel Islands at an exchange rate calculated as of 9 November 2009. All other shareholders (including nominees) will receive payment in US dollars.

It is the Board's intention, subject to unforeseen adverse events, to broadly maintain this ratio of dividend payments and to declare a final dividend with the publication of the full year results in April payable in the autumn of the given year.

Outlook

At the date of these results, our long-term contracts and high levels of client retention mean we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing clients, focusing on new areas as well as on acquisitions. The speed to which we are successful will depend in part upon the relative strength of the oil rich and Asian economies in which we operate, and our continued success in our expansion strategy. We believe we are well placed to execute this strategy and continue to view the future with confidence.

Arnold Rørholt
Chief Executive Officer
9 September 2009

FINANCIAL REVIEW

Summary

Norcon's performance during the Interim Period has been positive. Turnover for the Group was up by 7% to US$37.4m. Geographically, we saw steady turnover and profits across all of the countries in which we operate, with 78% of the revenue derived from Saudi Arabian clients.

Gross profit of US$7.8m for the Interim Period was up 5% compared to US$7.4m in 2008, with a stable margin of 21%.

Profit before tax of US$5.2m for the Interim Period was up by 6% compared to the 2008 interim figure of US$4.9m, despite the additional fair value income statement charge of US$0.35m related to the Long Term Incentive Program.

Profit after tax for the Interim Period was US$3.7m, up marginally compared to the 2008 interim result.

Pro forma earnings per share were US$0.09 for the Interim Period compared to the US$0.09 earnings per share for the first half of 2008, stable despite the accrual in 2009 of the US$0.35m fair value charge related to the Long Term Incentive Plan. Earnings per share is calculated on the outstanding share base of 41,123,188 shares as of 30 June 2009. This share base has remained unchanged since the IPO as of 28 July 2008, but will be increased by 758,333 shares as the conditional share awards that vested as of 28 July 2009 pursuant to the Long Term Incentive Plan will be issued upon expiry of the close period.

Net income margin, despite the added fair value cost booked for the employee incentive program, increased to 10% for the period.

Costs

Costs of work executed totalled US$29.6m for the period. This represents an increase of 7% on an annualised basis compared to the 2008 interim figure of US$27.6m.

General, administrative and financial expenses totalled US$2.2m for the period. This equates to a decline of 12% compared to the 2008 interims figure of US$2.5 million.

The fair value charge of $0.35m related to the Long Term Incentive Program approved as of 28 July 2008 was accrued for in the Interim Period. Consequently, this expense was compensated by the reduction in the general, administrative and finance expenses.

Cash Flow

Cash flow from operations has increased greatly since year end and cash balances at the half year have on a net basis increased by more than US$7.0m from year end and US$2.0m compared to last year's interim results. Cash flow from operations for the first half has increased by 36% to US$7.6m and net cash balances by 67% to US$5.0m.

Balance Sheet

At 30 June, cash was US$5.4m (US$5.0m net), reflecting the outstanding short term loan balance of US$0.4m related to utilisation of the overdraft facility in Saudi Arabia.

Accounts receivable and prepayment balances of $25.1m decreased significantly as at 30 June 2009 compared to the US$40.1m at half year in 2008. This was largely due to shorter collection times achieved by the Saudi branch.

Trade and other accounts payable likewise declined to US$16.7m from US$28.6m.

The Company's current ratio has increased from US$13.3m in 2008 at the half year to US$18.5m as at the end of this Interim Period.

The provision for employees' terminal benefits increased as of the Interim Period to US$6.7m from $5.1m in 2008.

Retained earnings totalled US$11.5m (see the Consolidation Statement of Changes to Equity) as at the end of the Interim Period compared to US$8.6m in 2008 at the half year.

Taxation

Taxes were accrued in the amount of US$1.6m, from US$1.2m in 2008, during the Interim Period at a blended average tax rate of 30%. This blended rate is expected to be consistent for the full year.

Foreign Exchange

Foreign exchange losses in the period were within range and small. 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 2008 Annual Consolidated Financial Statements was applied. The Interim Consolidated Financial Statements have not been audited.

Marne Martin
Chief Financial Officer
9 September 2009

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2009

CONSOLIDATED INCOME STATEMENT

	6 Months to 30 June 2009	*6 Months to 30 June 2008*
	US$'000	***US$'000***
Turnover	37,354	35,045
Cost of sales	(29,596)	(27,637)
Gross profit	7,758	7,408
Operating and administrative expenses	(1,885)	(2,399)
Other operating income	33	18
Profit from operations	5,906	5,027
Diminution in value of investments	(10)	(23)
Profit/(loss) on disposal of fixed assets	-	-
Finance income/(expense)	(310)	(125)
Accrued LTIP expense	(347)	-
Profit before tax	5,239	4,879
Defence tax contribution	-	-
Income tax expense	(1,557)	(1,213)
Profit for the half year	3,682	3,666
	US$	***US$***
Pro forma earnings per share (note r)	0.09	0.09

CONSOLIDATED BALANCE SHEET

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	120	105
Investments	87	-
Investment in associate	594	594
	801	699
Current assets		
Work in progress	7,250	65
Trade and other receivables	25,153	40,072
Cash and cash equivalents	5,353	5,496
	37,756	45,633
Total assets	38,557	46,332

CONSOLIDATED BALANCE SHEET (Continued)

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	822	22
Legal/LTIP reserve	347	17
Exchange difference reserve	-	90
Retained earnings*	11,453	8,625
Equity attributable to the equity holders	12,622	8,754
Minority interest	18	21
	12,640	8,775
Non-current liabilities		
Provision for employees' terminal benefits	6,693	5,058
Current liabilities		
Trade and other payables*	16,673	28,603
Bank overdraft	-	-
Income tax payable	2,198	1,392
Short-term loan	353	2,504
	19.224	32.499
Total equity and liabilities	38,557	46,332

*Includes in 2009 the $3,220,000 declared but unpaid dividend, and in 2008, the $5,100,000 dividend

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Cash flows from operating activities		
Profit for the year before taxation	5,239	4,879
Adjustments for:		
Depreciation	10	23
Impairment of investment	-	-
Movement in provision for employees' terminal benefits	529	762
Loss on disposal of fixed assets	-	-
Movement in foreign exchange/LTIP reserve	98	(90)
Operating profit before working capital changes	5,876	5,574
Increase in work in progress	(7,188)	(65)
Increase in receivables	6,649	(9,670)
Increase in creditors	3,686	5,797
(Decrease)/increase in related parties	3,108	4,967
Cash generated from operations	12,131	6,604
Income tax paid and other items	(4,568)	(1,032)
Net cash generated from operating activities	7,563	5,571
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	-
Payments to acquire fixed assets	-	(28)
Net cash used in investing activities	-	(28)
Cash flows from financing activities		
Net proceeds from borrowing	(10,305)	704
Interest paid	(152)	(125)
Dividend paid	(-)	(5,100)
Net cash used in financing activities	(10,457)	(4,521)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Net increase in cash and cash equivalents	(2,894)	1,022
Cash and cash equivalents at 1 January	8,247	4,474
Cash and cash equivalent at 30 June	5,353	5,496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital US$'000	***Retained earnings US$'000***	***Other reserves US$'000***	***Total US$'000***	***Minority interest US$'000***	***Total equity US$'000***
As at 31 December 2008	821	3,461	7,629	11,911	18	11,929
Net profit for the half year	-	3,682	-	3,682	-	3,682
Other activity	1	-	248	249	-	249
Declared dividend	-	(3,220)	-	(3,220)	-	(3,220)
As at 30 June 2009	822	3,923	7,877	12,622	18	12,640

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 Group for the 2008 half year results was composed of those branches and entities under Norconsult Telematics, Ltd. The Group for the 2009 half year results was composed of those branches and entities (including Norconsult Telematics, Ltd.) under Norcon plc, the entity created on 2 June 2008 for the purpose of facilitating the listing on the AIM market of the London Stock Exchange on 28 July 2008. Norcon plc owns 100% of Norconsult Telematics, Ltd.

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 the 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 2009 US$'000	***30 June 2008 US$'000***
Profit for the year	3,681,768	3,666,323
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	41,123,188	41,123,188
	US$	***US$***
Pro forma earnings per share (EPS)	0.09	0.09

The fully diluted EPS as of 30 June 2009 is likewise US$0.09, based on the inclusion of the 758,333 in vested share awards to be issued at the expiry of the close period and outstanding 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 in associates/Investments

The investment in associate relates to the Group's 50% interest in NT Saudi, Ltd., a dormant entity. The investment related to amounts in the Kuwaiti investment fund invested as per the Kuwaiti offset requirement.

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$90,080 and banker guarantee letters related to the Saudi Zakat tax of US$2,682,395 was in issue as at 30 June 2009 (2008: Performance – US$26,667 and Tax - US$3,454,700) in respect of contract performance.

A letter of guarantee (Performance Bond) for the Company's branch in Qatar of US$29,136 was in issue as at 30 June 2009 (2008: US$21,779).

A letter of guarantee (Performance Bond) for the Company's branch in UAE amounting to US$798,000 was in issue as at 30 June 2009 (2008: US$798,000 and US$120,400).

A letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 30 June 2009 (2008: AED50,000).

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.

9 September 2009

NORCON PLC

INTERIM RESULTS
FOR THE SIX MONTH PERIOD ENDING 30 JUNE 2009

Norcon plc ("Norcon" or "the Company"; LSE/AIM: NCON), an international leader providing services to clients in the telecommunications, IT and defence sectors, is pleased to announce its unaudited interim results for the six months ended 30 June 2009 (the "Interim Period").

FINANCIAL HIGHLIGHTS:

- Revenue increased by 7% to US$37.4m (H1 FY 2008: US$35.1m)
- Gross profit increased by 5% to US$7.8m (H1 FY 2008: US$7.4m)
- Profit before tax increased by 6% to US$5.2m (H1 FY2008: US$4.9m)
- Cash flows from operations increased by 36% to US$7.6m
- Net cash increased by 67% to US$5.0m (30 June 2008: US$3.0m net cash)
- Steady pro forma earnings per share of US$0.09 despite a $0.35m LTIP charge (H1FY2008: US$0.09) (see note r)
- Previously declared US$0.078 per share dividend to be paid 13 November 2009

OPERATIONAL HIGHLIGHTS:

- Continued strong sales to established telecommunications and IT clients in the Middle East and Southeast Asia
- Expansionary focus into India and South Africa
- Exciting opportunities in the defence command and control sector
- Increased focus on strategic partnerships and acquisitions

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

"At the date of these results, our long-term contracts and high levels of client retention mean that we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing and new clients and on acquisitions. 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."

CONTACTS:

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

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

FinnCap
Clive Carver or Rose Herbert +44 (0) 20 7600 1658

ABOUT NORCON:

Norcon is an international leader providing services to clients in the telecommunications, IT and defence sectors. A multinational company, Norcon has provided project management services since 1957 in more than 20 countries around the world. www.norconplc.com

INTERIM STATEMENT FROM THE CEO, ARNOLD RØRHOLT

Introduction

I am pleased to report that Norcon has delivered another strong set of interim results for the first half of 2009. Our established reputation and client relationships have enabled the continuation of the success achieved in 2008 and prior years. Once again, Norcon has achieved measurable revenue and profits growth.

Our focus on delivering high quality services into emerging markets to our telecom and defence clients has to a large degree insulated us thus far from the downturn in the broader global economy. As regards our largest market, Saudi Arabia, we have signed contracts in line with our budget for the current financial year.

As per our stated growth strategy, we were pleased to announce activities during the first half in the new geographies of South Africa and India. Additional developments during the half also included entering the final stages of renewal and expansion of a defence project in the UAE, the exploration of additional prospects for growth within the defence sector, as well as the pursuit of several strategic partnership and acquisition opportunities. We therefore expect the favourable performance achieved in the first half of the year to continue into a satisfactory second half.

In preparation for next year, we are expanding our range of services to existing and new clients, such as advisory services related to operations and have successfully commenced on this track. We are well positioned to enter this market having had many years experience managing the implementation of our clients' networks. We therefore believe the Company is well placed to face the opportunities and challenges that the future may bring.

Review of Operations

Despite the softening economic conditions globally, our focus on relatively resilient markets and our strong customer relationships have driven a continued demand for our services in the half year, resulting in an increase in turnover of seven percent, all from organic sources, to US$37.4m. Operational efficiencies and flexibility have allowed the Company's margins to remain steady during the current financial period. Norcon's focus is to maintain a steady percentage of earnings after tax and continued cash conversion.

Staff numbers have decreased since the year-end as levels have been optimised with clients and throughout the Company. As of 30 June, Norcon had 579 employees, down from 657 as of 31 December 2008, as planned in the budget.

Telecom Growth Strategy

Diversification outside of Saudi Arabia remains a key goal as 78% of our revenue comes from a variety of private and governmental clients in that market. We continue to seek entry into new geographical areas and were pleased to announce during the period the signing of a strategic partnership with Metro Telworks, a leading Indian wireless telecom networks specialist. The Company also secured its first small contract in South Africa, with Cell-C, the country's third largest mobile telecoms network. We hope this will lead to larger engagements in this region. As mentioned above, we are also further expanding our service offerings, moving into advisory services related to the operation and maintenance of installed telecoms networks.

Defence Growth Strategy

The Company is pursuing additional project management opportunities in the defence sector where project spending is accelerating in the Gulf region. The UAE, Qatar and Saudi Arabia in particular are investing heavily in defence. Typically, governments employ consultancies for the design and management of the larger, more complex IT defence projects, such as Command and Control systems, to manage their growing number of defence assets. With our 30 years' of experience in this area, we believe Norcon is well positioned to capitalise on the substantial number of opportunities in this field. With typically long lead times, we expect only a minor impact on revenues from this area in 2010, building into 2011.

Mergers & Acquisitions

As previously stated, we are seeking profitable acquisition and joint venture opportunities to strengthen our market position and accelerate growth. While retaining our focus on the Middle East and Southeast Asian markets, we will continue to look at opportunities to further extend into the Asiatic and African regions. We operate in a fragmented market-place and believe there are significant opportunities for us to acquire entry into these new markets through acquisition. We expect to pursue this strategy more aggressively in the second half of the year.

Strengthening Competitive Positioning

Finally, we believe during the period we have strengthened our competitive position in our key markets. Being focused on only the more resilient geographies, we have avoided some of the difficulties encountered by some of our competitors. We believe that our financial and operational strengths will allow us to defend and continue to expand our market position in these key markets.

Dividend policy

Norcon is committed to maintaining an attractive dividend policy. The dividend of US$0.078 per share (US$3.22 million in total) previously declared and calculated as 50 per cent of 2008 net income, is payable in US dollars on 13 November 2009. Sterling payments will be made available for convenience to individual (non-nominee) shareholders residing in the British Isles or Channel Islands at an exchange rate calculated as of 9 November 2009. All other shareholders (including nominees) will receive payment in US dollars.

It is the Board's intention, subject to unforeseen adverse events, to broadly maintain this ratio of dividend payments and to declare a final dividend with the publication of the full year results in April payable in the autumn of the given year.

Outlook

At the date of these results, our long-term contracts and high levels of client retention mean we have good visibility for the rest of 2009 and we look forward to a successful outcome for the year as a whole. Beyond 2009, Norcon is focused on the further development of our business with a view to generating continued profitable growth through the broadening of our services with existing clients, focusing on new areas as well as on acquisitions. The speed to which we are successful will depend in part upon the relative strength of the oil rich and Asian economies in which we operate, and our continued success in our expansion strategy. We believe we are well placed to execute this strategy and continue to view the future with confidence.

Arnold Rørholt
Chief Executive Officer
9 September 2009

FINANCIAL REVIEW

Summary

Norcon's performance during the Interim Period has been positive. Turnover for the Group was up by 7% to US$37.4m. Geographically, we saw steady turnover and profits across all of the countries in which we operate, with 78% of the revenue derived from Saudi Arabian clients.

Gross profit of US$7.8m for the Interim Period was up 5% compared to US$7.4m in 2008, with a stable margin of 21%.

Profit before tax of US$5.2m for the Interim Period was up by 6% compared to the 2008 interim figure of US$4.9m, despite the additional fair value income statement charge of US$0.35m related to the Long Term Incentive Program.

Profit after tax for the Interim Period was US$3.7m, up marginally compared to the 2008 interim result.

Pro forma earnings per share were US$0.09 for the Interim Period compared to the US$0.09 earnings per share for the first half of 2008, stable despite the accrual in 2009 of the US$0.35m fair value charge related to the Long Term Incentive Plan. Earnings per share is calculated on the outstanding share base of 41,123,188 shares as of 30 June 2009. This share base has remained unchanged since the IPO as of 28 July 2008, but will be increased by 758,333 shares as the conditional share awards that vested as of 28 July 2009 pursuant to the Long Term Incentive Plan will be issued upon expiry of the close period.

Net income margin, despite the added fair value cost booked for the employee incentive program, increased to 10% for the period.

Costs

Costs of work executed totalled US$29.6m for the period. This represents an increase of 7% on an annualised basis compared to the 2008 interim figure of US$27.6m.

General, administrative and financial expenses totalled US$2.2m for the period. This equates to a decline of 12% compared to the 2008 interims figure of US$2.5 million.

The fair value charge of $0.35m related to the Long Term Incentive Program approved as of 28 July 2008 was accrued for in the Interim Period. Consequently, this expense was compensated by the reduction in the general, administrative and finance expenses.

Cash Flow

Cash flow from operations has increased greatly since year end and cash balances at the half year have on a net basis increased by more than US$7.0m from year end and US$2.0m compared to last year's interim results. Cash flow from operations for the first half has increased by 36% to US$7.6m and net cash balances by 67% to US$5.0m.

Balance Sheet

At 30 June, cash was US$5.4m (US$5.0m net), reflecting the outstanding short term loan balance of US$0.4m related to utilisation of the overdraft facility in Saudi Arabia.

Accounts receivable and prepayment balances of $25.1m decreased significantly as at 30 June 2009 compared to the US$40.1m at half year in 2008. This was largely due to shorter collection times achieved by the Saudi branch.

Trade and other accounts payable likewise declined to US$16.7m from US$28.6m.

The Company's current ratio has increased from US$13.3m in 2008 at the half year to US$18.5m as at the end of this Interim Period.

The provision for employees' terminal benefits increased as of the Interim Period to US$6.7m from $5.1m in 2008.

Retained earnings totalled US$11.5m (see the Consolidation Statement of Changes to Equity) as at the end of the Interim Period compared to US$8.6m in 2008 at the half year.

Taxation

Taxes were accrued in the amount of US$1.6m, from US$1.2m in 2008, during the Interim Period at a blended average tax rate of 30%. This blended rate is expected to be consistent for the full year.

Foreign Exchange

Foreign exchange losses in the period were within range and small. 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 2008 Annual Consolidated Financial Statements was applied. The Interim Consolidated Financial Statements have not been audited.

Marne Martin
Chief Financial Officer
9 September 2009

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2009

CONSOLIDATED INCOME STATEMENT

	6 Months to 30 June 2009	***6 Months to 30 June 2008***
	US$'000	***US$'000***
Turnover	37,354	35,045
Cost of sales	(29,596)	(27,637)
Gross profit	7,758	7,408
Operating and administrative expenses	(1,885)	(2,399)
Other operating income	33	18
Profit from operations	5,906	5,027
Diminution in value of investments	(10)	(23)
Profit/(loss) on disposal of fixed assets	-	-
Finance income/(expense)	(310)	(125)
Accrued LTIP expense	(347)	-
Profit before tax	5,239	4,879
Defence tax contribution	-	-
Income tax expense	(1,557)	(1,213)
Profit for the half year	3,682	3,666
	US$	***US$***
Pro forma earnings per share (note r)	0.09	0.09

CONSOLIDATED BALANCE SHEET

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	120	105
Investments	87	-
Investment in associate	594	594
	801	699
Current assets		
Work in progress	7,250	65
Trade and other receivables	25,153	40,072
Cash and cash equivalents	5,353	5,496
	37,756	45,633
Total assets	38,557	46,332

CONSOLIDATED BALANCE SHEET (Continued)

	As At 30 June 2009 US$'000	As At 30 June 2008 US$'000
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	822	22
Legal/LTIP reserve	347	17
Exchange difference reserve	-	90
Retained earnings*	11,453	8,625
Equity attributable to the equity holders	12,622	8,754
Minority interest	18	21
	12,640	8,775
Non-current liabilities		
Provision for employees' terminal benefits	6,693	5,058
Current liabilities		
Trade and other payables*	16,673	28,603
Bank overdraft	-	-
Income tax payable	2,198	1,392
Short-term loan	353	2,504
	19.224	32.499
Total equity and liabilities	38,557	46,332

*Includes in 2009 the $3,220,000 declared but unpaid dividend, and in 2008, the $5,100,000 dividend

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Cash flows from operating activities		
Profit for the year before taxation	5,239	4,879
Adjustments for:		
Depreciation	10	23
Impairment of investment	-	-
Movement in provision for employees' terminal benefits	529	762
Loss on disposal of fixed assets	-	-
Movement in foreign exchange/LTIP reserve	98	(90)
Operating profit before working capital changes	5,876	5,574
Increase in work in progress	(7,188)	(65)
Increase in receivables	6,649	(9,670)
Increase in creditors	3,686	5,797
(Decrease)/increase in related parties	3,108	4,967
Cash generated from operations	12,131	6,604
Income tax paid and other items	(4,568)	(1,032)
Net cash generated from operating activities	7,563	5,571
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	-
Payments to acquire fixed assets	-	(28)
Net cash used in investing activities	-	(28)
Cash flows from financing activities		
Net proceeds from borrowing	(10,305)	704
Interest paid	(152)	(125)
Dividend paid	(-)	(5,100)
Net cash used in financing activities	(10,457)	(4,521)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	6 Months to 30 June 2009 US$'000	*6 Months to 30 June 2008 US$'000*
Net increase in cash and cash equivalents	(2,894)	1,022
Cash and cash equivalents at 1 January	8,247	4,474
Cash and cash equivalent at 30 June	5,353	5,496

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital US$'000	***Retained earnings US$'000***	***Other reserves US$'000***	***Total US$'000***	***Minority interest US$'000***	***Total equity US$'000***
As at 31 December 2008	821	3,461	7,629	11,911	18	11,929
Net profit for the half year	-	3,682	-	3,682	-	3,682
Other activity	1	-	248	249	-	249
Declared dividend	-	(3,220)	-	(3,220)	-	(3,220)
As at 30 June 2009	822	3,923	7,877	12,622	18	12,640

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 Group for the 2008 half year results was composed of those branches and entities under Norconsult Telematics, Ltd. The Group for the 2009 half year results was composed of those branches and entities (including Norconsult Telematics, Ltd.) under Norcon plc, the entity created on 2 June 2008 for the purpose of facilitating the listing on the AIM market of the London Stock Exchange on 28 July 2008. Norcon plc owns 100% of Norconsult Telematics, Ltd.

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 the 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 2009 US$'000	***30 June 2008 US$'000***
Profit for the year	3,681,768	3,666,323
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	41,123,188	41,123,188
	US$	***US$***
Pro forma earnings per share (EPS)	0.09	0.09

The fully diluted EPS as of 30 June 2009 is likewise US$0.09, based on the inclusion of the 758,333 in vested share awards to be issued at the expiry of the close period and outstanding 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 in associates/Investments

The investment in associate relates to the Group's 50% interest in NT Saudi, Ltd., a dormant entity. The investment related to amounts in the Kuwaiti investment fund invested as per the Kuwaiti offset requirement.

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$90,080 and banker guarantee letters related to the Saudi Zakat tax of US$2,682,395 was in issue as at 30 June 2009 (2008: Performance – US$26,667 and Tax - US$3,454,700) in respect of contract performance.

A letter of guarantee (Performance Bond) for the Company's branch in Qatar of US$29,136 was in issue as at 30 June 2009 (2008: US$21,779).

A letter of guarantee (Performance Bond) for the Company's branch in UAE amounting to US$798,000 was in issue as at 30 June 2009 (2008: US$798,000 and US$120,400).

A letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 30 June 2009 (2008: AED50,000).

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.