20 September 2012

NORCON PLC
("Norcon" or the "Company")
INTERIM RESULTS

For the six month period ended 30 June 2012

Norcon plc (LSE/AIM: NCON), the global communications network specialist announces unaudited interim results for the six months ended 30 June 2012 (the "Interim Period"). As highlighted in the Company's announcement of 17 September, results for the period reflect slower than anticipated growth in certain new projects during the first half, combined with planned expansion investments designed to spur growth from 2013 onwards.

FINANCIAL HEADLINES:

- Revenue of US$25.3m (H1 2011: US$35.9m)
- Gross profit of US$2.9m (H1 2011: US$6.0m)
- Loss after tax of (US$0.5m) (H1 2011: US$2.4m profit)
- Negative net cash balance of US$1.5m (30 June 2011: US$1.1m net cash)
    - Significant proportion of outstanding balances collected post period end
    - Net cash improved by US$7.5m since period end
- Pro forma loss per share of (US$0.01) (H1 2011: US$0.05 profit)

OPERATIONAL HEADLINES:

- Delays in the commencement of certain projects have held back revenue and profit growth, albeit the turnover for the first half is broadly in line with expectations:
    - Slower than anticipated ramp of 4G projects in key Middle East marketplace, but with multi-year contracts now in place
    - Some delay in the roll-out of other international projects that are now being worked through and supported by new hires
- Long-term diversification strategy remains unchanged, with important investments made this half in key hires and expansion opportunities
    - Steve Preston appointed as CEO Norconsult Telematics in June, and now acting CEO of Norcon plc as of 17 September
    - Steve Barnett appointed General Manager Saudi Arabia in April
    - Appointment, post period end, of Neil Manson as General Manager UK/Europe
- Geographical and service line growth have remained key priorities in H1:
    - New client engagements secured in Southeast Asia
    - First two telecom client engagements secured in the US marketplace
    - Pipeline in Middle East, Africa and Europe continues to strengthen
- Strong client retention record maintained and developments in the telecom industry continue to support demand for Norcon's specialised telecom services

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

"This first half performance reflects a combination of factors which have served to significantly impact our profitability in the short term. We continue to believe strongly in our opportunity to secure profitable and sustainable growth by expanding in to growth markets and new services. We have pushed ahead with our investments in that opportunity, expanding our presence in to the US and continuing to win important mandates in Southeast Asia.

Those investments, however, have come alongside delays to certain new projects, thereby reducing our margins. We are taking important steps to improve our performance in our core market in the Middle East, while at the same time, continue to expect that the investments made in expansion will deliver returns from 2013 onwards."

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ABOUT NORCON:

Established in 1957, Norcon (LSE/AIM: NCON) has been a trusted consultant and project manager for more than half a century to governments and some of the world's largest global firms. These organisations rely on Norcon to select, implement and maintain a communication infrastructure that not only matches, but also supports the critical needs of their operations. Norcon's strength lies in its understanding of complex communication networks and their design.

www.norconplc.com

INTERIM STATEMENT FROM THE ACTING CEO, STEVE PRESTON

Overview

Results for this first half paint a mixed picture. At one level, we have continued to push ahead with our diversification plans, investing in geographies where we see long term growth potential, and hiring skilled and experienced staff who we believe can help us to take advantage of that potential. At the same time, however, our expansion efforts have come alongside certain negative factors that have served to depress our profitability in the first half.

First, we have seen some delay in the commencement of certain new projects outside of our core Middle East marketplace. Secondly, we have incurred additional costs in a key Middle East geography as we moved through a transition from the close out of completed projects to the commencement of new contracts won there. These new contracts have been secured with our main client in that geography and are multi-year in their nature, continuing into 2013 and lending some degree of stability to our business there. These contracts, however, come at the same time as a management transition within this client, resulting in less revenue visibility than we are typically used to and to some delay in the collection of past receivables.

As a consequence, we have redoubled our efforts to diversify our client base, specifically in the Middle East, in 2013. We continue to believe very strongly that the need for our widening services portfolio remains robust, particularly within our longer term client relationships as they implement the next generation of technologies (LTE/4G) and Fiber to the Home. As such, these short term delays do not dilute the importance of the expansion efforts we have undertaken. However, they have resulted in a short term impact on our profitability, which our team is now working hard to address.

Our efforts to address this impact may not bear fruit in 2012 and, as such, 2013 is expected to be a stronger year in terms of profitability.

Operations

The efforts begun several years ago to diversify the business in to new geographies continue to bear fruit. In this first half we have generated exciting new business for the Company, most notably in the USA where our newly established NGMC brand has secured its first two telecom clients in the US. This telecom services market working for the equipment vendors primarily is exciting as it broadens Norcon's industry reach. While many of Norcon's competitors carry out the largest percentage of their work for equipment vendors, Norcon has historically worked primarily with the operators directly. This strategy overall is continuing, but with the addition of a new segment of business in NGMC.

Our team has also won a substantial new project in Indonesia and a smaller project with an equipment vendor that was successfully converted from the pipeline also in Southeast Asia. This is very positive and strategic for that region as, after many years and a successful conclusion to our projects there, our existing engagement in Indonesia is set to end this month. Additional substantial projects are in the pipeline and we are hopeful that some will be converted in the Middle East and in Europe before year end 2012.

The Company has also been successful in renewing key contracts in core Middle East markets and we remain committed to and excited by the opportunities that exist in this region. However, the volume of business derived from the Middle East has declined in 2012 as expected, chiefly as a result of factors in the Middle East where the Company successfully closed a number of the legacy projects but saw delays in the expected ramp up of new 4G projects in core and other markets. As a positive, the larger contracts that have been won in the Middle East and Southeast Asia so far this year are multi-year ones that continue into 2013. Cash receipts have improved in the Middle East in the second half of the year post-Ramadan, as they similarly did last year.

Performance

The difficult economic conditions globally have meant that new client wins, other than in the US, have been delayed for longer than originally anticipated. The resultant effects of the "Arab Spring" have also had an impact in certain markets.

While the Company continues to have a strong position in the Middle East as a whole, the overall revenue and profit performance from our largest Middle East branch in this interim period was reduced compared to the first half of 2011. Consequently, the Company delivered a decreased turnover in H1 2012 of US$25.3m (H1 2011: US$35.9m).

Gross margin also declined between interim periods from 18% to 11% due to the costs of starting new projects, extenuation of the sales cycle and the decreased margin seen in the first half of 2012 from the Company's largest Middle East branch for reasons outlined above. The Company's focus continues to rest on delivering long-term, profitable growth for our shareholders.

Investing for future growth

Norcon has continued to pursue its strategy of revenue diversification and this remains our long-term goal. An important part of pursuing this growth is ensuring that we have the personnel necessary to capitalise on it.

As such, we have continued to invest in building our business for the future, through making key hires. We are especially pleased to announce that Neil Manson joined the Company in August as the General Manager UK/Europe. This hire, along with previous significant hires the Company made in 2012, will allow us to continue our strategic initiatives during the course of 2013.

The hires we have made are beginning to make a significant impact on the business and we continue to believe that the Company will reap the full benefits of these investments from 2013 and onward, as planned.

Dividend

Payment of the final 2011 dividend will come on 26 October.

The Board does not intend to pay an interim dividend.

People

On behalf of myself and Arnold, I would like to thank all of our Norcon employees for their continued commitment this half. I am confident that their on-going efforts will contribute to renewed business successes in the months ahead.

I would also like, on behalf of the Board, to reiterate our thanks to Marne Martin for her commitment to Norcon and its development in these past five years. We wish her well in her return to her native USA.

Outlook

At the date of these results, we continue to believe strongly in our opportunity to secure profitable and sustainable long-term growth by expanding in to growth markets and new services. We have pushed ahead with our investments in that opportunity, expanding our presence in to the US and continue to win important mandates in Southeast Asia and elsewhere.

However, as a result of the factors experienced in the first half of this year, we have for 2012 as a whole, reduced our expectations. These adjustments have been based on the forecasting process outlined in our announcement of 17 September. We remain confident that the investments we have made this year will reap benefits in 2013 and beyond and that our continued focus on the development and diversification of our business will deliver long term, sustainable returns.

Steve Preston
Acting Chief Executive Officer
20 September 2012

FINANCIAL REVIEW

Summary

Turnover for the Company during the period was US$25.3m in H1 2012, compared to US$35.9m in H1 2011. This reduction is chiefly due to the decrease seen in revenue from the Company's largest Middle East branch when compared to the same period last year.

Gross profit stood at US$2.9m for the Interim Period compared to US$6.0m in H1 2011. The gross margin of 11% is reduced from 18% in the prior year, again chiefly due to the decrease in profitability within the Company's largest Middle East branch and which was too significant to be offset by higher margin projects elsewhere.

Margins for the newest and most recently secured projects are healthy and as such the full year gross margin is expected to improve somewhat during the year. Profit before tax was breakeven for the Interim Period compared to the 2011 interim figure of US$3.3m.

Taxes were accrued of approximately US$0.5m given the applicable taxation in the profitable branches. The loss after tax is therefore US$0.5m for the Interim Period compared to the 2011 interim result of US$2.4m largely due to the front-loaded expenses paid in H1 and the cost of the new hires.

Pro forma loss per share of US$0.01 for the Interim Period compares to the US$0.05 earnings per share for the first half of 2011 using the same weighted average share base.

Costs

Costs of Sales totalled US$22.5m for the period compared to a 2011 interim figure of US$29.9m.

General, administrative and financial expenses totalled US$2.8m for the period, increased when compared to the 2011 interim figure of US$2.7m by the new hires and some start-up expenses of the new subsidiaries.

Cash Flow

Cash flow from operations was negative for the period given the large increase in accounts receivable. As explained below, significant funds have been collected since the end of the period and operational cash flow has significantly strengthened in the last few months as a result.

Balance Sheet

At 30 June net cash was negative in the amount of US$1.5m, compared to a positive net cash figure of US$1.1m. Net cash has improved by US$7.5m since period end.

Accounts receivable and prepayment balances (including work in process) remained quite similar in the amount of US$43.0m as at 30 June 2012 compared to the US$43.9m at half year in 2011. Of the amount as at 30 June 2012, US$3.2m has been outstanding for more than a year. Significant amounts were again collected in the summer months since the half year, as reflected in the improving net cash balances.

Trade and other accounts payable likewise decreased to US$6.9m from US$9.4m at half year 2011.

The Company's current ratio has decreased from 2.9 at the half year 2011 to 2.8 as at the end of this Interim Period.

The provision for employees' terminal (end of service severance) benefits decreased slightly to US$9.8m at 30 June 2012 from US$9.9 in 2011, and decreased significantly by approximately US$2.0m since the half year given the departure of certain senior personnel.

A Consolidated Statement of Changes to Equity is provided in the unaudited tables appended to this announcement.

Taxation

Taxes were accrued in the amount of US$0.5m, a reduction on the US$0.9m in the comparative period last year even though consolidated profit before tax was approximately zero. This is due to the applicable rate of in-country taxation in the profitable branches.

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 2011 Annual Consolidated Financial Statements was applied. The Interim Consolidated Financial Statements have not been audited.

As outlined in our announcement of 18 July, I will be transitioning my duties as Finance Director in order to facilitate a return to my family in the USA. These duties will be assumed in the interim by the Company's established and experienced financial team in Cyprus, which will continue to run the finance function whilst the Board works through its succession planning with regard to the Finance Director role.

Marne Martin
Chief Financial Officer
20 September 2012

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2012

CONSOLIDATED INCOME STATEMENT

	6 Months to 30 June 2012	*6 Months to 30 June 2011*
	US$'000	***US$'000***
Turnover	25,334	35,878
Cost of sales	(22,473)	(29,911)
Gross profit	2,861	5,967
Operating and administrative expenses	(2,436)	(2,171)
Profit from operations	425	3,796
Depreciation	(30)	(26)
Finance income/(expense)	(383)	(500)
Profit before tax	12	3,270
Minority provision	(40)	-
Income tax expense	(429)	(858)
Loss/Profit for the half year	(457)	2,412
	US$	***US$***
Pro forma loss/earnings per share (note r)	(0.1)	0.05

CONSOLIDATED BALANCE SHEET

	As At 30 June 2012 US$'000	*As At 30 June 2011 US$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	160	164
Investments	88	88
Investment in associate	591	592
	839	844
Current assets		
Work in progress	7,508	28,886
Trade and other receivables	35,485	15,004
Cash and cash equivalents	10,076	8,425
	53,069	52,315
Total assets	53,908	53,159

CONSOLIDATED BALANCE SHEET (Continued)

	As At 30 June 2012	*As At 30 June 2011*
	US$'000	***US$'000***
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	937	937
Legal/LTIP reserve	800	800
Retained earnings*	23,183	23,506
Equity attributable to the equity holders	24,920	25,243
Minority interest	43	11
	24,963	25,255
Non-current liabilities		
Provision for employees' terminal benefits	9,809	9,860
Current liabilities		
Trade and other payables	6,931	9,384
Income tax payable	640	1,373
Short-term loan	11,565	7,288
	19,136	18,045
Total equity and liabilities	53,908	53,159

*see Consolidated Statement of Changes in Equity for more detail.

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2012	*6 Months to 30 June 2011*
	US$'000	***US$'000***
Cash flows from operating activities		
Profit for the year before taxation	12	3,270
Adjustments for:		
Depreciation	30	26
Movement in provision for employees' terminal benefits	(706)	73
Movement in foreign exchange/LTIP/other reserves	(20)	43
Operating (loss)/profit before working capital changes	(684)	3,412
Increase in receivables/work in progress	(7,808)	(12,422)
Increase in creditors	379	5,417
Cash generated from operations	(8,113)	(3,593)
Income tax paid and other items	(464)	(1,231)
Net cash generated from operating activities	(8,577)	(4,824)
Cash flows from investing activities		
Payments to acquire fixed assets	(40)	(13)
Net cash used in investing activities	(40)	(13)
Cash flows from financing activities		
Net proceeds from borrowing	3,485	(1,628)
Net interest paid	-	(81)
Net cash used in financing activities	3,485	(1,709)

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	6 Months to 30 June 2012	*6 Months to 30 June 2011*
	US$'000	***US$'000***
Net decrease in cash and cash equivalents	(5,132)	(6,546)
Overdraft facility	2,752	2,978
Cash and cash equivalents at 1 January	12,456	11,993
Cash and cash equivalent at 30 June	10,076	8,425

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 2011	937	9,742	14,671	25,350	3	25,353
Net profit for the half year	-	(457)	-	(457)	40	(417)
Other activity	-	-	27	27	-	(27)
Declared dividend	-	-	-	-	-	-
As at 30 June 2012	937	9,285	14,698	24,920	43	24,963

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 2012 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 AIM on 28 July 2008. Norcon plc owns 100% of Norconsult Telematics, Ltd. The Group entities are unchanged from the prior period, other than the creating of a subsidiary in the USA, a branch in Malaysia, and a branch in the UK. A subsidiary in the UK was opened post-period end.

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	15 – 33%
Computer hardware and software	15 - 33%
Motor vehicle	20%

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/Loss per share

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

	30 June 2012 US$'000	Period End: 30 June 2011 US$'000
Profit for the period	(457,397)	2,776,007
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	48,800,808	44,582,832
	US$	***US$***
Pro forma loss earnings per share (EPS)	(0.01)	0.06
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	48,800,808	44,582,832
	US$	US$
(Pro forma loss) / earnings per share (EPS)	(0.01)	0.05

There is no dilution applicable to the 2012 interim results. The fully diluted EPS as of 30 June 2011 was likewise US$0.05. The last tranche of the LTIP plan expired un-earned at the end of 2011. The 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 AIM as of 28 July 2008 expired as of 28 July 2011.

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

Letters of guarantee for the Company's branch in Saudi Arabia related to the Saudi Zakat tax amounting to US$6,190,166 were in issue as at 30 June 2012 (2011: Tax - US$5,181,107 – Bid Bond US$123,333) in respect of contract performance.

A letter of guarantee for the Company's subsidiary in Oman amounting to US$ 242.181-RO93.000 (2011: US$ 0-RO0) was issued as at 30 June 2012..

A letter of guarantee (Performance Bond) for the Company's branch in UAE amounting to US$2,602,400 was in issue as at 30 June 2011 (2010: US$1,220,400). An amount of

US$650.550 (which represents 25% of the performance bond) is blocked from the branch's bank balances as security for the issue of this performance bond with the remaining balance being secured by the issue of a corporate guarantee from the Branch's ultimate holding company Norcon Plc. The guarantee in 2011 was 50% secured with a counter guarantee from a Cyprus bank.

A letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 30 June 2011 (2010: 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 on-going 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.