Norcon plc

("Norcon" or the "Company")

FINAL RESULTS

For the twelve months ended 31 December 2012

Norcon plc (LSE/AIM: NCON), the global communications network specialist, is pleased to announce audited results for the financial year ended 31 December 2012. Despite a decline in annual revenues, driven mainly by a slower uptake and ramp-up of 4G projects in the Middle East during H2, the long-term investment strategy continued with the engagement of key hires, diversification into new markets and the expansion of the services portfolio. The combination of these investments is re-positioning the business to secure a wider customer base in a more diverse geography set.

FINANCIAL HIGHLIGHTS

- Revenue of US$49.6m (FY 2011: US$66.6m)
- Operating profits of US$0.3m (FY 2011: US$6.2m)
- (Loss)/Profit before tax of US$(0.6m) (FY 2011: US$5.4m)
- (Loss)/Profit after tax of US$(1.7m) (FY 2011: US$3.5m)
- Cash at year-end US$11.0m, of which unrestricted balance is US$4.2m
- Pro forma (loss)/earnings per share on a basic basis of US$(0.03) (FY 2011: US$0.07) with 48,800,808 shares in issue at year end.

OPERATIONAL HIGHLIGHTS

- New CEO and senior management sourced and appointed across the Norconsult Telematics business.
- Two new business operations started in North America and Europe with new orders obtained across both.
- Services product portfolio enhanced and extended into Engineering based solutions.
- New client engagements secured in Asia utilising the combination of legacy and newly developed services.

OUTLOOK

In 2013 we will continue to invest in diversification by geography and product. As we continue to invest in the business we expect the result for 2013 to be in line with 2012, The full financial impact of these investments and cost efficiency measures will not be significant until 2014 and beyond.

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

This has undoubtedly been a challenging year for Norcon. It has been the first year of our transition plan with a negative result which is mainly due to a slower uptake of our products and the additional investments made in personnel and new markets in 2012.To be best positioned for the competitive challenges ahead, we have substantially reduced the overhead in the holding company, Norcon Plc, whilst developing a more sophisticated product mix in the operating company, Norconsult Telematics.

For further information, please contact:

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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 the private sector and government agencies. 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

CHAIRMAN'S STATEMENT

This has undoubtedly been a challenging year for Norcon. It has been the first year of our transition plan with a negative result which is mainly due to a slower uptake of our products and the additional investments made in personnel and new markets in 2012.

To be best positioned for the competitive challenges ahead, we have substantially reduced the overhead in the holding company, Norcon Plc, whilst developing a more sophisticated product mix in the operating company, Norconsult Telematics.

Our historical exposure in Saudi Arabia is further reduced, the result being an increased focus on acquiring new clients and projects in other geographical regions which is already showing results.

Communication plays an important role in all societies across the globe, and the need for new technologies to expand existing capacity, and to widen product and service offerings are key for the growth in our market.

Our focus as a company, and as a Board, is to return to profitability and our efforts to expand our business will remain our key priority going forward. Based on our position in an expanding market we are convinced of success albeit 2013 will be another challenging year whilst the cost savings we have made continue to come into effect.

We benefit from a dedicated and highly capable team in the Norcon Group. This team is our greatest asset and I thank each and every Norcon colleague for their commitment, enthusiasm and efforts in this challenging year.

Trond Tostrup
Executive chairman

Financial Review

We are pleased to release our audited numbers for the twelve months ended 31 December 2012.

Summary

2012 has been a difficult year for Norcon with reduced revenue and profit. Despite this Norcon has invested in new products and geographies whilst still retaining a strong net asset position of US$ 23m at the year end.

Revenue for 2012 totalled US$49.6m (FY 2011: US$66.6m). The decrease was primarily due to slower uptake and ramp-up of 4G projects in the Middle East. Gross profit for 2012 was US$5.8m (FY 2011: US$10.7m).

Gross margin for 2012 was 12% for the year (FY 2011: 16%), due to increased cost of sales proportionally related to increased competition as well as legacy costs in connection with restructuring the composition of some projects.

Loss before tax was US$(0.6m) for 2012, compared to profit for 2011 of US$5.4m, due to lower gross margin and investment into diversification. Administration expenses were approximately US$0.9m higher in 2012 than in 2011. Due to restructuring, our administrative expenses were reduced towards the end of 2012 which will be beneficial for the years to come.

Loss after tax was US$(1.7m) for 2012 compared to profit for 2011 of US$3.5m. The underlying tax rates in the respective jurisdictions are detailed in the notes. With the restructuring mentioned above we expect a lower underlying tax rate with reduced overall liability for 2013.

Pro forma basic loss per share was US$(0.03) for the full year compared to the US$0.07 earnings per share for 2011. The weighted average number of shares for 2012 was 48,800,808 being the same as for 2011.

Costs

Cost of sales totalled US$43.9m for the period compared to US$55.9m in 2011.

Other operating costs, including net, operating and administration expenses totalled US$5.4m for the period up from US$4.5m in 2011. These increased costs are partly due to our investment in the market together with legacy costs related to restructuring of the Company.

Other net costs increased to US$1.0m from US$0.8m, largely related to increased financial expenses.

Taxation

Taxes were accrued in the amount of US$1.0m during 2012 (FY 2011: US$1.9m). The underlying tax rates in the countries in which we operate are detailed in the Notes. Though the Consolidated Statements are giving a negative margin, some highly profitable projects create taxable profits.

Foreign Exchange

The Company is continuing its policy of denominating revenue and expenses either in the local currencies if pegged to the US dollar, or in US dollars to the extent feasible. Foreign exchange translation gains and losses in the period are noted in the accounts, and remained at similar levels for both years.

Cash Flow

Cash flow was positive for the year as a whole. Our cash position for 2012 is lower compared to 2011 due to repayment of borrowings and dividends paid out to shareholders related to the year ended 31

December 2011. 2012 resulted in an increase in net cash flows from operating activities of US$ 2.6m (FY 2011: 2.5m)

Balance Sheet

The Balance Sheet of the Company remains quite strong.

As at 31 December 2012, cash was US$11.0m (FY 2011: US$12.5m) with positive net cash of US$8.2m (FY 2011: US$7.1m).

The Company remains net asset positive, with net assets decreasing to US$22.8m in 2012 (FY 2011: US$25.4m).

Total trade and other receivables decreased to US$30.1m from US$35.2m in the prior year. Trade and unbilled receivable balances decreased year on year to a total of US$25.6m from a total of US$30.6m. Work in Process (unbilled receivables) decreased to US$1.0m in 2012 compared to US$10.1m in 2011. Retentions receivable increased to US$0.8 m compared to US$0.5 m in 2011.

Trade payables have increased to US$7.7m as of year-end 2012 compared to US$6.5m in the preceding year.

In non-current liabilities, the accrual related to employees terminal benefits decreased to US$8.3m from US$10.5m. .

The final dividend of US$ 1.0m paid in 2012 related to 2011 profits.

Retained earnings and other reserves totalled US$22.8m as at the end of 2012 compared to US$25.4m as at the end of the 2011.

International Financial Reporting Standards (IFRS)

The Consolidated Financial Statements of Norcon and its branches and subsidiary companies have been audited by PKF Savvides & Co Ltd., the Company's auditor. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) under the historical cost convention.

Arne Dag Aanensen
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2012

	2012	2011
	US$	US$
Revenue	**49.627.733**	66.573.366
Cost of sales	**(43.869.869)**	(55.889.070)
	5.757.864	10.684.296
Other income	**11.596**	-
Profit from investing activities	**31.726**	38.127
Administration expenses	**(5.481.692)**	(4.536.199)
Other expenses	**-**	(316)
Operating profit	**319.494**	6.185.908
Finance costs	**(933.028)**	(770.636)
Share of results of associates before tax	**(28.944)**	(1.349)
(Loss)/profit before tax	**(642.478)**	5.413.923
Tax	**(1.021.918)**	(1.874.408)
Net (loss)/profit for the year	**(1.664.396)**	3.539.515
Other comprehensive income	**-**	-
Total comprehensive (loss)/ income for the year	**(1.664.396)**	3.539.515
Attributable to:		
Equity holders of the parent	**(1.714.073)**	3.549.685
Non-controlling interests	**49.677**	(10.170)
	(1.664.396)	3.539.515
Basic (loss)/earnings per share attributable to equity holders of the parent (cent)	**(3,51)**	7,27
Diluted (loss)/earnings per share attributable to equity holders of the parent (cent)	**(3,51)**	7,27

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2012

	2012	2011
	US$	US$
ASSETS		
Non-current assets		
Property, plant and equipment	**169.888**	159.957
Investments in associated undertakings	**561.267**	590.211
	731.155	750.168
Current assets		
Trade and other receivables	**30.047.453**	35.263.743
Cash at bank and in hand	**10.998.029**	12.456.037
	41.045.482	47.719.780
Total assets	**41.776.637**	48.469.948
EQUITY AND LIABILITIES		
Equity		
Share capital	**937.100**	937.100
Other reserves	**14.778.260**	14.670.759
Retained earnings	**7.027.917**	9.742.457
	22.743.277	25.350.316
Non-controlling interests	**51.512**	1.835
Total equity	**22.794.789**	25.352.151
Non-current liabilities		
Employees' terminal benefits	**8.382.345**	10.514.890
	8.382.345	10.514.890
Current liabilities		
Trade and other payables	**7.723.093**	6.542.573
Borrowings	**2.718.824**	5.327.290
Current tax liabilities	**157.586**	733.044
	10.599.503	12.602.907
Total liabilities	**18.981.848**	23.117.797
Total equity and liabilities	**41.776.637**	48.469.948

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2012

	2012	2011
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	**(642.478)**	5.413.923
Adjustments for:		
Depreciation of property, plant and equipment	**66.697**	54.560
Exchange difference arising on the translation of non current assets in foreign currencies	**467**	(405)
Exchange difference arising on the translation and consolidation of foreign companies' financial statements	**107.034**	121.318
Share of loss from associates	**28.944**	1.349
Loss from the sale of property, plant and equipment	**-**	316
Interest income	**(31.726)**	(38.127)
Interest expense	**416.698**	268.088
Cash flows (used in)/from operations before working capital changes	**(54.364)**	5.821.022
Decrease/(increase) in trade and other receivables	**5.216.290**	(3.707.340)
Increase in trade and other payables	**1.180.520**	2.576.295
(Decrease)/increase in employees' terminal benefits	**(2.132.545)**	728.084
Cash flows from operations	**4.209.901**	5.418.061
Tax paid	**(1.597.377)**	(2.926.880)
Net cash flows from operating activities	**2.612.524**	2.491.181
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	**(77.094)**	(40.172)
Proceeds from disposal of property, plant and equipment	**-**	4.078
Interest received	**31.726**	38.127
Net cash flows (used in)/from investing activities	**(45.368)**	2.033
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	**(5.327.290)**	(610.341)
Interest paid	**(416.698)**	(268.088)
Dividends paid	**(1.000.000)**	(1.151.699)
Net cash flows used in financing activities	**(6.743.988)**	(2.030.128)
Net (decrease) /increase in cash and cash equivalents	**(4.176.832)**	463.086
Cash and cash equivalents:		
At beginning of the year	**12.456.037**	11.992.951
At end of the year	**8.279.205**	12.456.037

Selected notes to the accounts

1. Incorporation and principal activities

Country of incorporation

The Company NORCON PLC (the "Company") was incorporated in the Isle of Man on 2 June 2008, as a company limited by shares under the Isle of Man companies act 2006. On the 28 July 2008, the company became public and had been admitted for trading at the AIM of the London Stock Exchange. Its registered office is at Fort Anne, Douglas, IM1 5PD, Isle of Man.

Principal activities

The principal activities of the Group, which are unchanged from last year, and are the provision of project management and outsourcing services as well as consulting engineers. The group comprises of the holding company Norcon PLC, registered in the Isle of Man, the subsidiary company Norconsult Telematics Limited, registered in Cyprus (which includes branches/operations in Saudi Arabia, U.A.E. Abu Dhabi, Kuwait, Indonesia and Malaysia) and its subsidiary companies Norconsult Telematics and Company LLC registered in the Sultanate of Oman, Norconsult Telematics AS registered in Norway, the group of Norcon Global Management & Consulting Ltd registered in Cyprus and its subsidiary undertakings Norcon Global Management & Consulting Inc and Norcon Global Management and Consulting LLC registered in the state of Delaware, USA, Norconsult Telematics Integrated Solution Co. Ltd registered in the Republic of Sudan (dormant), Norconsult Telematics Ltd registered in Southern Sudan (dormant), Norconsult Telematics (London) Ltd registered in the United Kingdom and the associate company Norconsult Telematics (Saudi) Ltd registered in the Kingdom of Saudi Arabia.

In 2012 the group has operated in the following countries: Saudi Arabia, Indonesia, Kuwait, UAE Abu Dhabi, Oman, Malaysia, Sweden, United Kingdom, Thailand, Philippines and the United States of America.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current period the Group adopted all the new and revised IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

At the date of authorization of these financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the consolidated financial statements of the Group.

3. Segmental analysis

The consolidated entity operates in one business segment (telecommunications, IT and defence systems consulting) for primary reporting and four geographical segments for secondary reporting being as follows: United States of America, Europe, Middle East and Asia.

2012	**Europe**	**United States of America**	**Middle East**	**Asia**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
Results					
(Loss)/income for the year	(2.235.413)	(212.964)	(45.766)	780.070	(1.714.073)
Assets and Liabilities					
Segment assets	1.783.893	973.778	37.849.059	1.169.907	41.776.637
Segment liabilities	(946.339)	(198.980)	(16.294.109)	(1.542.420)	(18.981.848)
Other segment information					
Acquisition/(disposal) of fixed assets	8.840	3.354	41.445	23.455	77.094
Depreciation	2.058	620	62.637	1.382	66.697
Net cash flow	(174.702)	85.293	(4.139.973)	52.550	(4.176.832)

2011	**Europe**	**United States of America**	**Middle East**	**Asia**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
Results					
Income for the year	(1.560.153)	-	4.549.799	560.039	3.549.685
Assets and Liabilities					
Segment assets	2.116.264	-	44.800.553	1.553.131	48.469.948
Segment liabilities	(376.100)	-	(21.470.422)	(1.271.275)	(23.117.797)
Other segment information					
Acquisition/(disposal) of fixed assets	(3.150)	-	26.241	-	23.091
Depreciation	3.071	-	51.424	65	54.560
Net cash flow	(2.106.108)	-	2.647.428	(78.234)	463.086

4. Tax

	2012	2011
	US$	US$
Overseas tax	**1.017.198**	1.869.820
Defence contribution - current year	**4.720**	4.588
Charge for the year	**1.021.918**	1.874.408

The tax on the Group's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2012	2011
	US$	US$
(Loss)/profit before tax	**(642.478)**	5.413.923
Tax calculated at the applicable tax rates	**(64.248)**	541.392
Tax effect of allowances and income not subject to tax	**5.374**	(541.392)
Tax effect of tax loss for the year	**58.874**	-
Defence contribution current year	**4.720**	4.588
Overseas tax during the year	**1.017.198**	1.869.820
Tax charge	**1.021.918**	1.874.408

Corporation tax by country of operations:	**2012**	2011
	US$	US$
Corporation tax for Kuwait	356.086	299.409
Corporation tax for Saudi Arabia		1.114.772
Corporation tax for South East Asia	562.043	417.286
Corporation tax for Malaysia	75.602	3.601
Corporation tax for Norway	23.467	31.914
Corporation tax for Oman	-	2.838
	1.017.198	1.869.820

The corporation tax rate is 10%. The Board of Directors have decided to register the company as a Cyprus tax resident, as it is deemed that the management and control of the company is exercised in Cyprus. In this respect tax computation under Cyprus tax law has been prepared.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

Income tax on the Saudi Arabia branch has been provided on the estimated taxable profit at 20% (2011: 20%).

Income tax on the Kuwait branch has been provided on the estimated taxable profit at 15% (2011: 15%).

Income tax on the SE Asia Operations branch has been provided on the estimated taxable profit at 25% plus 20% on the profit after tax - repatriation of profits (2011: 25% plus 20% on the profit after tax - repatriation of profits).

Income tax of the Malaysia branch has been provided on the estimated taxable profit at 25% (2011:15%).

The subsidiary company in Norway is subject to 28% tax of its income.

The subsidiary company in Oman is subject to income tax at the rate of 12% on taxable income in excess of RO30.000.

5. (Loss)/profit per share attributable to equity holders of the parent

	2012	2011
(Loss)/profit attributable to shareholders (US$)	**(1.714.073)**	3.549.685
Weighted average number of ordinary shares in issue during the year	**48.800.808**	48.800.808
Basic earnings per share (cent)	**(3,51)**	7,27

Diluted earnings per share

	2012	2011
	US$	**US$**
(Loss)/profit attributable to shareholders (US$)	**(1.714.073)**	3.549.685
Ordinary shares issued	**48.800.808**	48.800.808
	48.800.808	48.800.808
Diluted earnings per share (cent)	**(3,51)**	7,27

Note: The warrants expired on 28 July 2011 without been exercised.

6. Dividends

	2012	2011
	US$	US$
Final dividend paid	**1.000.000**	1.151.699
	1.000.000	1.151.699

In October 2012, the Board of Directors paid dividend of US$1.000.000 out of the 2011 profits. The Board of Directors does not recommend the payment of a dividend for the year 2012.

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011) for individual shareholders that are resident in Cyprus. Dividends payable to non-residents of Cyprus are not subject to such a deduction.

7. Trade and other receivables

	2012	2011
	US$	US$
Trade receivables	**24.630.238**	20.477.765
Retentions receivable	**767.588**	499.875
Unbilled receivables	**989.318**	10.119.654
Deposits and prepayments	**871.054**	956.863
Other receivables	**2.776.536**	3.208.262
Refundable VAT	**12.719**	1.324
	30.047.453	35.263.743

As at 31 December, the ageing of trade receivables is as follows:

	2012	2011
	US$	US$
Up to 30 days	**9.808.451**	5.668.793
31-60 days	**3.798.733**	4.078.105
61- 90 days	**620.808**	2.259.587
91- 120 days	**82.178**	1.736.170
More than 120 days	**10.320.068**	6.735.110
	24.630.238	20.477.765

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

8. Trade and other payables

	2012	2011
	US$	US$
Trade payables	**4.851.746**	4.031.880
Directors' current accounts - credit balances	**-**	650
Accruals	**1.222.818**	1.460.015
Other creditors	**1.648.529**	1.050.028
	7.723.093	6.542.573

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

9. Contingent liabilities

The bankers of the Saudi Arabia branch have given bank guarantees to the equivalent of US$6.403.499 (2011:US$6.156.450) in the normal course of the Branch's business.

Letters of guarantee (Performance Bonds) for the group's operations in UAE Abu Dhabi amounting to US$2.602.200 (2011:US$2.602.200) were in issue as at 31st December 2012. An amount of US$650.550 (2011: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. Also a letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 31st December 2012 (2011:AED50.000).

A bank guarantee amounting to US$10.094 - RO 3.876 (2011:US$242.181 -RO 93.000) was issued by the Group's subsidiary in Oman.

The company has provided a corporate guarantee of US$750.000 to its subsidiary company Norconsult Telematics Limited in favour of Societe Generale Bank- Cyprus Limited as a security among others for credit facilities provided by the bank to the subsidiaries.

10. Annual accounts

Annual accounts for the year ended 31 December 2012 will be sent to shareholders shortly and will be available to view from the Company's website, www.norconplc.com