12 April 2011

Norcon plc

("Norcon" or the "Company")

FINAL RESULTS

For the twelve months ended 31 December 2010

Norcon plc (LSE/AIM: NCON), the global communications network specialist, is pleased to announce audited and final results for the financial year ended 31 December 2010. The results conclude a more challenging year for Norcon, in which the Company has worked to progress important gains in its geographic diversification strategy and concluded the year profitably against a strong prior year.

FINANCIAL HIGHLIGHTS
Trading has been consistent with the management team's revised FY expectations:

- Revenue of US$68.6m (FY 2009: US$78.2m)
- Operating profits of US$7.3m (FY 2009: US$11.6m)
- Profit before tax of US$6.7m (FY 2009: US$10.7m)
- Profit after tax of US$4.3m (FY2009: US$7.7m)
- Cash at year-end of US$12.1m
    - Strengthened by US$6.3m Placing successfully closed in 2010
    - Operational cash conversion significantly stronger in H2 with net cash of US$6.1m at year end
- Pro forma earnings per share on a basic basis US$0.09 (FY 2009: US$0.19) with weighted average number of shares increasing by 5.9 million shares
- Consistent dividend policy of at least 50% of net income, with Board recommendation on final dividend amount scheduled for May

OPERATIONAL HIGHLIGHTS
Important strategic gains made both in core markets and in defined future growth areas:

- Important renewals secured or underway in Middle East markets, where the demand environment remains strong
- Diversification efforts continue, with wins in new verticals and new geographies
- Favourable long-term market drivers for growth

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

"We have worked diligently to conclude a profitable outturn to the year. Our core client relationships have been maintained and in some cases strengthened and we also continue to make progress in expanding our presence in core target markets such as the Middle East, Africa and South East Asia. At the same time, we remain optimistic about the long term prospects in our target markets around the world given the fundamental demand drivers in those markets."

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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 various 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

I am pleased to report that the Company has, in a challenging year, delivered a profitable set of final results for the year ended 31 December 2010.

As we advised in our Trading Update of 10 December 2010, a number of challenges affected our financial performance this year. Some contracts with new clients were slower to emerge than first anticipated, mainly due to M&A activities amongst telecom operators with which we had previously been in advanced discussions, in addition to associated regulatory issues that caused delays to other potential projects. This, coupled with unusual end of service costs of specific personnel and aborted acquisition activities had the impact of reducing gross and net margins. We have worked diligently in spite of these challenges this year to maintain a profitable performance as a business whilst, at the same, continued with our efforts to move our strategic expansion plans forward. As a consequence, our position as an independent market leader in our core markets has been maintained. We are also pleased to have further strengthened our Company's operational cash flow conversion rates during 2010.

Our efforts to further expand geographically and into new end-markets have continued in to the start of 2011 and will be our focus throughout the year ahead. We are seeing some of the delayed projects advance and further opportunities emerging with new clients to support our 2011 expectations and longer term growth ambitions.

While Norcon has not in 2010 been able to achieve growth, we have demonstrated the inherent stability of our business in core markets and that of our client relationships.

We have a strong, flexible and highly capable team at Norcon and I would like to thank my Board colleagues and each of our employees for their commitment, enthusiasm and efforts this year.

Trond Tostrup
Chairman

Chief Executive's Review

Strategic Progress

This year has seen Norcon take further steps to implement its diversification strategy. Where opportunities to expand our services into new market verticals have emerged, we have taken advantage of them. In addition, where opportunities to work with new or existing clients in new target geographies have come to light, we have worked hard to prove our capabilities, win new mandates and broaden our footprint.

Demand drivers continue to support our strategy. Globally, the demand for outsourcing and project management services continues to grow in the telecoms sector. 4G deployments are under discussion in Scandinavia and we have already positioned ourselves to take advantage of this long term opportunity by opening an office in the region in spring 2010. The unrest seen in parts of the Middle East has not impacted our operations in the markets where we are present. We therefore continue to see a strong demand there for the services that we offer.

A number of multinational telecom operators are pursuing plans to further transform their networks: a trend that we also expect to benefit from as it develops. Likewise, the defence business has remained stable from prior years, with some opportunity for new projects in that sector as well. Trends like these represent a strengthening opportunity for Norcon to grow the level of business it undertakes for existing clients, as well as to expand its customer base.

Our business with our core clients has remained stable. These strong client relationships present the Company with the potential for additional geographical growth as existing clients enter new territories. We also continue to see opportunities to develop into new, complementary service areas.

Operational Focus

Despite a year-on-year reduction in turnover and profits, due to the challenges outlined above by our Chairman, and against high comparative numbers from 2009, the core of our business has delivered a robust performance and the Group has remained profitable during the year with improved cash conversion.

Norcon's relationships with its core customers remain as strong as ever with client retention rates remaining well above 90% consistent with prior years. We have also placed particular emphasis on our business development efforts, working hard to convert pipeline prospects during 2010.

Routes to Growth

We aim to grow our long-term outsourcing and project management business organically. In pursuit of this aim our focus will continue to rest both on client retention and new contract wins with both current and new clients in new territories.

Norcon will continue to look at opportunities to further extend into the South East Asian and African regions, as well as into Scandinavia where we have already boosted our presence so far this year. This may involve following our clients as they themselves expand internationally, as we have done with a key telecommunications client in Scandinavia: supporting it both at home and, now, in projects in its own international markets. This may also involve joint-ventures or partnerships, where other local partners can complement our existing consultancy strengths.

Dividend

The Board has re-confirmed its dividend policy of paying out at a dividend of at least 50% of net income, and will declare the amount of the final dividend in May 2011. The Company paid its first interim dividend of US$1 million in November 2010.

People

On behalf of the Company, I would like to take this opportunity to thank all our employees for their excellent commitment, contribution and hard work during the year. I would also like to welcome the new employees and joint venture partners in new geographical territories who have joined our group this year.

Outlook

We remain positive about our prospects for 2011 and are also confident that opportunities exist for Norcon to continue to grow organically over the longer term.

We look forward with confidence to the years ahead.

Arnold Rørholt
Chief Executive Officer

Financial Review

We are pleased to release our audited numbers for the full year 2010.

Summary

Norcon's performance during the past twelve months has been profitable, albeit at a lower level than in the prior year as explained above, with improved cash generation from operations and a stronger net asset position as year-end positives.

Revenue for 2010 totalled US$68.6m (FY 2009: US$78.2m). The decrease was primarily due to M&A activities amongst telecom operators with which Norcon has been in advanced discussions and associated regulatory issues causing delays and/or potential project elimination. Gross profit for 2010 was US$12.2m (FY2009: US$15.6m).

Gross margin for 2010 was 18% for the year (FY 2009: 20%), due to increased cost of sales related to increased accruals and expenses in 2010.

Profit before tax of US$6.7m for 2010 compared to the 2009 figure of US$10.7m due to higher than expected expenses related to unusual end of service costs of specific personnel and aborted acquisition activities.

Profit after tax of US$4.3m for 2010 compared to the 2009 figure of US$7.7m. The percentage tax accrued for 2010 was 36% versus 28% in 2009 due to the significantly greater non-tax deductible expenses in 2010. Such non-tax deductible expenses in 2010 shall yield tax benefits in future periods. The underlying tax rates in the respective jurisdictions were unchanged.

Pro forma basic earnings per share were US$0.9 for the full year compared to the US$0.18 earnings per share for 2009. The weighted average number of shares in 2010 was 47,174,875 and in 2009 41,312,771 respectively.

Costs

Cost of sales totalled US$56.4m for the period compared to US$62.5m in 2009.

Other operating costs, including net financial, operating and administration expenses totalled US$4.9m for the period up from US$4.2m in 2009. This increase is primarily due to Placing and due diligence expenses.

Net other costs decreased to US$0.6m from US$0.8m, largely related to the decrease in the accrual related to the Long Term Incentive Program.

Taxation

Taxes were accrued in the amount of US$2.4m during 2009 (FY 2009: US$3.0 m). The blended effective tax rate based on the tax accruals made for each business unit increased to 36% in 2010 from 28% in 2009. This substantial increase in the blended rate is largely related to the timing of accruals related to amounts dis-allowable for tax calculations, which were significantly higher in 2010 than 2009. The underlying tax rates in the countries in which we operate are unchanged.

Foreign Exchange

Foreign exchange translation gains and losses in the period remain non material. 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.

Cash Flow

Cash flow continues to be positive for the year as a whole. Cash conversion accelerated in 2010 compared to 2009, with cash conversion of approximately 100% of operating profits. This is the first time the Company has been able to achieve this metric.

Balance Sheet

The Balance Sheet performance of the Company was quite strong.

Net cash balances improved year on year by approximately US$5.5m.

As at 31 December 2010, cash was US$12.1m (FY 2009: US$7.2m) with positive net cash of US$6.1m (FY 2009: US$0.5m), reflecting the decreased utilisation of the short term loan, the balance of which was $6.0m as at year end 2010 (FY 2009: US$6.4m) related to short term accounts receivable factoring.

The Company remains net asset positive, with net assets increasing significantly to US$22.8m in 2010 (FY 2009: US$17.0m).

Total trade and other receivables decreased to US$31.6m from US$38m in the prior year. Trade and unbilled receivable balances decreased year on year to a total of US$24.6m from a total of US$25.7m. Retentions receivable decreased to US$3.9 m compared to US$8.5 m in 2009.

Trade payables have decreased significantly to US$4.0m as of year-end 2010 compared to US$12.9m in the preceding year.

In non-current liabilities, the accrual related to employees terminal benefits increased to US$9.8m from US$7.3m. This US$2.5m increase in the accrual had the effect of decreasing earnings due to the accrued expense and because such expense was largely disallowable, increasing the effective tax rate.

Relating to the 2010 earnings, a US$1.0m interim dividend was paid in November 2010. The final dividend for 2010 is still under review.

Retained earnings and other reserves totalled US$21.9m as at the end of 2010 compared to US$16.1m as at the end of the 2009.

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.

Marne Martin
Chief Financial Officer

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2010

	2010 US$	2009 US$
Revenue	**68.597.874**	78.174.068
Cost of sales	**(56.445.691)**	(62.531.380)
	12.152.183	15.642.688
Net profit from investing activities	**16.574**	72.207
Administration expenses	**(4.881.176)**	(4.134.894)
Other expenses	**(269)**	(483)
Operating profit	**7.287.312**	11.579.518
Finance costs	**(572.476)**	(843.109)
Share of results of associates before tax	**(1.365)**	(695)
Profit before tax	**6.713.471**	10.735.714
Tax	**(2.421.186)**	(3.011.639)
Net profit for the year	**4.292.285**	7.724.075
Other comprehensive income	-	-
Total comprehensive income for the year	**4.292.285**	7.724.075
Attributable to:		
Equity holders of the parent	**4.294.586**	7.727.754
Minority interest	**(2.301)**	(3.679)
	4.292.285	7.724.075
Basic earnings per share attributable to equity holders of the parent (cent)	**9,10**	18,71
Diluted earnings per share attributable to equity holders of the parent (cent)	**8,72**	17,63

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2010

	2010 US$	2009 US$
ASSETS		
Non-current assets		
Property, plant and equipment	**178.334**	93.270
Investments in associated undertakings	**591.560**	592.925
	769.894	686.195
Current assets		
Trade and other receivables	**31.556.403**	37.993.477
Cash at bank and in hand	**12.075.188**	7.192.521
	43.631.591	45.185.998
Total assets	**44.401.485**	45.872.193
EQUITY AND LIABILITIES		
Equity		
Share capital	**937.100**	833.117
Other reserves	**14.569.790**	8.093.742
Retained earnings	**7.324.122**	8.035.624
	22.831.012	16.962.483
Non-controlling interests	**12.005**	14.306
Total equity	**22.843.017**	16.976.789
Non-current liabilities		
Employees' terminal benefits	**9.786.806**	7.300.495
	9.786.806	7.300.495
Current liabilities		
Trade and other payables	**3.966.278**	12.858.948
Borrowings	**6.019.868**	6.687.133
Current tax liabilities	**1.785.516**	2.048.828
	11.771.662	21.594.909
Total liabilities	**21.558.468**	28.895.404
Total equity and liabilities	**44.401.485**	45.872.193

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2010

	2010 US$	2009 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**6.713.471**	10.735.714
Adjustments for:		
Depreciation of property, plant and equipment	**53.307**	50.752
Exchange difference arising on the translation of non-current assets in foreign currencies	**(1.033)**	4.477
Exchange difference arising on the translation and consolidation of foreign companies' financial statements	**(160.663)**	(35.253)
Share of loss from associates	**1.365**	695
Loss from the sale of property, plant and equipment	**269**	483
Profit from the closing down of subsidiary	**-**	(7.861)
Interest income	**(16.574)**	(64.346)
Interest expense	**322.657**	301.892
Expense recognized in comprehensive income in respect of equity-settled share-based payments	**233.340**	566.684
Cash flows from operations before working capital changes	**7.146.139**	11.553.237
Decrease/(increase) in trade and other receivables	**6.437.074**	(6.005.304)
(Decrease) / increase in trade and other payables	**(8.892.670)**	2.634.907
Increase in employees' terminal benefits	**2.486.311**	1.136.693
Cash flows from operations	**7.176.854**	9.319.533
Tax paid	**(2.684.498)**	(2.964.089)
Net cash flows from operating activities	**4.492.356**	6.355.444
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of property, plant and equipment	**(137.607)**	(13.719)
Proceeds from disposal of property, plant and equipment	**-**	789
Proceeds from the closing down of subsidiary	**-**	7.861
Interest received	**16.574**	64.346
Net cash flows (used in) / from investing activities	**(121.033)**	59.277
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	**6.361.266**	12.462
Repayments of borrowings	**(501.208)**	(4.208.167)
Interest paid	**(322.657)**	(301.892)
Dividends paid	**(4.860.000)**	(3.220.000)
Net cash flows from / (used in) financing activities	**677.401**	(7.717.597)
Net increase / (decrease) in cash and cash equivalents	**5.048.724**	(1.302.876)
Cash and cash equivalents:		
At beginning of the year	**6.944.227**	8.247.103
At end of the year	**11.992.951**	6.944.227

Selected notes to the accounts

1. 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 authorisation 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.

2. Segmental analysis

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

2010	**Europe US$**	**Middle East US$**	**Asia US$**	**Total US$**
Results				
Income for the year	**(2.784.282)**	**6.901.505**	**175.062**	**4.292.285**
Assets and Liabilities				
Segment assets	**4.220.726**	**39.724.357**	**456.402**	**44.401.485**
Segment liabilities	**(383.215)**	**(20.328.805)**	**(846.448)**	**(21.558.468)**
Other segment information				
Acquisition/(disposal) of fixed assets	**(1.066)**	**133.597**	**-**	**132.531**
Depreciation	**5.287**	**46.052**	**1.968**	**53.307**
Net cash flow	**1.961.705**	**3.128.260**	**(41.241)**	**5.048.724**

2009	Europe US$	Middle East US$	Asia US$	Total US$
Results				
Income for the year	(1.229.458)	8.432.619	520.914	7.724.075
Assets and Liabilities				
Segment assets	3.652.699	41.551.547	667.947	45.872.193
Segment liabilities	676.005	27.109.401	1.109.998	28.895.404

Other segment information				
Acquisition of fixed assets	-	13.719	-	13.719
Depreciation	7.907	40.877	1.968	50.752
Net cash flow	(387.988)	(985.102)	70.214	(1.302.876)

	3.016.110	2.740.163

3. Tax

	2010	2009
	US$	US$
Overseas tax	**2.419.326**	3.005.266
Defence contribution - current year	**1.860**	6.373
Charge for the year	**2.421.186**	3.011.639

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

	2010	2009
	US$	US$
Profit before tax	**6.713.471**	10.735.714
Tax calculated at the applicable tax rates	**671.347**	1.073.571
Tax effect of allowances and income not subject to tax	**(671.347)**	(1.073.571)
Defence contribution current year	**1.860**	6.373
Overseas tax during the year	**2.419.326**	3.005.266
Tax charge	**2.421.186**	3.011.639

	2010	2009
Corporation tax by country of operations:	**US$**	US$
Corporation tax for Qatar	**-**	(22)
Corporation tax for Kuwait	**371.721**	399.657
Corporation tax for Saudi Arabia	**1.876.221**	1.955.399
Corporation tax for South East Asia	**128.865**	639.448
Corporation tax for Norway	**42.519**	10.784
	2.419.326	3.005.266

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 proposed.

Under certain conditions interest income may be subject to defence contribution at the rate of 10%. 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 15%.

Income tax on the Saudi Arabia branch has been provided on the estimated taxable profit at 20% (2009: 20%).

Income tax on the Kuwait branch has been provided on the estimated taxable profit at 15% (2009: 15%).

Income tax on the South East Asia Operations branch has been provided on the estimated taxable profit at 28% plus 20% on the profit after tax - repatriation of profits (2009: 28% plus 20% on the profit after tax - repatriation of profits).

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. No provision has been made for the current year as the company incurred a loss for the year.

4. Profit per share attributable to equity holders of the parent

Basic earnings per share	**2010**	2009
Profit attributable to shareholders (US$)	**4.294.586**	7.727.754
Weighted average number of ordinary shares in issue during the year	**47.174.875**	41.312.771
Basic earnings per share (cent)	**9,10**	18,71

Diluted earnings per share	**2010**	2009
Profit attributable to shareholders (US$)	**4.294.586**	7.727.754
Ordinary shares issued	**48.800.808**	41.881.521
Shares deemed to be issued:		
Employee options	**-**	1.516.666
Warrants (note)	**411.232**	411.232
	49.212.040	43.809.419
Diluted earnings per share (cent)	**8,72**	17,63

Note: The warrants expire on 28 July 2011.

5. Dividends

	2010	2009
	US$	US$
Dividend paid	**4.860.000**	3.220.000
	4.860.000	3.220.000

In July 2010, The Board of Directors paid dividend of 3.860.000 out of the 2009 profits (2008: US$3.220.000), and on 3 December 2010, paid an interim dividend of US$1.000.000 out of the first half 2010 profits. The Board of Directors remains' committed to maintaining the policy established upon the IPO in 2008 of paying at least 50% dividend on the year's net profit after tax. A final decision on total dividend to be paid out of the 2010 profits will be made during a Board of Directors meeting to be held in May 2011.

Dividends are subject to a deduction of special contribution for defence at the rate of 15% for individual shareholders that are resident in Cyprus.

6. Trade and other receivables

	2010 US$	2009 US$
Trade receivables	**20.188.922**	19.490.420
Retentions receivable	**3.903.438**	8.499.929
Unbilled receivables	**4.425.238**	6.236.642
Directors' current accounts - debit balances	**70.889**	-
Deposits and prepayments	**788.097**	646.041
Other receivables	**2.179.819**	3.120.445
	31.556.403	37.993.477

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

	2010 US$	2009 US$
Up to 30 days	**9.277.692**	9.562.766
31- 60 days	**5.268.148**	7.296.325
61- 90 days	**4.612.564**	932.896
91 -120 days	**631.473**	1.381.495
More than 120 days	**399.045**	316.938
	20.188.922	19.490.420

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

Certain trade receivable invoices are assigned to a local bank in Saudi Arabia against a short term loan.

7. Trade and other payables

	2010 US$	2009 US$
Trade payables	**1.273.038**	9.343.956
Directors' current accounts - credit balances	**449**	-
Accruals	**2.230.800**	3.236.330
Other creditors	**461.991**	218.197
Payables to related companies	**-**	60.465
	3.966.278	12.858.948

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

8. Annual accounts

Annual accounts for the year ended 31 December 2010 will be sent to shareholders shortly and will be available to view from the Company's website, www.norconplc.com