Regulatory Story

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18 September 2013

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

For the six month period ended 30 June 2013

Norcon plc (LSE/AIM: NCON), the global communications network specialist announces unaudited interim results for the six months ended 30 June 2013 (the "Interim Period").

FINANCIAL HEADLINES:

- Revenue of US$22.9m (H1 2012: US$25.3m)
- Gross profit of US$3.1m (H1 2012: US$2.9m),
- EBIDTA loss of US$ 0.3 (H1 2012: US$ 0.3 profit)
- Loss after tax of (US$1.4m) (H1 2012: US$0.5m loss)
- Net cash balance of US$1.5m (30 June 2012: US$1.5m net debt)
- Pro forma loss per share of (US$0.03) (H1 2012: US$0.01 loss)

OPERATIONAL HEADLINES:

- Long-term strategy of diversification into new markets and services providing positive progress
- New deals secured in USA, Europe, Middle East and Asia Pacific
- Revenues outside our legacy market now account for close to 50% of total H1 revenues compared to 30% in H1 2012

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

It takes both time and effort to successfully restructure a company that has been traditionally dependent on both a narrow geographical market and client base.

We feel confident that Norcon is heading in the right direction. Although turnover is slightly down on H1 2012, we are seeing improved margins.

We are starting to see some of the expected benefits emerging from our 3 year diversification plan. This is bringing us new customers in new geographical areas, new engineering based services and cost savings from tighter financial control coupled with more efficient and structured operations.

Revenues outside of our legacy market now account for close to 50% compared with 30% last year and even lower in the previous years. Looking forward we expect to see this trend continue and to further benefit from the full effect of our reduced overhead costs in the holding company.

We remain fully committed to continue our existing strategy and thereby deliver increased shareholder value in the future.

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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 EXECUTIVE CHAIRMAN, TROND TOSTRUP

Overview

We have continued to make positive progress during this first half in the implementation of our strategy for diversification and growth.

We are starting to experience some of the expected benefits from the 3-year diversification plan, we have added new customers, new engineering based services and are benefitting from cost savings as a result of more efficient and disciplined operations. Furthermore, we have a growing pipeline across all regions.

There are few independent companies that operate globally and are able to offer end-to-end, initial strategy through to project management and engineering based services that allow a complete project to be deployed.

Demand for these services is being driven by new LTE network deployments and network modernisation programmes across most geographic regions. The ability for us to reach out to new customers in these new territories is proving to be key. We fully expect this demand to grow and continue while new technologies are introduced to support data growth.

<u>Operations</u>

The investment in two new operations added in 2012 in the UK and USA are both contributing revenues to the Group and therefore we are now considering how best to grow plans those offices.

Our team in Asia Pacific has delivered in line with expectations in H1; new sales with new customers for both LTE Strategy and engineering based services. We expect to invest more into the Asia Pacific region sales operation in order to fuel more growth into FY14.

We have renewed some key projects in the Middle East and Asia Pacific markets into 2014, while we have also closed some smaller projects in the Middle East. These larger projects provide a good platform to drive cost savings and consequentially expect to see positive results in terms of improved gross margins from these actions.

In addition to cost savings on projects, we are continuously improving our discipline and processes from Sales to Delivery of projects across all functions and geographies of our business.

<u>Performance</u>

Our dependence on a smaller number of customers in the Middle East is certainly being diluted with the continued addition of new customers in our other operating regions. This was always a key part of the diversification plan.

Gross margin also improved from 11% in H1 2012 to 14% in H1 2013 due to a combination of driving higher margins for new sales, improvements in existing project costs and implementing operational efficiencies.

<u>Outlook</u>

We are starting to see the benefits expected from our investment into and implementation of a diversification plan and remain fully committed to continue executing on this.

Trond Tostrup
17 September 2013

FINANCIAL REVIEW

Summary

Turnover for the Company during the period was US$22.9m in H1 2013, compared to US$25.3m in H1 2012. This reduction is mainly due to the decrease seen in revenue from the Company's legacy market branch when compared to the same period last year, mitigated by higher revenues in Asia and the USA.

Gross profit stood at US$3.1m for the Interim Period compared to US$2.9m in H1 2012. Gross margin has increased from 11% in the prior year to 14% as a result of the restructuring of our cost base and the diversification into new markets and services. Figures for 2013 will still include some legacy cost. The Company will benefit from the full effect of the restructuring from 2014 onwards.

Lossbefore tax was US$ 0.6M for the Interim Period compared to the 2012 interim break even figure and the loss after tax was US$1,4m for the Interim Period compared to the 2012 interim loss of US$ 0,5m.

Accrued taxes amounted to US$0.8m given the applicable taxation in the profitable branches. Current taxes are calculated based on best conservative estimates. Available tax credits in Saudi Arabia have not been taken into account at this stage.

Pro forma loss per share of US$0.03 for the Interim Period compares to the US$0.01 loss per share for the first half of 2012 using the same weighted average share base.

Costs

Cost of Sales totalled US$19.8m for the period compared to a 2012 interim figure of US$22.5m.

General operating and administrative expenses totalled US$3.2m for the period, an increase when compared to the 2012 interim figure of US$2.4m. These increased costs are partly due to our investment in the market together with legacy costs related to restructuring of the Company.

Cash Flow

Cash flow from operations was negative for the period a result of the increase in accounts receivable.

Statement of Financial Position

At 30 June the Company had net cash of US$1.5m, compared to net debt of US$1.5m half year 2012.

Accounts receivable and prepayment balances (including work in process) decreased from US$ 43.0m at half year in 2012 to US$37.0m as at 30 June 2013 due to amounts having been received from customers of the Groups biggest branch in the Middle East. Included in trade receivables are amounts due from Governmental and quasi governmental institutions in the Kingdom of Saudi Arabia of approximately US$ 9.81m which are older than 1 year. No provision has been made as the Company still believe the full amounts will be collected.

Trade and other accounts payable increased to US$8.7m from US$6.9m at half year 2012.

The provision for employees' terminal (end of service severance) benefits decreased to US$8.5m at 30 June 2013 from US$9.8 at 30 June 2012.

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

Taxation

Accrued taxes amounted to US$0.6m, unchanged from 30 June 2012.

Foreign Exchange

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

Arne Dag Aanensen
Chief Financial Officer

17 September 2013

FINANCIAL INFORMATION ON NORCON PLC
UNAUDITED INTERIM RESULTS FOR SIX MONTHS ENDED 30 JUNE 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	6 Months to 30 June 2013 US$'000	*6 Months to 30 June 2012 US$'000*
Turnover	22,955	25,334
Cost of sales	(19,823)	(22,473)
Gross profit	3,132	2,861
Operating and administrative expenses	(3,236)	(2,436)
(Loss)/Profit from operations	(104)	425
Depreciation	(31)	(30)
Finance expense	(446)	(383)
(Loss)/Profit before tax	(581)	12
Minority provision		(40)
Income tax expense	(793)	(429)
Loss for half year	(1,374)	(457)
	US$	***US$***
Pro forma loss per share (note)	(0.03)	(0.01)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30 June 2013 US$'000	*As At 30 June 2012 US$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	156	160
Investments	88	88
Investment in associate	561	591
	805	839
Current assets		
Work in progress	4,771	7,508
Trade and other receivables	32,207	35,485
Cash and cash equivalents	8,972	10,076
	45,950	53,069
Total assets	46,755	53,908

CONSOLIDATED BALANCE SHEET(Continued)

	As At 30	*As At 30*

	June 2013 US$'000	June 2012 US$'000
EQUITY AND LIABILITIES		
Capital and reserves		
Share capital	937	937
Legal/LTIP reserve	800	800
Retained earnings*	19,692	23,183
Equity attributable to the equity holders	21,429	24,920
Minority interest	9	43
	21,438	24,963
Non-current liabilities		
Provision for employees' terminal benefits	8,469	9,809
Current liabilities		
Trade and other payables	8,712	6,931
Income tax payable	617	640
Short-term borrowings	7,519	11,565
	16,848	19,136
Total equity and liabilities	46,755	53,908

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

CONSOLIDATED CASH FLOW STATEMENT

	6 Months to 30 June 2013 US$'000	*6 Months to 30 June 2012 US$'000*
Cash flows from operating activities		
(Loss)/Profit for the year before taxation	(581)	12
Adjustments for:		
Depreciation	31	30
Interest Expense	205	0
Movement in provision for employees' terminal benefits	86	(706)
Movement in foreign exchange/other reserves	13	(20)
Cash flows used in operations before working capital changes	(246)	(684)
Increase in receivables/work in progress	(7,019)	(7,808)
Increase in creditors	989	379
Cash generated from operations	(6,276)	(8,113)
Income tax paid and other items	(330)	(464)
Net cash flows used in operating activities	(6,606)	(8,577)
Cash flows from investing activities		
Payments to acquire fixed assets	(16)	(40)
Proceeds from Disposal of property, plant and equipment	1	0
Net cash flows used in investing activities	(15)	(40)
Cash flows from financing activities		
Net proceeds from borrowing	6,605	3,485

Net interest paid	(205)	(-)
Net cash flows from financing activities	6,400	3,485

CONSOLIDATED CASH FLOW STATEMENT (Continued)

	6 Months to 30 June 2013 US$'000	*6 Months to 30 June 2012 US$'000*
Net decrease in cash and cash equivalents	(222)	(5,132)
Overdraft facility	915	2,752
Cash and cash equivalents at 1 January	8,279	12,456
Cash and cash equivalent at 30 June	8.972	10,076

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	937	7,028	14,778	22,743	51	22,794

2012						
Net loss for the half year	-	(1,374)	-	(1,374)	(42)	(1,416)
Other activity	-	-	60	60		60
As at 30 June 2013	937	5,654	14,838	21,429	9	21,438

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 2013 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 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 Ltd, registered in the United Kingdom and the associate company Norconsult Telematics (Saudi) Ltd registered in the Kingdom of Saudi Arabia (under closure).

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

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 judgement 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

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over it's estimated useful life.

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 statement of comprehensive income

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 excluding goodwill

At each reporting 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.

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.

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.

Where an impairment loss subsequently reverses the carrying amount of the asset (cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase

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 the obligation under the liability is discharged, cancelled or expires.

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 statement of financial position 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 statement of financial position 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) Events after the reporting date

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 statement of financial position 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.

	Period End:	
	30 June 2013	***30 June 2012***
Loss for the period	(1,374)	(457)
Weighted average number of ordinary shares used in the Calculation of EPS (No.)	48,800,808	48,800,808
	US$	***US$***
Basic and diluted loss per share (EPS)	(0.03)	(0.01)

There is no dilution applicable to the 2013 interim results. The fully diluted loss per share as of 30 June 2012 was likewise US$0.01

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

The bankers of the Saudi Arabia branch have given bank guarantees limited to the equivalent of US$ 6.540.485 (2012: US$ 6.403.499) in the normal course of the Branch's business.

Letters of guarantee (Performance Bond) for the groups operations in UAE Abu Dhabi amounting to US$2,602,200 were in issue as at 30 June 2013 (2012: US$2,602,200). An amount of US$650.550 (2012: US$ 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 30 June 2013 (2012: AED50,000).

v) Share Based Payment

The company has adopted a Long Term Incentive Plan (LTIP) for eligible employees and directors. The initial plan provided for 2274999 shares granted to those employees and directors over a three year period based on the company's performance year by year. These shares represented 5.25% of the company's issued share capital.

Vesting conditions have been met for the years 2008 and 2009 and 758833 new shares have been issued for each year but not thereafter as the vesting conditions have not been met.

The company has decided to extend the LTIP plan for 2013 and 2014.

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 statement of financial position 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.

This information is provided by RNS
The company news service from the London Stock Exchange

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Regulatory