**29 April 2014**

**Norcon plc**

**("Norcon" or the "Company")**

**FINAL RESULTS**

**For the twelve months ended 31 December 2013**

Norcon plc (LSE/AIM: NCON), the global communications network specialist, is pleased to announce audited results for the year ended 31 December 2013. Despite a decline in annual revenues, in line with the Directors' expectations under the 3 year long-term investment strategy commenced 2012, the Group has diversified into new markets and expanded its services portfolio.

During 2013 steady progress was achieved with the Group's transition plan, which will deliver a stable platform for future growth, limit the business' exposure to single markets/customers and widen the portfolio of services to include key differentiators across our propositions.

In 2013 new customers and projects were added across all the Group's markets with a mix of legacy and new services. Although these projects may not be of high financial value, they are of significant strategic value in that they open up new key accounts and also lower Norcon's dependency on certain markets/customers.

The Directors believe the business is now positioned on a much stronger platform to achieve future growth across all the Group's markets.

## FINANCIAL HIGHLIGHTS

Trading has been consistent with the Directors' expectations for the year:

- Revenue of US$46.1m (FY 2012: US$49.6m)
- Operating profit of US$0.4m (FY 2012: US$0.3m)
- Loss before tax of US$0.3m (FY 2012: loss of US$0.6m)
- Loss after tax of US$2.0m (FY 2012: loss of US$1.7m)
- Available cash at year-end US$12.0m of which unrestricted balance is US$ 5.1m
- Pro forma loss per share on a basic basis of US$0.04 (FY 2012: loss per share of US$0.03) based on 48,800,808 shares being in issue at 31 December 2013.
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## OPERATIONAL HIGHLIGHTS

- Business in North America now fairly established, and achieving expected growth in revenues.
- European business now delivering a number of projects, in its second year of operation.
- Wider business benefitting from the transfer of knowledge of new initiatives being deployed in the European market, as planned.
- Services product portfolio enhanced and extended into Engineering based solutions.
- Engagements secured in Asia utilising the combination of legacy and newly developed services.

## OUTLOOK

In 2014 the Group will continue to invest in diversification by geography and product. The Directors expect 2014 revenue to show an upward trend compared to 2013, but the impact on overall performance will not be significant before 2015 and beyond.

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

"2013 has undoubtedly proved to be another challenging year for Norcon. However, last year I expressed confidence that we were well placed to start seeing the results of our transition strategy into an expanding marketplace and I am pleased to report that this has been the case.

"Furthermore I am pleased to report that our historical reliance on one major client in Saudi Arabia has been further reduced with our changing geographical distribution. New markets in the US and Europe now account for more than 10% of our turnover and our presence in Asia is growing.

"Our focus as a company, and as a Board, is to return Norcon to profitability and our efforts to grow our business will remain our key priority going forward. Looking into the expanding marketplace we serve I am confident of success. 2014 will see the company continuing to invest in the key personnel necessary for our geographical growth and 2015 is expected to bring the full benefits of our cost reduction plan, started in 2012/13 and our expansion into new marketplaces.

We benefit from a dedicated and highly capable team in the Norcon Group. These people are our greatest asset and I thank every Norcon colleague for their commitment, enthusiasm and efforts throughout the year."

**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

2013 has undoubtedly proved to be another challenging year for Norcon Plc. However, last year I expressed confidence that we were well placed to start seeing the results of our transition strategy into an expanding marketplace and I am pleased to report that this has been the case.

We have continued to make additional investment in both personnel and new markets and this has resulted in our EBITDA being positive and the Group reporting a small loss before taxes. By developing a more sophisticated product mix to better position our offering in the value chain we are beginning to get real traction although clearly it takes time to penetrate new customers and geographical markets.

I am pleased to report that our historical reliance on one major client in Saudi Arabia has been further reduced with our changing geographical distribution. New markets in the US and Europe now account for more than 10% of our turnover and our presence in Asia is growing.

As communications play an ever important role the corresponding need for new technologies to expand existing capacity, and widen product and service offerings, are key for the growth in our market. Figures from IDATE, July 2013, show Telecom Capex globally estimated at € 237 bn, of which € 101.6 bn emanates from the Asian-Pacific area. I am pleased to tell you we are well positioned to take advantage of such investment programmes.

Our focus as a company, and as a Board, is to return Norcon to profitability and our efforts to grow our business will remain our key priority going forward. Looking into the expanding marketplace we serve I am confident of success. 2014 will see the company continuing to invest in the key personnel necessary for our geographical growth and 2015 is expected to bring the full benefits of our cost reduction plan, started in 2012/13, and our expansion into new marketplaces.

We benefit from a dedicated and highly capable team in the Norcon Group. These people are our greatest asset and I thank every Norcon colleague for their commitment, enthusiasm and efforts throughout the year.

Trond Tostrup
Executive chairman

## Financial Review

We are pleased to release our audited numbers for the full year 2013.

Summary

2013 has been a challenging year for Norcon. We have experienced reduced revenue but managed to increase our operational margins. Norcon is still investing into further diversification in the market and had a strong net asset position of US$ 21m at the year end.

Revenue for 2013 totalled US$46.1m (FY 2012: US$49.6m). In 2013 we experienced a revenue decline from a major customer in the Middle East. A large part of this reduction has been recovered from other new customers in Asia, Europe and North America. This is evidence that our diversification strategy is going to plan.

EBIT for 2013 was US$0.4m (FY 2012: US$0.3m). Even with a drop in revenue, we managed to maintain our margins.

Loss after tax of US$2.0m for 2013 compared to a loss for 2012 of US$1.7m. The underlying tax rates in the respective jurisdictions are detailed in the notes to the accounts.

Pro forma basic loss per share was US$0.04 for the full year compared to a loss per share of US$0.03 in 2012. The weighted average number of shares in 2013 was 48,800,808, unchanged from 2012.

Costs

Cost of sales totalled US$39.8m for the year compared to US$43.9m in 2012. Our cost cutting programme contributed to the improved margins compared to 2012.

Other operating costs, including net, operating and administration expenses totalled US$6.0m for the year, up from US$5.4m in 2012. The increase is partly due to our investment in the market but is also due to legacy costs related to restructuring of the company.

Net other costs decreased to US$0.7m from US$1.0m, largely related to lower financial expenses.

Taxation

Accrued taxes amounted to US$1.7m during 2013 (FY 2012: US$1.0m). The underlying tax rates in the countries in which we operate are detailed in the notes to the accounts. Though the Consolidated Statements show 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 currency if pegged to the US dollar or in US dollars to the extent feasible. Foreign exchange translation gains and losses in the period are shown in the accounts, and remained at a similar level compared to last year.

Cash Flow

Cash flow continued to be positive for the year as a whole. Our cash position for 2013 is higher compared to 2012 due to an increase in borrowings. 2013 showed an decrease in net cash flows from operating activities from US$2.6m in 2012 to US$ 0.3m.

Balance Sheet

The balance sheet performance of the Company was strong.

As at 31 December 2013, available cash was US$5.1m (FY 2012: US$4.2) with net cash of US$8.3m (FY 2012: US$8.2m).

The Company remains in a net asset position, with net assets decreasing to US$20.9m in 2013 (FY 2012: US$22.8m).

Total trade and other receivables remained the same at US$ 30.1m. Trade and unbilled receivable balances increased slightly year on year to a total of US$25.8m from a total of US$25.6m in 2012. Work in Process (unbilled receivables) increased to US$6.3m in 2013 compared to US$1.0m in 2012. Retentions receivable decreased to US$0.5m compared to US$0.8m in 2012.

Trade payables have increased to US$9.6m as at year-end 2013 compared to US$7.7m in the preceding year.

In non-current liabilities, the accrual related to employees terminal benefits decreased to US$7.5m from US$8.4m in 2012.

Retained earnings and other reserves totalled US$20.m as at the end of 2013 compared to US$21.8m as at the end of the 2012. Share capital remains at US$ 0.9m.

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 2013**

| | 2013<br>US$ | 2012<br>US$ |
|---|---|---|
| **Revenue** | **46.050.736** | 49.627.733 |
| Cost of sales | **(39.785.044)** | (43.869.869) |
| | **6.265.692** | 5.757.864 |
| Other income | **35** | 11.596 |
| Profit from investing activities | **49.325** | 31.726 |
| Administration expenses | **(5.951.248)** | (5.481.692) |
| **Operating profit** | **363.804** | 319.494 |
| Finance costs | **(685.721)** | (933.028) |
| Share of results of associates before tax | **(6.050)** | (28.944) |
| **Loss before tax** | **(327.967)** | (642.478) |
| Tax | **(1.664.674)** | (1.021.918) |
| **Net loss for the year** | **(1.992.641)** | (1.664.396) |
| **Other comprehensive income** | **-** | - |
| **Total comprehensive loss for the year** | **(1.992.641)** | (1.664.396) |
| Attributable to: | | |
| Equity holders of the parent | **(1.948.314)** | (1.714.073) |
| Non-controlling interests | **(44.327)** | 49.677 |
| | **(1.992.641)** | (1.664.396) |
| **Basic loss per share attributable to equity holders of the parent (cent)** | **(3,99)** | (3,51) |
| **Diluted loss per share attributable to equity holders of the parent (cent)** | **(3,99)** | (3,51) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
**31 December 2013**

| | 2013 US$ | 2012 US$ |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | **131.214** | 169.888 |
| Investments in associated undertakings | **555.217** | 561.267 |
| | **686.431** | 731.155 |
| **Current assets** | | |
| Trade and other receivables | **30.106.371** | 30.047.453 |
| Short term deposits | **6.220.659** | 6.177.125 |
| Cash at bank and in hand | **5.794.579** | 4.820.904 |
| | **42.121.609** | 41.045.482 |
| **Total assets** | **42.808.040** | 41.776.637 |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | **937.100** | 937.100 |
| Other reserves | **14.854.092** | 14.778.260 |
| Retained earnings | **5.096.092** | 7.027.917 |
| | **20.887.284** | 22.743.277 |
| Non-controlling interests | **7.185** | 51.512 |
| **Total equity** | **20.894.469** | 22.794.789 |
| **Non-current liabilities** | | |
| Employees' terminal benefits | **7.538.367** | 8.382.345 |
| | **7.538.367** | 8.382.345 |
| **Current liabilities** | | |
| Trade and other payables | **9.567.430** | 7.723.093 |
| Borrowings | **3.749.095** | 2.718.824 |
| Current tax liabilities | **1.058.679** | 157.586 |
| | **14.375.204** | 10.599.503 |
| **Total liabilities** | **21.913.571** | 18.981.848 |
| **Total equity and liabilities** | **42.808.040** | 41.776.637 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**
**Year ended 31 December 2013**

| | 2013 US$ | 2012 US$ |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| **Loss before tax** | **(327.967)** | (642.478) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | **65.920** | 66.697 |
| Exchange difference arising on the translation of non current assets in foreign currencies | **19** | 467 |
| Exchange difference arising on the translation and consolidation of foreign companies' financial statements | **(31.454)** | 107.034 |
| Share of loss from associates | **6.050** | 28.944 |
| Gain from the sale of property, plant and equipment | **(35)** | - |
| Employees terminal benefits | **(843.978)** | (2.132.545) |
| Interest income | **(49.325)** | (31.726)) |
| Expenses recognised in comprehensive income in respect of equity-settled share-based payments | **123,775** | - |
| Interest expense | **413.249** | 416.698 |
| **Cash flows used in operations before working capital changes** | **(643.746)** | (2.186.909) |
| (Increase)/decrease in trade and other receivables | **(58.918)** | 5.216.290 |
| Increase in trade and other payables | **1.844.337** | 1.180.520 |
| (Increase)/decrease in short term deposits | **(43.534)** | 30.339 |
| **Cash flows from operations** | **1.098.139** | 4.240.240 |
| Tax paid | **(763.581)** | (1.597.377) |
| **Net cash flows from operating activities** | **334.558** | 2.642.863 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Payment for purchase of property, plant and equipment | **(28.384)** | (77.094) |
| Proceeds from disposal of property, plant and equipment | **1.154** | - |
| Interest received | **49.325** | 31.726 |
| **Net cash flows from/(used in) investing activities** | **22.095** | (45.368) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Repayments of borrowings | **-** | (5.327.290) |
| Proceeds from borrowings | **3.749.095** | - |
| Interest paid | **(413.249)** | (416.698) |
| Dividends paid | **-** | (1.000.000) |
| **Net cash flows from/(used in) financing activities** | **3.335.846** | (6.743.988) |
| **Net increase/(decrease) in cash and cash equivalents** | **3.692.499** | (4.146.493) |
| Cash and cash equivalents: | | |
| At beginning of the year | **2.102.080** | 6.248.573 |
| **At end of the year** | **5.794.579** | 2.102.080 |

## 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 its shares were admitted to trading on the AIM market 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, 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 UK registered in the United Kingdom and the associate company Norconsult Telematics (Saudi) Ltd registered in the Kingdom of Saudi Arabia.

In 2013 the Group has operated in the following countries: Saudi Arabia, Indonesia, Kuwait, UAE Abu Dhabi, Oman, Malaysia, Qatar, United Kingdom, Thailand 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. This adoption did not have a material effect on the accounting policies of the Group.

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.

| **2013** | **Europe US$** | **United States of America US$** | **Middle East US$** | **Asia US$** | **Total US$** |
|---|---|---|---|---|---|
| **Results** | | | | | |
| (Loss)/income for the year | (1.903.916) | (58.823) | (1.432.523) | 1.446.948 | (1.948.314) |
| **Assets and Liabilities** | | | | | |
| Segment assets | 4.215.417 | 932.674 | 34.307.989 | 3.351.960 | 42.808.040 |
| Segment liabilities | (496.584) | (343.056) | (16.656.297) | (4.417.634) | (21.913.571) |
| **Other segment information** | | | | | |
| Acquisition/(disposal) of fixed assets | (897) | 2.346 | 9.958 | 15.310 | 26.717 |
| Depreciation | 2.513 | 1.430 | 55.226 | 6.751 | 65.920 |
| **Net cash flow** | 1.392.056 | (66.470) | 2.432.370 | (65.457) | 3.692.499 |

| 2012 | Europe US$ | United States of America US$ | Middle East US$ | Asia US$ | Total 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) |

**4. Tax**

| | **2013 US$** | 2012 US$ |
|---|---|---|
| Overseas tax | **1.649.940** | 1.017.198 |
| Defence contribution - current year | **14.734** | 4.720 |
| **Charge for the year** | **1.664.674** | 1.021.918 |

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 US$** | 2012 US$ |
|---|---|---|
| Loss before tax | **(327.967)** | (642.478) |
| Tax calculated at the applicable tax rates | **(40.996)** | (64.248) |
| Tax effect of allowances and income not subject to tax | **2.826** | 5.374 |
| Tax effect of tax loss for the year | **38.170** | 58.874 |
| Defence contribution current year | **14.734** | 4.720 |
| Overseas tax during the year | **1.649.940** | 1.017.198 |
| **Tax charge** | **1.664.674** | 1.021.918 |

| **Corporation tax by country of operations:** | **2013** | 2012 |
|---|---|---|
| | **US$** | US$ |
| Corporation tax for Kuwait | 413.841 | 356.086 |
| Corporation tax for South East Asia | 1.096.185 | 562.043 |
| Corporation tax for Malaysia | 32.285 | 75.602 |
| Corporation tax for Norway | 20.421 | 23.467 |
| Corporation tax for Norcon Global Management & Consulting | 87.208 | - |
| | 1.649.940 | 1.017.198 |

The corporation tax rate is 12.5% (2012:10%). 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 30% ( 2012: 15%). 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 (up to 31 August 2011 the rate was 15% and was increased to 17% for the period thereafter to 31 December 2011.

Income tax on the Saudi Arabia branch has been provided for on the estimated taxable profit at 20% (2012: 20%). As a result of a tax examination carried out for the years 2006 - 2012 by local tax authorities at the company's Saudi Arabian branch an additional tax liability in the amount of approximately US$535.000 (SAR 2.004.948) has arisen. Upon verification of the settlement, deposits held against guarantees towards DZIT should within reasonable time be made available to the amount of USD 6,220,659. The claim is under evaluation by management in order to decide whether to raise an objection.

Income tax on the Kuwait branch has been provided for on the estimated taxable profit at 15% (2012: 15%).

Income tax on the SE Asia Operations branch has been provided for on the estimated taxable profit at 25% plus 20% on the profit after tax - repatriation of profits (2012: 25% plus 20% on the profit after tax - repatriation of profits).

Income tax of the Malaysia branch has been provided for on the estimated taxable profit at 25% (2012:25%).

The subsidiary company in Norway is subject to 28% tax of its income (2012: 28%).

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

The subsidiary company in United Kingdom is subject to 23.45% income tax on its taxable income.

### 5. Loss per share attributable to equity holders of the parent

| | **2013** | 2012 |
|---|---|---|
| Loss attributable to shareholders (US$) | **(1.948.314)** | (1.714.073) |
| Weighted average number of ordinary shares in issue during the year | **48.800.808** | 48.800.808 |
| **Basic earnings per share (cent)** | **(3,99)** | (3,51) |

| | **2013** | 2012 |
|---|---|---|
| | **US$** | **US$** |
| Loss attributable to shareholders (US$) | **(1.948.314)** | (1.714.073) |
| Ordinary shares issued | **48.800.808** | 48.800.808 |
| | **48.800.808** | 48.800.808 |
| **Diluted earnings per share (cent)** | **(3,99)** | (3,51) |

**6. Dividends**

| | 2013 US$ | 2012 US$ |
|---|---|---|
| Final dividend paid | - | 1.000.000 |
| | - | 1.000.000 |

In October 2012, the Board of Directors paid a 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 2013.

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 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

| | 2013 US$ | 2012 US$ |
|---|---|---|
| Trade receivables | 19.425.327 | 24.630.238 |
| Retentions receivable | 489.092 | 767.588 |
| Unbilled receivables | 6.346.929 | 989.318 |
| Deposits and prepayments | 927.491 | 871.054 |
| Other receivables | 2.825.658 | 2.776.536 |
| Refundable VAT | 91.874 | 12.719 |
| | 30.106.371 | 30.047.453 |

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

| | 2013 US$ | 2012 US$ |
|---|---|---|
| Up to 30 days | 3.653.768 | 9.808.451 |
| 31-60 days | 2.552.572 | 3.798.733 |
| 61- 90 days | 1.428.610 | 620.808 |
| 91- 120 days | 853.812 | 82.178 |
| More than 120 days | 10.936.565 | 10.320.068 |
| | 19.425.327 | 24.630.238 |

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**

| | 2013 US$ | 2012 US$ |
|---|---|---|
| Trade payables | 6.786.934 | 4.851.746 |
| Accruals | 1.555.440 | 1.222.818 |
| Other creditors | 1.225.056 | 1.648.529 |
| | 9.567.430 | 7.723.093 |

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$6.210.451 (2012:US$6.403.499) 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 (2012:US$2.602.200) were in issue as at 31st December 2013. 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. In addition, a letter of guarantee for AED50.000 for the registration of the Norconsult Abu Dhabi branch was in issue as at 31st December 2013 (2012:AED50.000).

As at 31 December 2013 a tender bond was in issue in favour of a potential client for US$ 27.200 (AED 100.000) which is blocked and expires on 31st of May 2014.

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 subsidiary.

**10. Events after the reporting period**

As a result of a tax examination carried out for the years 2006 - 2012 by local tax authorities at the company's Saudi Arabian branch an additional tax liability in the amount of approximately US$535.000 (SAR 2.004.948) has arisen. Upon verification of the settlement, deposits held against guarantees towards DZIT should within reasonable time be made available the amount of USD 6,220,659. The claim is under evaluation by management as to whether to dispute it.

**11. Annual accounts**

Annual accounts for the year ended 31 December 2013 will be sent to shareholders shortly and will be available to view from the Company’s website, www.norconplc.com