

NORFOLK GROUP LIMITED
APPENDIX 4E – PRELIMINARY FINAL REPORT
YEAR ENDING 31 MARCH 2009

Results for announcement to the market

Financial Results	March 2009 \$'000	31 May 2007 - 31 March 2008 \$'000	Change \$'000	Change %
Revenue from continuing operations	744,207	585,326	158,881	27%
Earnings before interest and tax from continuing operations (excluding SSRP receivable impairment)	28,944	31,332	(2,388)	(8%)
Net Profit from continuing operations (excluding SSRP receivable impairment)	15,012	18,469	(3,457)	(19%)
Net Profit from continuing operations	5,571	18,469	(12,898)	(70%)
Net Profit attributable to members	4,335	18,892	(14,557)	(77%)

Dividends	Amount per Security	Franked Amount per Security
Final Dividend	N/A	N/A
Previous Corresponding Period	5.7 cents	5.7 cents
Record Date for Determining Entitlement	N/A	
There is currently no dividend reinvestment plan in operation		

Explanation of Results

Earnings before interest and tax from continuing operations before impairment of the Southern Suburbs Rail Project (SSRP) receivable for the year ending 31 March 2009 was \$28,944,000, representing a 8% decrease from the period 31 May 2007 to 31 March 2008. (refer to note 16)

Earnings before interest and tax from continuing operations including the impairment of the SSRP receivable for the year ending 31 March 2009 was \$15,457,000, representing a 51% decrease from the period 31 May 2007 to 31 March 2008. (refer to note 16)

Please refer to the attached Consolidated Financial Statements and notes and the attached Results Announcement for the period ended 31 March, 2009 for further explanation of results.

INCOME STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2009

	Note	Group 2009 \$'000	Group 31 May 2007 – 31 March 2008 \$'000
Revenue from continuing operating activities	3	744,207	585,326
Other income		164	323
Expenses			
Cost of sales		(624,996)	(486,072)
Selling and distribution costs		(38,949)	(28,772)
Marketing expenses		(704)	(1,060)
Occupancy expenses		(7,659)	(6,043)
Administrative expenses - Other		(42,696)	(32,008)
Administrative expenses - Impairment of SSRP receivable		(13,487)	-
Finance costs		(7,254)	(5,168)
Profit before income tax		8,626	26,526
Income tax expense		(3,055)	(8,057)
Profit from continuing operations		5,571	18,469
Profit/(Loss) from discontinued operations		(1,204)	446
Profit for the year		4,367	18,915
Profit attributable to minority interest		(32)	(23)
Profit after income tax expense attributable to members of Norfolk Group Limited		4,335	18,892
		Cents	Cents
Basic earnings per share from continuing operations	9	4.26	14.19
Diluted earnings per share from continuing operations	9	4.22	13.92
Basic earnings per share	9	3.33	14.53
Diluted earnings per share	9	3.30	14.26

The above income statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

AS AT 31 MARCH 2009

	Note	Group 2009 \$'000	Group 2008 \$'000
Current assets			
Cash and cash equivalents		13,263	12,012
Trade and other receivables	4	170,369	186,552
Inventories	5	8,043	10,315
		191,675	208,879
Current assets classified as held for sale			
		688	-
Total current assets		192,363	208,879
Non-current assets			
Derivative financial instruments		-	564
Property, plant and equipment		10,845	11,383
Intangibles		46,837	45,652
Deferred tax		18,633	10,042
Total non-current assets		76,315	67,641
Total assets		268,678	276,520
Current liabilities			
Trade and other payables	7	157,131	162,374
Borrowings	14	61,821	3,665
Income tax		6,708	99
Derivative financial instruments		1,537	-
Provisions		6,929	6,643
Total current liabilities		234,126	172,781
Non-current liabilities			
Borrowings		942	62,812
Provisions		2,739	3,301
Total non-current liabilities		3,681	66,113
Total liabilities		237,807	238,894
Net assets		30,871	37,626
Equity			
Contributed equity	8	243,919	243,919
Reserves	10	(226,320)	(225,208)
Retained profits	11	13,217	18,892
Parent entity interest		30,816	37,603
Minority interest		55	23
Total equity		30,871	37,626

The above balance sheet should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 MARCH 2009

	Contributed Equity \$'000	Reserves \$'000	Retained profits \$'000	Parent interest \$'000	Minority Interest \$'000	Total equity \$'000
Group						
Balance 31 May 2007	–	–	–	–	–	–
Foreign currency translation differences	–	234	–	234	–	234
Net income/(expense) recognised directly in equity	–	234	–	234	–	234
Profit/(loss) after income tax (expense)/benefit	–	–	18,892	18,892	23	18,915
Total recognised income/(expense) for the period	–	234	18,982	19,126	23	19,149
Contributions of equity, net of transaction costs	243,919	–	–	243,919	–	243,919
Acquisition of entities under common control	–	(227,519)	–	(227,519)	–	(227,519)
Share-based payments	–	2,077	–	2,077	–	2,077
Balance 31 March 2008	243,919	(225,208)	18,892	37,603	23	37,626
Balance 1 April 2008	243,919	(225,208)	18,892	37,603	23	37,626
Foreign currency translation differences	–	(190)	–	(190)	–	(190)
Net income/(expense) recognised directly in equity	–	(190)	–	(190)	–	(190)
Changes in the fair value of cash flow hedges	–	(1,246)	–	(1,246)	–	(1,246)
Tax effect of changes in the fair value of cash flow hedges	–	374	–	374	–	374
Profit after income tax (expense)/benefit	–	–	4,335	4,335	32	4,367
Total recognised income/(expense) for the period	–	(1,062)	4,335	3,273	32	3,305
Dividends	–	–	(10,010)	(10,010)	–	(10,010)
Share-based payments	–	(50)	–	(50)	–	(50)
Balance 31 March 2009	243,919	(226,320)	13,217	30,816	55	30,871

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2009

	Note	Group 2009 \$'000	Group 31 May 2007 – 31 March 2008 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		780,847	646,297
Payments to suppliers (inclusive of GST)		(750,570)	(598,499)
		30,277	47,798
Interest received		423	366
Other revenue		718	178
Interest and other finance costs paid		(7,422)	(5,736)
Income taxes paid		(4,253)	(3,245)
Net cash inflow/(outflow) from operating activities	15	19,743	39,361
Cash flows from investing activities			
Payment for purchase of businesses, net of cash acquired	13	(1,161)	(6,094)
Payment for purchase of subsidiaries, net of cash acquired	13	(136)	(191,846)
Payments for property, plant and equipment		(5,130)	(2,322)
Proceeds from sale of property, plant and equipment		1,197	2,196
Proceeds from sale of discontinued activities (net of cash disposed of)		–	1,111
Net cash inflow/(outflow) from investing activities		(5,230)	(196,955)
Cash flows from financing activities			
Proceeds from issue of shares		–	183,157
Payment of dividends		(9,962)	–
Proceeds from borrowings		–	62,443
Repayment of borrowings		(1,450)	(73,727)
Repayment of finance lease liabilities		(1,805)	(2,267)
Net cash inflow/(outflow) from financing activities		(13,217)	169,606
Net increase/(decrease) in cash and cash equivalents		1,296	12,012
Effect of exchange rate changes on cash and cash equivalents		(45)	–
Cash and cash equivalents at the beginning of the financial period		12,012	–
Cash and cash equivalents at the end of the financial period		13,263	12,012

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2009

Note 1. Basis of Preparation

This report is based on the consolidated financial statements of Norfolk Group Limited and its subsidiaries for the year ending 31 March 2009. These financial statements are in the process of being audited.

The comparative information disclosed in this report is based upon the Financial Report of Norfolk Group Limited and its subsidiaries for the period 31 May 2007 to 31 March 2008 and as such is not directly comparable to information for the year ending 31 March 2009.

This report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

The principle accounting policies adopted in the preparation of this report are consistent with those disclosed in the Financial Report of Norfolk Group Limited and its subsidiaries for the period 31 May 2007 to 31 March 2008.

Note 2. Segment information – continuing operations

2009	Electrical & Communications \$'000	Mechanical \$'000	Fire & Property Services \$'000	Corporate Services \$'000	Intersegment eliminations/ unallocated \$'000	Total continuing operations \$'000
Sales to external customers	374,423	281,560	87,089	-	-	743,072
Intersegment sales	653	369	586	-	(1,608)	-
Other revenue	472	151	107	405	-	1,135
Total revenue	375,548	282,080	87,782	405	(1,608)	744,207
Other income	90	89	(15)	-	-	164
Total segment revenue	375,638	282,169	87,767	405	(1,608)	744,371
Segment result - other	17,057	16,199	3,952	(8,264)	-	28,944
Impairment of SSRP receivable	(13,487)	-	-	-	-	(13,487)
Inter – segment management fee	-	-	-	-	-	-
Total segment result	3,570	16,199	3,952	(8,264)	-	15,457
Finance costs						(6,831)
Profit before income tax expense						8,626
Income tax expense						(3,055)
Profit after income tax expense						5,571
Segment assets	141,710	117,396	32,736	323,286	(346,451)	268,678
Total assets						268,678
Segment liabilities	99,442	78,758	21,421	79,794	(41,611)	237,807
Total liabilities						237,807
Acquisition of non-current segment assets	1,802	2,959	330	1,337	-	6,427
Depreciation and amortisation expense	1,940	1,675	481	651	-	4,747

Note 2. Segment information – continuing operations (continued)

2008	Electrical & Communications \$'000	Mechanical \$'000	Fire & Property Services \$'000	Corporate Services \$'000	Intersegment eliminations/ unallocated \$'000	Total continuing operations \$'000
Sales to external customers	296,621	221,232	66,652	–	–	584,505
Intersegment sales	156	3,744	567	–	(4,467)	–
Other revenue	644	78	220	13,399	(13,520)	821
Total revenue	297,421	225,054	67,439	13,399	(17,987)	585,326
Other income	58	203	98	(36)	–	323
Total segment revenue	297,479	225,257	67,537	13,363	(17,987)	585,649
Segment result - other	17,944	14,287	3,960	(415)	(4,448)	31,328
Inter – segment management fee	(4,692)	(2,785)	(1,111)	8,588	–	–
Total segment result	13,252	11,502	2,849	8,173	(4,448)	31,328
Finance costs						(4,802)
Profit before income tax expense						26,526
Income tax expense						(8,057)
Profit after income tax expense						18,469
Segment assets	161,967	104,486	35,865	346,963	(372,761)	276,520
Total assets						276,520
Segment liabilities	107,235	60,813	22,927	114,730	(66,811)	238,894
Total liabilities						238,894
Acquisition of non-current segment assets	10,559	33,535	17,913	1,416	–	63,423
Depreciation and amortisation expense	1,794	1,427	565	579	–	4,365

Secondary reporting – geographical segments

The consolidated entity operates in three geographical segments: Australia, New Zealand and Other.

	Sales to external customers 2009 \$'000	Segment assets 2009 \$'000	Acquisition of non-current segment assets 2009 \$'000
Australia	639,166	230,234	6,112
New Zealand	100,762	37,446	228
Other	3,144	997	86
	743,072	268,678	6,427

	Sales to external customers 2008 \$'000	Segment assets 2008 \$'000	Acquisition of non-current segment assets 2008 \$'000
Australia	500,621	243,893	56,534
New Zealand	81,230	31,871	4,886
Other	2,654	756	2,003
	584,505	276,520	63,423

Note 3. Revenue

	Group 2009 \$'000	Group 31 May 2007 – 31 March 2008 \$'000
From continuing operations		
Sales revenue	743,072	584,505
Interest received	423	366
Other revenue	712	455
Revenue from continuing operations	744,207	585,326

Note 4. Current assets – trade and other receivables

	Group 2009 \$'000	Group 2008 \$'000
Trade receivables	131,831	107,263
Less: Provision for impairment of receivables	(14,980)	(1,614)
	116,851	105,649
Other receivables	1,566	58
Unbilled contract works	47,179	76,225
Prepayments	4,773	4,620
	170,369	186,552

Bad and doubtful trade receivables

The consolidated entity has recognised a loss of \$13,743,000 (2008: \$396,000 profit) in respect of bad and doubtful trade receivables during the period ended 31 March 2009. The loss has been included in 'administrative expenses' in the income statement.

Note 5. Current assets – inventories

	Group 2009 \$'000	Group 2008 \$'000
Finished goods – at cost	8,964	11,596
Less: Provision for obsolescence	(921)	(1,281)
	8,043	10,315

Write downs of inventory to net realisable value recognised as an expense during the period ended 31 March 2009 amounted to \$211,000. (2008: \$15,000).

Note 5. Current assets – inventories (continued)

Contracts in progress:

Made up as follows:

	Group 2009 \$'000	Group 2008 \$'000
Contract costs incurred plus recognised profits less recognised losses	690,566	779,114
Less: Progress billings	<u>(681,661)</u>	<u>(745,748)</u>
	8,905	33,366
Contract work billed in advance	<u>(38,274)</u>	<u>(42,859)</u>
Unbilled contract works	47,179	76,225
	<u>8,905</u>	<u>33,366</u>

Note 6. Net Assets backing

	Group 2009 Cents	Group 2008 Cents
Net tangible asset backing per ordinary security	<u>(12.28)</u>	<u>(6.17)</u>
Net asset backing per ordinary security	<u>23.75</u>	<u>28.94</u>

Note 7. Current liabilities – trade and other payables

	Group 2009 \$'000	Group 2008 \$'000
Trade payables	77,079	64,542
Contract work billed in advance	38,274	42,859
Employee benefits	27,125	23,984
Other payables	<u>14,653</u>	<u>30,989</u>
	<u>157,131</u>	<u>162,374</u>

Note 8. Equity – contributed

	Group 2009 Shares	Group 2009 \$'000	Group 2008 Shares	Group 2008 \$'000
Ordinary shares – fully paid	<u>130,000,000</u>	<u>243,919</u>	<u>130,000,000</u>	<u>243,919</u>

Note 9. Earnings per share

	Group 2009 \$'000	Group 2008 \$'000
Profit from continuing operations	5,571	18,469
Profit from continuing operations attributable to minority interests	(32)	(23)
Profit from continuing operations attributable to members of Norfolk Group Limited used in calculating earnings per share	5,539	18,469
Profit from discontinued operations	(1,204)	446
Profit attributable to members of Norfolk Group Limited used in calculating earnings per share	4,335	18,892
Weighted average number of ordinary shares used in calculating basic earnings per share	130,000,000	130,000,000
Adjustments for calculation of diluted earnings per share:		
Options	1,239,538	2,512,467
Weighted average number of ordinary shares used in calculating diluted earnings per share	131,239,538	132,512,467
	Cents	Cents
Basic earnings per share from continuing operations	4.26	14.19
Diluted earnings per share from continuing operations	4.22	13.92
Basic earnings per share	3.33	14.53
Diluted earnings per share	3.30	14.26

Note 10. Equity – reserves

	Group 2009 \$'000	Group 2008 \$'000
Foreign currency reserve	44	234
Share-based payments reserve	2,027	2,077
Hedging reserve – cash flow hedges	(872)	-
Common control reserve	(227,519)	(227,519)
	(226,320)	(225,208)

Note 11. Equity – retained profits

	Group 2009 \$'000	Group 2008 \$'000
Retained profits at the beginning of the financial period	18,892	-
Profit/(loss) after income tax (expense)/benefit	4,335	18,892
Dividends	(10,010)	-
Retained profits at the end of the financial period	13,217	18,892

Note 12. Contingent liabilities

	Group 2009 \$'000	Group 2008 \$'000
Bank guarantees	<u>28,930</u>	<u>37,539</u>

Total bank guarantee facilities as at 31 March 2009 were \$50,000,000 and the unused portion was \$21,070,000. This facility is subject to annual review.

Note 13. Business combinations

	2009 \$'000	2008 Norfolk Group Acquisition \$'000	2008 Other Acquisitions \$'000
Outflow of cash to acquire business, net of cash acquired:			
Total purchase consideration	1,161	253,825	7,946
Add: bank overdraft	-	6,809	-
Less: 21.9% shareholding issued to vendor	-	(55,517)	-
Less: payments to be made in future periods	-	(15,123)	-
Purchase consideration in respect of prior acquisitions	136	-	-
Outflow of cash	<u>1,297</u>	<u>189,994</u>	<u>7,946</u>

(a) On 1 May 2008 Haden Engineering Pty Ltd, a subsidiary of the company, acquired the business of Central Refrigeration and Air-Conditioning for \$1,161,000. This is a commercial and residential refrigeration and air-conditioning service business and operates in the Mechanical division of the consolidated entity. The acquired business contributed revenues of \$2,533,000 and net profit of \$355,000 to the consolidated entity for the year ended 31 March 2009.

	Acquiree's carrying amount \$'000	Fair value \$'000
Plant & Machinery	5	5
Motor vehicles	68	68
Employee benefits	(71)	(71)
Net assets acquired	<u>2</u>	<u>2</u>
Goodwill		1,159
Total purchase consideration		<u>1,161</u>
Representing:		
Cash paid to vendor		<u>1,161</u>
		<u>1,161</u>

(b) Norfolk Group of Companies

On 21 June 2007 Norfolk Group Limited, the parent entity, acquired 100% of the ordinary share capital of the Norfolk Group of Companies. The acquired companies contributed revenues of \$594,828,000 and net profit before interest and taxes of \$32,275,000 to the consolidated entity for the period ended 31 March 2008.

Note 13. Business combinations (continued)

If the acquisition had occurred on 1 April 2007, the Norfolk Group of Companies would have contributed revenue and net profit before interest and taxes of \$758,625,000 and \$34,107,000 respectively. Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000
Trade and other receivables	173,851
Income tax refund due	445
Inventories	13,826
Leasehold improvements	1,868
Plant and equipment	4,581
Motor vehicles	7,605
Goodwill	30,108
Brands	6,226
Computer software	2,639
Deferred tax asset	13,462
Trade and other payables	(123,311)
Provision for income tax	(2,896)
Employee benefits	(7,608)
Other provisions	(7,653)
Bank overdraft	(6,809)
Bank loans	(75,508)
Lease liabilities	(4,520)
Net assets acquired	<u>26,306</u>
Common control reserve	<u>227,519</u>
Total purchase consideration	<u>253,825</u>

Norfolk Group Limited was incorporated on 31 May 2007 to become the ultimate Australian parent company of the Norfolk Group of Companies. These companies were acquired on 21 June 2007 by Norfolk Group Limited.

The acquisition by Norfolk Group Limited of the Norfolk Group of Companies has been treated as a business combination under common control and has been accounted for by the Group prospectively from the date of obtaining the ownership interest. Assets and liabilities have been recognised on consolidation at the consolidated carrying amounts in the financial statements, measured in accordance with Australian equivalents to International Financial Reporting Standards. The difference between the purchase price paid by Norfolk Group Limited and the amounts at which the assets and liabilities have been recorded has been recognised in the Business Combinations under Common Control Reserve at \$227,519,000.

(c) Norfolk Mechanical (India) Pvt. Limited

On 7 August 2007, the Group acquired 85% of the ordinary share capital of Norfolk Mechanical (India) Pvt Limited for \$1,852,000 net of cash acquired. The fair value of the assets and liabilities on acquisition was net liabilities of \$151,000 resulting in \$2,003,000 of goodwill arising on consolidation. The acquired business contributed revenue of \$2,051,000 and net profit before income tax of \$186,000 to the consolidated entity for the period from acquisition to 31 March 2008.

(d) Gold Coast Air-conditioning

On 9 November 2007 Haden Engineering Pty Limited, a subsidiary, acquired the business of Gold Coast Air-conditioning for \$2,787,000. This is an air-conditioning service business and operates in the Mechanical division of the consolidated entity. The acquired business contributed revenues of \$311,000 and net profit of \$12,000 to the consolidated entity for the period ended 31 March 2008. Details of the acquisition are as follows:

Note 13. Business combinations (continued)

	Acquiree's carrying amount \$'000	Fair value \$'000
Motor vehicles	66	66
Employee benefits	(33)	(33)
Net assets acquired	33	33
Goodwill		2,754
Total purchase consideration		2,787
Representing:		
Cash paid to vendor		2,652
Direct costs paid relating to the acquisition		135
		2,787

(e) The Plumbing Doctor

On 14 November 2007 Haden Engineering Pty Limited, a subsidiary, acquired the business of The Plumbing Doctor for \$3,307,000. This is a commercial and residential plumbing service business and operates in the Mechanical division of the consolidated entity. The acquired business contributed revenues of \$1,547,000 and net profit of \$33,000 to the consolidated entity for the period ended 31 March 2008. Details of the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Trade receivables	435	435
Inventories	7	7
Plant and equipment	142	45
Motor vehicles	133	45
Trade payables	(287)	(287)
Employee benefits	–	(93)
Other provisions	–	(5)
Net assets acquired	430	147
Goodwill		3,160
Total purchase consideration		3,307
Representing:		
Cash paid to vendor		3,275
Direct costs paid relating to the acquisition		32
		3,307

Note 14. Events occurring after balance date

On 7 May 2009, agreement was reached with the Group's bank financiers that the impairment of the SSRP receivable would not be included within the calculation of the financial covenants that form part of the Group's major bank loan and overdraft facility agreement (Facility Agreement). The agreement reached on 7 May 2009 contains some undertakings which are in the process of being formally documented into the Facility Agreement. As this agreement was not reached prior to 31 March 2009, borrowings under the bank facility are shown as current liabilities in the balance sheet.

The bank overdraft facility is a \$20,000,000 facility which may be drawn at any time and is subject to annual review. At balance date \$nil was utilised (2008: \$nil). The bank loan facility is a \$90,000,000 facility which may be drawn at any time in either Australian or New Zealand dollars and has a term ending in July 2010. At balance date \$60,833,000 was utilised (2008: \$62,443,000)

No other matter or circumstance has arisen since 31 March 2009 that has significantly affected, or may significantly, affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Note 15. Reconciliation of profit(loss) after income tax to net cash flows from operating activities

	Group 2009 \$'000	Group 31 May 2007 – 31 March 2008 \$'000
Profit after income tax (expense)/benefit	4,367	18,915
Depreciation and amortisation	4,747	4,365
Net loss/(profit) on sale of non-current assets	(209)	(323)
Foreign currency differences	-	383
Share-based payments	(50)	2,077
Unrealised (gain)/loss on derivatives	851	(564)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	27,638	(8,757)
(Increase)/decrease in inventories	1,359	3,518
(Increase)/decrease in deferred tax assets	(8,244)	7,971
(Increase)/decrease in prepayments	(153)	(4,620)
Increase/(decrease) in trade and other payables	(16,731)	26,644
Increase/(decrease) in provision for income tax	6,529	(2,797)
Increase/(decrease) in employee benefits	(618)	(229)
Increase/(decrease) in other provisions	257	(7,222)
Net cash inflow/(outflow) from operating activities	19,743	39,361

Note 16. Reconciliation of earnings before interest and tax from continuing operations

	Group 2009 \$'000	Group 31 May 2007 – 31 March 2008 \$'000
Profit before income tax	8,626	26,526
Finance costs	7,254	5,168
Interest received	(423)	(366)
Earnings before interest and tax from continuing operations	15,457	31,328
Administrative expenses - Impairment of SSRP receivable	13,487	-
Earnings before interest and tax from continuing operations (excluding SSRP receivable impairment)	28,944	31,328