

22 December 2011

IMPACT OF PROPOSED INCOME TAX LAW CHANGES

Norfolk Group Limited (ASX: NFK) ("Norfolk") today advises of the expected impact of proposed changes to the income tax law affecting consolidated groups.

In April 2011 Norfolk announced it had lodged requests with the Australian Tax Office for amendments to historical tax returns that could result in tax refunds and benefits to the combined value of \$30.8 million.

These amendments were the result of changes to the consolidation regime enacted in 2010.

On 25 November 2011 the Federal Government announced changes affecting the way a consolidated group can deduct costs allocated to some assets following a corporate acquisition, reflecting recommendations from the Board of Taxation's *Review of the Consolidation Rights to Future Income and Residual Tax Cost Setting Rules*.

The proposed changes announced by the Federal Government are expected to reduce but not eliminate the tax benefits for Norfolk announced in April 2011.

Based on the Federal Government's announcement of 25 November 2011, Norfolk expects to receive tax refunds and benefits of between \$18 million and \$22 million. It is anticipated that these will be realised through a cash refund of approximately half of the expected benefit with the balance representing future tax benefits available to Norfolk.

The value and timing of these tax refunds and tax benefits will only be confirmed once legislation enacting the announced changes has been passed. It is possible that the announced changes may vary within the final legislation thus the expected tax refunds and benefits may also vary.

-ENDS-

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Norfolk Group Limited

Norfolk is a leading provider of integrated engineering services in the electrical, HVAC (heating, ventilation and airconditioning) and facilities management markets.

Norfolk employs more than 3,300 people, including highly skilled engineers, electricians, air conditioning technicians and apprentices, across more than 120 sites throughout Australia, New Zealand and Asia. Norfolk has more than 19,500 customers across a range of sectors including infrastructure, industrial, commercial, resources, retail, government and communications.

For further information on Norfolk, please visit www.norfolkgl.com.