ANNUAL REPORT 2012

NORFOLK
INTEGRATED ENGINEERING

Norfolk is a leading provider of integrated engineering solutions

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ASX Listing
Norfolk Group Limited ordinary shares are listed on the Australian Securities Exchange (code: NFK)

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KEY HIGHLIGHTS

Highlights

- Solid full year revenue of $901.7 million
- 28% increase in order book to $1,051 million, positioning the group for sustainable growth
- Net Profit After Tax (NPAT) of $36.8 million
- Normalised NPAT growth of 5%, meeting guidance (1)
- Earnings Before Interest and Tax (EBIT) of $30.8 million (2)

Market development

- Strong order book and pipeline in key target markets
- Customer engagement strategies continue to be successful
- Greater penetration into existing customer base with broader cross business offering

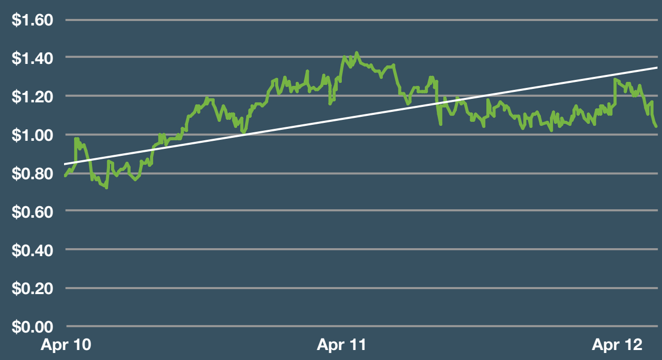
Health, safety and our people

- Industry recognition of our safety focus
- 20% reduction in Lost Time Injury Frequency Rate (LTIFR)
- 56 locations recording zero Total Reportable Injuries
- Improved safety and environment management system
- Introduction of lead performance indicators

Operational

- Leverage engineering and design capabilities
- Expand technical capabilities into specialist areas
- Ongoing growth with existing customers
- Strong cross business wins contribute to order book

Share price



Strategy

- Continuing strong earnings from partnerships, alliance-style and cost-reimbursable contracts
- Growth in key sectors targeting higher margin integrated engineering services
- Leverage pull through for more cross business wins

Outlook

- $740 million of FY2013 revenue underpinned by contracts, work orders and ongoing service commitments
- Targeting Normalised NPAT growth of at least 10%
- Strong pipeline to support ongoing growth of order book in target market sectors

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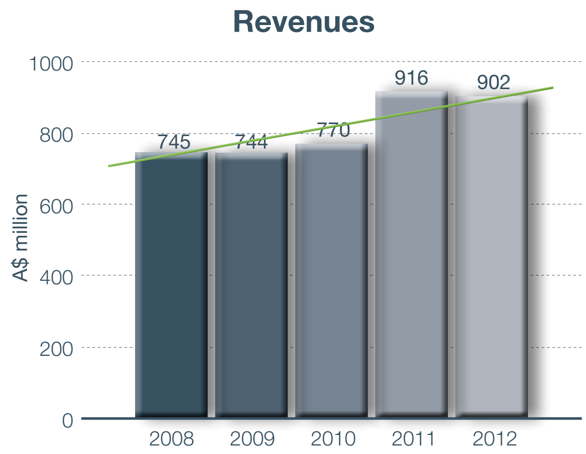
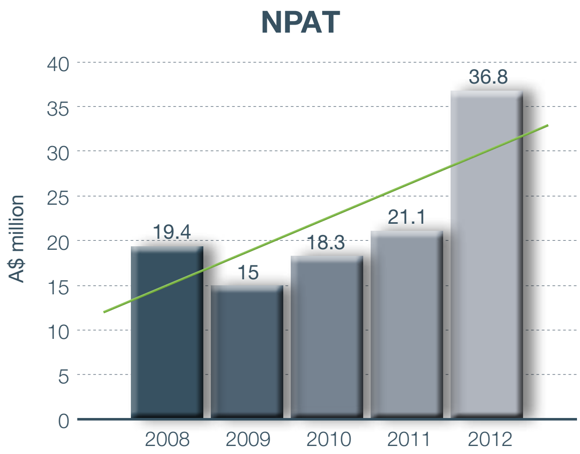
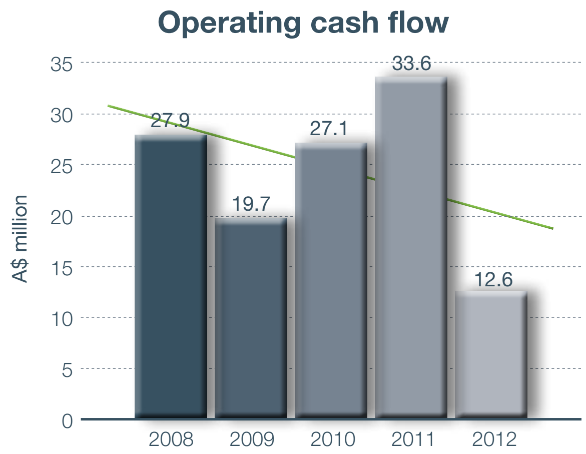
(1) From continuing operations and excluding Indian goodwill impairment and tax consolidation adjustment.
(2) From continuing operations and excluding Indian goodwill impairment.







Financial performance

		2012	2011(1)	Change
Revenue	A$m	901.7	915.7	(2%)
EBITDA	A$m	35.6	40.9	(13%)
Operating Cash Flow	A$m	12.6	33.6	(63%)
EBIT(2)	A$m	30.8	32.3	(5%)
EBIT Margin %	%	3.4	3.5	–
NPAT	A$m	36.8	21.1	74%
Normalised NPAT(3)	A$m	22.1	21.1	5%
EPS (cents)	cps	23.2	13.3	74%

(1) From continuing operations.
(2) Excluding Indian goodwill impairment.
(3) Excluding Indian goodwill impairment and tax consolidation adjustment.

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Expertise

We know that the best solutions are created by a combination of high level technical skills and extensive 'hands-on' experience.

Commitment

We partner with our customers from day one to project sign off. With 3,300 employees across 120 locations, we can mobilise the resources needed to ensure all deadlines and budgets are met.

Results

The combination of these essential attributes continues to deliver outstanding results for our customers and has underwritten the continued growth of the Norfolk Group and the success of our customers' projects.

CHAIRMAN'S REPORT

Dear shareholders,

It is with great pleasure that I present to you Norfolk's Annual Report for 2012.

Despite some project delays and macro economic pressures affecting some of our divisions and project areas, we delivered a solid revenue of $901.7 million. This means that a normalised net profit after tax (NPAT) growth of 5% was achieved, in line with our previous forecasted guidance. The Group has remained committed in its strategy to foster growth in key target markets where our specialised expertise offers a real point of difference for our customers.

Solid full year revenue with an order book and pipeline primed for future growth

Financial flexibility

With business still being impacted by global market constraints and falling economies, the Board and the senior management team continued on the path of prudent financial management. The Group remains debt free with access to funding through renewed banking facilities. The overall $150 million finance facility represents a $25 million increase on Norfolk's previous bank facilities, which were not due to mature until March 2013. We've taken the decision to refinance now in order to take advantage of more competitive terms due to our stronger financial position and lower gearing. The added flexibility provided by our new facility will position us to continue growing the business and to accommodate the requirements of the larger contracts we are continuing to win.

Shareholder returns

Norfolk's strategy to increase its productivity in growth sectors and drive innovation in our key markets continued to allow us to achieve positive results for our shareholders. We have delivered strong financial results with an NPAT of $36.8 million. We continue to increase our momentum with the most significant achievement for the Group as a whole being the strength of our order book, which is now sitting at $1,051 million and puts us in a prime position to build upon financial year 2012 and deliver for sustainable growth. The Group declared an unfranked final dividend of 2 cents. Combined with the unfranked interim dividend of 1.5 cents the total dividends delivered by the Group during the financial year was 3.5 cents.

Growth capitalisation

I am proud of the way we have met the challenges of the year head on, while still building a remarkably solid platform for sustainable growth. As such, I would like to thank every Norfolk employee for their outstanding commitment to the business as we work together in fostering and strengthening our business opportunities. All of this has been achieved while adhering to our commitment to 'zero harm' for our employees, our customers and our suppliers.

I would also like to thank the Norfolk Board for their continuing support again this year, and to Glenn Wallace and his senior management team for maintaining their focus throughout another unpredictable year to maintain our standing while paving the way for additional returns and sustainable business developments in the coming year.

Once again, I am excited about Norfolk's future and our ongoing commitments to our customers, our shareholders and our employees.

Rod Keller
Chairman, Norfolk Group Limited

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MANAGING DIRECTOR'S REPORT

Norfolk has again delivered a solid set of financial results in the 2012 financial year, reinforcing our reputation as a stable, consistent and reliable business that continues to deliver sustainable growth.

Our focus on building specialist expertise in key growth sectors of the economy provides diversity of earnings from across the Group to deliver strong performance and results for Norfolk's shareholders.

Importantly, we have achieved this while maintaining our commitment to safety. Our safety metrics are at historical lows and the Group continues to focus on this as a matter of priority.

Looking ahead to the 2013 financial year, we are positive in our outlook for the business. We have a strong balance sheet, with no net debt and the support of our financiers. Our order book, which currently stands at more than $1 billion, is supported by a healthy new business pipeline.

We are also seeing a number of further growth opportunities through our ongoing investment in the development of specialist expertise.

Collectively, this positions Norfolk for continued sustainable growth in the 2013 financial year.

Operational excellence and prudent financial management

We were pleased to report solid revenue of $901.7 million in the 2012 financial year. This was a strong performance for the Group and testament to the ability of our three main businesses, O'Donnell Griffin, Haden and Resolve FM, to deliver consistent earnings against a backdrop of some uncertainty in the wider economy.

Our net profit after tax (NPAT) was at a record $36.8 million. This figure included a one-off tax benefit, with normalised NPAT at $22.1 million, an increase of 5% on the 2011 financial year.

We continue to take a considered and prudent approach to our balance sheet and capital structure. The Group remains debt free and recently announced it had secured new three-year $150 million bank facilities with its existing financiers, the Commonwealth Bank of Australia, Westpac Banking Corporation and HSBC Australia Ltd. These additional facilities and the support shown by our banking group will facilitate Norfolk's continued growth.

Sustainable growth

A clear stand-out for Norfolk when we reported our financial results for the 2012 financial year was the Group's order book. This currently stands at more than $1 billion and is supported by an excellent new business pipeline.

This is a record order book for Norfolk and is evidence of the Group's ongoing ability to win contracts through a clear focus on providing specialist expertise to growing sectors. The order book shows our ongoing strength in winning rail-associated work, and also a healthy spread across other key growth areas, including resources and infrastructure.

This positions Norfolk strongly for the future; we are confident in our ability to continue winning significant contracts, maintaining our reputation for service delivery excellence and, in turn, generating sustainable growth for the Group.

Continued focus on core growth areas

The diversity of earnings across the Group is one of Norfolk's key strengths.

O'Donnell Griffin continues to excel in its provision of specialist electrical and communications works to key growth sectors of the economy and remains the largest contributor to Group revenue.

The O'Donnell Griffin business recorded full year revenue of $579.2 million, remaining at similar levels to the record 2011 financial year despite some impact from project delays and adverse weather.

The business maintained its strong track record of delivering consistent performance, through its continued strength in resources, rail, infrastructure and power, positioning the business well for the future.

Although Haden was impacted by ongoing issues with the commercial construction market, the business continues to refocus on higher margin business in growing sectors such as sustainability, industrial and health. This delivered a strong second half for the 2012 financial year.

Haden's outlook is focused on continuing to target this type of work. The business has grown its order book significantly from 2011 and, while the commercial construction market will still impact the business, it is gaining momentum and will continue to recover in the 2013 financial year.

Resolve FM enjoyed a stand-out year in terms of revenue and EBIT performance due to its ongoing commitment to service delivery and building long-lasting customer relationships. Revenue increased to $73.8 million and EBIT was at a record $6.5 million.

High volumes in the custodial sector underpin the division's performance, as does its ability to re-sign and extend existing contracts; clear evidence of Resolve FM's market-leading capabilities. The business has a strong order book and opportunities to extend its delivery of technical solutions, a key area of innovation for the business in the 2013 financial year.

Internationally, we continued to make steady progress. In New Zealand, where margins are under pressure from an ongoing market slow-down, the successful brand alignment of O'Donnell Griffin and Haden injected a new potency into the business, with new opportunities. Similarly, in our Indian and Vietnamese operations, we are strengthening our workforce and capabilities.

People, our primary asset

Norfolk places a great focus on building organisational capability throughout all areas of the business, particularly within our specialist engineering disciplines, to ensure we maintain our competitive advantage. We are committed to investing in our people to build the skills needed to deliver superior solutions to our customers.

During the past year we have been proud of the numerous awards and achievements received by members of the Norfolk team. Haden's Jack Rossington from Bundaberg was awarded the Queensland MIGAS (Manufacturing Industries Group Apprenticeship Scheme) Apprentice of the Year award, while a number of O'Donnell Griffin teams received state awards across Australia from the NECA (National Electrical and Communications Association), including a national Occupational Health and Safety award for the team in our Victorian branch.

'Safety All Ways'

The safety of our people continues to be an area of significant focus for Norfolk. One of the most enduring messages driven throughout the business is 'Safety All Ways' and our commitment to achieving 'zero harm'. This focus continues to bring our safety metrics down to record lows.

Over the 2012 financial year, and for the first time on record, O'Donnell Griffin achieved six months without a lost time injury. In total, 56 of our locations achieved zero Total Recordable Injuries. Across the organisation we introduced Health, Safety and Environment Positive Performance Indices and achieved our goals for the year.

Looking ahead, safety will continue to be paramount to our organisation, our employees and our customers in the 2013 financial year and beyond.

Continued sustainable growth

We head into the 2013 financial year with a record order book of more than $1 billion and confidence in our ability to provide consistent, steady growth through a combination of prudent financial management, selective tendering and a focus on growth areas.

Norfolk is well positioned within the market and continues to enjoy a reputation for delivering expertise, commitment and results to shareholders, customers and employees.

Glenn Wallace
Managing Director, Norfolk Group Limited

NORFOLK
INTEGRATED ENGINEERING

BOARD PROFILES

Rod Keller

Non-Executive Chairman

Mr Keller became Chairman of Norfolk on 7 April 2008. He is also a member of the Nomination and Remuneration Committee and the Audit and Risk Committee. Mr Keller has a Bachelor of Engineering (Mechanical) from the University of Sydney and is a Fellow of the Institute of Engineers, Australia. Mr Keller brings many years experience in the engineering sector and has previously held management positions with Fletcher Construction Australia, the State Government of South Australia, Esso Australia, Woodside Petroleum and Santos and was Managing Director of GPU International Australia from 1995 to 1999.

Mr Keller is currently Chairman of OSD Pipelines Limited and Diversified Mining Services Limited. Mr Keller was Chairman of the GasNet Australia Group from its listing in 2000 to its takeover in 2006. Mr Keller was previously a Non-Executive Director of Macquarie Communications Infrastructure Limited, Macquarie Communications Infrastructure Management Limited, Alinta Energy Limited, Alinta Energy Services Limited, National Electricity Code Administrator and of Dyno Nobel Limited.

Glenn Wallace

Managing Director

Mr Wallace is the Managing Director of Norfolk and was appointed to the role in 2004, following his role in the successful acquisition of the businesses now forming Norfolk.

Mr Wallace has a Diploma in Leadership Management from the Macquarie Business School, and completed the Advanced Management Program at the University of Hawaii in 1996. He is a NSW Council Member in the Australian Industry Group and is a Member of the Australian Institute of Company Directors. Mr Wallace has more than 15 years experience in management roles both in New Zealand and Australia.

Prior to joining Norfolk, Mr Wallace held a number of senior roles including Managing Director of Tyco, having held various roles within Tyco since joining the company as National Sales Manager in 1987, and Managing Director of the Tiri Group from 2003. Mr Wallace is currently a Non-Executive Director of Maui Capital Limited.

Paul Chrystall

Non-Executive Director

Mr Chrystall has been a Director of Norfolk since 2004. Mr Chrystall holds a Bachelor of Commerce from the University of Auckland, during the completion of which he received various senior prizes, including the Alfred P Foggarty Award for excellence in Economics.

Mr Chrystall is currently Managing Director of Maui Capital Limited, a New Zealand-based private equity firm. He was, until September 2007, the Head of Private Equity at Goldman Sachs JBWere (NZ) Limited and prior to joining Goldman Sachs JBWere (NZ) Limited in April 2001, Mr Chrystall held a number of senior corporate finance roles in a variety of industries.

Mr Chrystall is currently a Director of Maui Capital Limited, Maui Capital Indigo Fund Limited and its subsidiaries, Maui Capital Indigo General Partnership Limited, PagePack NZ Limited and its related entities, Freeman Nominee Limited and its related entities, Freshmax NZ Limited and its related entities, Profence Limited, Tite Grip Fencing Limited and Diversified Mining Services Limited.

Peter Lowe

Non-Executive Director

Mr Lowe is Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee. Mr Lowe holds a Bachelor of Commerce and Master of Business Administration from the University of Melbourne and is a Member of the Australian Institute of Company Directors and a Fellow of CPA Australia. Mr Lowe's principal experience is in finance and corporate strategy in listed corporates. Mr Lowe has previously held senior manager positions with CPA Australia, UtiliCorp United Inc., United Energy Limited and Fosters Brewing Group Limited.

Mr Lowe is currently Chairman of United Energy Distribution Holdings Pty Ltd, Multinet Group Holdings Pty Ltd and Meridian Energy Australia Pty Ltd. He is also a Director of Citywide Solutions Pty Ltd, Snowy Hydro Limited and Aurora Energy Pty Ltd. Mr Lowe was also formerly a Director of Clever Communications Limited (formerly Access Providers Limited), GasNet Australia Group and Western Australia Network Holdings Pty Ltd.

Peter Richards

Non-Executive Director

Mr Richards became a Director of Norfolk on 1 September 2010. Mr Richards is Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee. Mr Richards holds a Bachelor of Commerce from the University of Western Australia.

He has more than 30 years of business and international experience with global companies including BP plc, Wesfarmers Ltd and Dyno Nobel Limited. Mr Richards retired as CEO of Dyno Nobel following its takeover in June 2008.

Mr Richards is currently Chairman of Kangaroo Resources Limited and Minbos Resources Limited, and a Director of Bradken Limited, NSL Consolidated Limited, Emeco Group Limited and Sedgman Limited.

MANAGEMENT PROFILES

Stephen McDonald

Chief Financial Officer

Stephen McDonald was officially appointed to the position of Chief Financial Officer in July 2011 following four months acting in the role. Prior to this, Stephen had been in the role of Financial Controller, since joining the Group in 2008. In his role as Chief Financial Officer, Stephen is responsible for Norfolk's financial and management reporting, treasury, taxation, risk management and investor relations.

In a career spanning more than 19 years in the accounting profession, Stephen has held a number of senior financial roles across a broad range of industries. Prior to Norfolk, Stephen held the positions of Group Financial Controller at Oceana Gold Corporation, Group Financial Controller and then Chief Financial Officer at Atlas Group Holdings Limited and Financial Controller of Faulding Pharmaceuticals. Stephen is a member of CPA Australia and holds a Bachelor of Economics from Monash University.

Fiona Yiend

General Counsel
and Company Secretary

Fiona Yiend joined Norfolk in 2008 as Senior Legal Counsel and was appointed General Counsel and Company Secretary in April 2009. As General Counsel, Fiona is responsible for the management of legal services across Norfolk, and for providing legal advice to the Norfolk Board and senior management. As Company Secretary, Fiona is responsible for the effective administration of the Board and for ensuring compliance with regulations, including the ASX listing rules.

Fiona has a strong background in corporate and commercial matters, specialising in complex and large-scale litigation. Prior to joining Norfolk, Fiona worked as a solicitor in private practice and advised a number of listed entities.

Fiona has completed a Graduate Diploma of Applied Corporate Governance with Chartered Secretaries Australia, a Bachelor of Arts/Bachelor of Laws (Hons) and a Graduate Diploma in International Law from the University of Sydney. Fiona also holds a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia.

Gregg Scanlan

Director,
Strategy and Growth

Gregg Scanlan joined the Norfolk Group in April 2012 in the newly formed role of Director, Strategy and Growth. In this role Gregg is responsible for the growth of the organisation in line with its strategic plan, including business analytics, marketing and communication, and business development.

Gregg brings more than 12 years experience in the construction and service industries with a particular focus on mining support services and construction. Greg most recently held a dual role at Sandvik Mining in Austria, where he was Global Vice President of Exploration and Global Vice President of Surface Mining. Previously he held key operational and strategic senior roles with Komatsu Australasia, P&H Minepro Services, Qantas, Tradelink Plumbing Supplies and Shell Australia.

With a key strength in implementing business strategy to develop profitable business growth; and successfully executing Engineering, Procurement and Construction Management (EPCM), Gregg is a valuable addition to the Norfolk team.

MANAGEMENT PROFILES

Keian Barnard

Chief Executive,
O'Donnell Griffin Operations

Keian was appointed Chief Executive of O'Donnell Griffin Operations in April 2012. In this role, Keian is responsible for the strategic growth and profitability of O'Donnell Griffin, Norfolk's largest individual business, having successfully acted in this role since February. Prior, he has held other key positions within O'Donnell Griffin, including as General Manager – Power and Acting State Manager for Victoria.

Keian has an impressive portfolio of industry experience and contacts, including his previous role as General Manager of Amp Controls' Power business, following a successful 15 year career with them. Prior to this, Keian worked for Metal Manufacturers, heading up their MM Mining Electrical business in Queensland.

Keian holds several tertiary qualifications including a Master's Degree in Business Administration, a Master's Degree in Accounting, a Diploma of Electrical Engineering and Electrical Trades Certificate, and is a Fellow of the Institute of Engineers Australia.

Mark Williamson

Chief Executive,
Haden

Mark Williamson joined Haden in November 2010 as General Manager Haden Construction, and was appointed Chief Executive, Haden in January 2011. This followed a successful term with McAlpine Hussmann as General Manager and Director.

As Chief Executive, Mark is responsible for the strategic growth and profitability of Haden in Australia and has more than 20 years experience in the HVAC and building products and services industry. He has built his career within businesses such as McAlpine Hussman, Heatcraft and James N Kirby, developing skills across a diverse range of areas encompassing engineering, construction, operations, sales and marketing, channel management and industrial services.

He has gained extensive experience in local and overseas markets, most notably the US. Mark has completed the Entrepreneurial General Manager Program (Duke University, USA) and holds certificates in Electrical Engineering and Business Management.

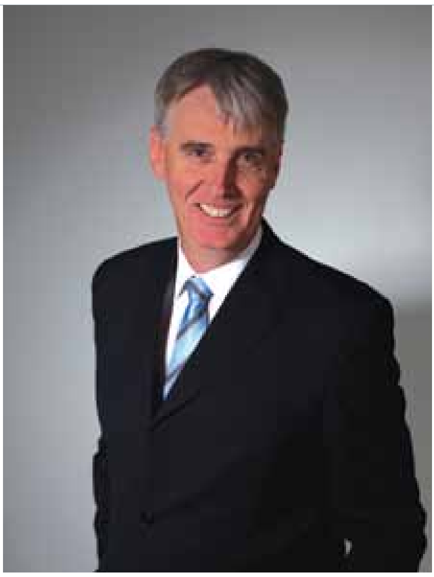
Keith Blind

Chief Executive,
Norfolk New Zealand

Keith Blind joined Norfolk in September 2010 as General Manager, New Zealand, bringing with him extensive industry knowledge, practical experience in operations, fiscal responsibility, management, employee relations and communication.

As Chief Executive, Keith is responsible for Norfolk's Haden and O'Donnell Griffin businesses in New Zealand. Keith has been an executive member of the Fire Protection Association for 10 years and a member of their governance committee and is a Director of three companies in the association.

For the past 19 years Keith has been with Tyco New Zealand where he started in 1991 as a Branch Manager, rising to the position of Vice President and General Manager of New Zealand and Fiji which he held from 2002 to 2010. Keith has a strong business acumen and vast experience in strategic thinking, change management, relationship building, negotiation skills and financial management.



Peter Winder

Chief Executive,
O'Donnell Griffin Rail

Peter Winder boasts more than 25 years of rail experience and is responsible for O'Donnell Griffin Rail. His experience is across a diverse range of projects, focusing on projects which have contributed to growing rail industry capacity and further expanding the rail network.

He has worked for State Rail, FreightCorp and Pacific National before being approached by O'Donnell Griffin in late 2008 to lead the Novo Rail Alliance bid team. Successful in this bid, Peter then assumed the role of Novo Rail Alliance General Manager, where his strong experience in managing complex rail businesses served him well for the first few important business establishment years of the alliance's lifespan.

While his skills in running multi-disciplinary groups and delivering value for money, business outcomes were particularly pertinent to his role as head of the Novo Rail alliance. Peter also has extensive general management experience in both public and private sector environments and a strong track record in delivering results.

Mark Perryman

General Manager,
Resolve FM

Mark Perryman was appointed General Manager of Resolve FM in 2010. Mark is responsible for the strategic development, growth and profitability of Resolve FM.

Mark has 30 years experience in the building and construction industry, with a focus over the last 12 years on large portfolio facilities maintenance including National Portfolios, PPP and large single sites.

Prior to joining Resolve FM, Mark has held senior positions in the facilities management industry, including National Operations Manager for Honeywell TAM business and General Manager for the Northern Region for KGFM (now United Group Services). Prior to this, Mark spent a total of 15 years with Kilpatrick Green in a variety of divisions and roles.

Mark holds a Master of Management from Macquarie Graduate School of Management, and is a member of the Australian Institute of Management.

Norfolk is a leading provider of integrated engineering solutions, delivering expertise, commitment and results, through great people who make it happen.

COMPANY PROFILE

NORFOLK
INTEGRATED ENGINEERING

O'DONNELL GRIFFIN
EXPERTISE • COMMITMENT • RESULTS

Electrical and Communications Engineering

HADEN
EXPERTISE • COMMITMENT • RESULTS

Air Conditioning and Mechanical Engineering

- Energy Products International
- Metalbilt DOORS

Resolve FM
EXPERTISE • COMMITMENT • RESULTS

Technical Facilities Management

The Norfolk Group consists of market leading engineering divisions specialising in electrical, data, mechanical, heating, ventilation and air conditioning, facilities management services and related building products manufacture. This is achieved through our core brands of O'Donnell Griffin, Haden, Resolve FM, Metalbilt Doors and Energy Products International.

Norfolk operates through key brands:

- O'Donnell Griffin is number one in the Australian electrical services market (IBIS World, April 2012) and was established in Australia in 1906.
- Haden has operated in Australia since 1969 and is a market leader providing air conditioning, mechanical and technical engineering services.
- Resolve FM was established in 1962 and is a leader in technical facilities management services.
- Metalbilt Doors was established in 1969 and is the leading manufacturer of industrial doors in New Zealand.
- Energy Products International is a manufacturer of specialised air handling equipment for the New Zealand market and has been operating since 1982.

COMPANY PROFILE

Known for our expertise, our commitment and for the results we achieve

Drawing on more than 100 years of experience throughout our group of companies; Norfolk has developed diverse specialist expertise and skills in many key market sectors.

The Norfolk Group is an industry leader in speciality electrical engineering and non-residential HVAC (heating, ventilation and air conditioning) maintenance services.

Through working with some of Australia's iconic blue chip organisations, we have developed strong capabilities to deliver quality outcomes in; design, technical execution, exceptional customer service and ongoing maintenance and have done so for some of Asia Pacific's most challenging projects. With the ability to commit resources from more than 120 branches across the region, we are known for our EXPERTISE and COMMITMENT to achieve RESULTS.

Growth sector focus

In 2010 Norfolk identified a number of key market sectors which provided opportunities for growth and additional returns to shareholders. We continue to maintain a focus on those key growth sectors and stable traditional markets, where our technical expertise and strong relationships provide a competitive advantage. Norfolk delivers services to the resources, rail, power, critical infrastructure, water, healthcare, agribusiness, industrial, commercial, retail, government and education sectors.

End-to-end solutions

Norfolk Group members have a diverse and complementary set of engineering capabilities. Specialising in developing solutions that integrate practical design, construction, installation and maintenance, our core capabilities enable tailored solutions that deliver on customer requirements. Working with the industry's leading hardware and software suppliers, Norfolk will develop a total solution with best of breed products and our industry expertise.

Working with customers

Across the Norfolk Group, our customer engagement philosophy focuses on developing long term relationships with our customers and suppliers, to deliver market leading solutions for demanding applications.

We actively cultivate relationships with our customers to work with them through a variety of models, from the more traditional design and construct contracting model, through to alliance partnerships, joint ventures, or multiservice solutions.

Disciplined project and service management means our teams deliver on-time and on-budget with transparent accountability, through our management information systems. To ensure fast response times, the Norfolk Hub Customer Service Centre operates 24 hours per day, every day of the week.

Building recurring revenue

Norfolk continues to achieve sustainable growth through its solid customer base in the service maintenance businesses resulting in a strong recurring revenue stream.

Developing leading edge, technology-based, sustainable solutions

Norfolk provides leading organisations with their electrical and mechanical infrastructure needs through key brands. The Norfolk team harnesses the latest technology to deliver environmentally sustainable products and systems.

We partner with leading product and consulting services to supplement our expertise in delivering practical, leading edge technological solutions to our customers.

We aim to exceed our customer's expectations through an integrated implementation approach. Using best of breed, complementary solution partners enables Norfolk to deliver whole of life asset solutions. These solutions are international best practice standards with leading industry and solution experienced personnel.

Highly skilled, directly employed team of specialists

We work closely with our customers to anticipate project demands, ensuring we have the right resources at the right time. We partner with technology providers to train and develop our people and proactively recruit locally and overseas, ensuring the right mix of skill is always available.

Currently, Norfolk directly employs approximately 3,300 highly skilled employees committed to delivering outstanding results for our customers. This includes more than 1,500 highly skilled engineers, electricians, and technicians specialising in signalling, data and voice communications, fire, air conditioning and refrigeration.

Each of our businesses is supported by a strong management team who are committed to building our capabilities to produce outstanding results for our customers. Through their leadership there is a strong focus on meeting customer and project expectations while actively promoting our health and safety culture throughout the organisation.

Our future skills base is secured by more than 250 apprentices who inject innovative ideas and energy across our organisation.

Health and safety culture

At Norfolk, we take health and safety very seriously. Our commitment to the effective implementation of our 'Safety All Ways' program guides us to achieve a work environment of zero incidents and injuries for all our employees, contractors and visitors. We are committed to ensuring that all operations are conducted with 'zero harm' to people and the environment.

Our 'Safety All Ways' philosophy is the foundation of our commitment to provide the highest standards of Health, Safety and Environmental (HSE) performance, as well as the ongoing measurement, evaluation and review of performance to ensure continual improvement.

Sustainability and community

Norfolk has developed and executed several leading edge solutions achieving 5 and 6 star NABERS ratings across our expansive customer base. Our commitment is to continually improve our contribution to sustainability and community which is set out later in this report.

OUR MARKETS

CAPABILITIES

DESIGN	CONSTRUCT	INSTALL
We design projects from concept stage to full construction detailing, integrating electrical, mechanical and communications designs	Using a combination of traditional design and construction drafting with modern digital imaging techniques enables whole of life construction management and project delivery	Our practical engineering knowledge and experience gained through years of construction experience ensures the installation functions as intended

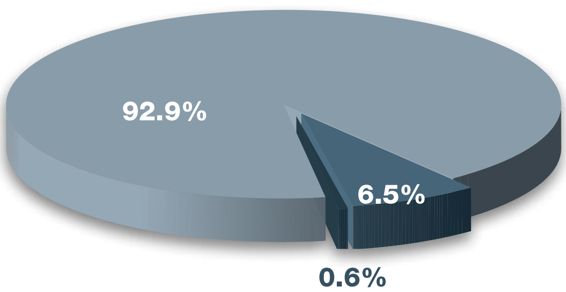
NORFOLK
INTEGRATED ENGINEERING

More than 120 locations across Australia, New Zealand & Asia

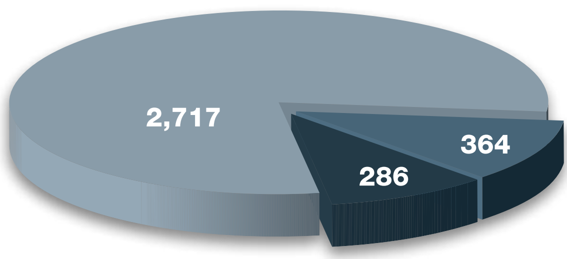
Network and scalability

Currently, we have a network of more than 120 locations across Australia, New Zealand, India and Vietnam. Our extensive network gives Norfolk an important competitive edge with our ability to scale-up to meet demand and the capacity to undertake and resource large, complex projects.

Revenue split by region



Employee split by region



Australia New Zealand Asia

SERVICE

Located in all major cities and regional areas across Australia and New Zealand, directly employed local technicians respond consistently and quickly to customer needs

MAINTENANCE

Programs are carried out by in-house, highly skilled technicians who are accredited to manufacturer and quality standards

UPGRADE

Retrofit or upgrade of existing buildings and services to comply with developing environmental requirements is possible due to our extensive experience in this area

NORFOLK
INTEGRATED ENGINEERING

HEALTH & SAFETY – ZERO HARM

Norfolk continues to record ongoing improvement in the area of Health and Safety and is committed to a continued focus in the coming year. Both the Loss Time Injury Frequency Rate (LTIFR) and the Total Recordable Injury Frequency Rate (TRIFR) recorded year on year reductions.

At Norfolk our overall goal is to achieve 'zero harm' for all our employees. As part of this commitment we are continually refining our safety management systems for improved safety performance across the organisation. In addition to our recent initiatives, the new financial year has also seen the inaugural 'Spotlight on Safety' program conducted across all branches of our organisation throughout Australia and New Zealand.

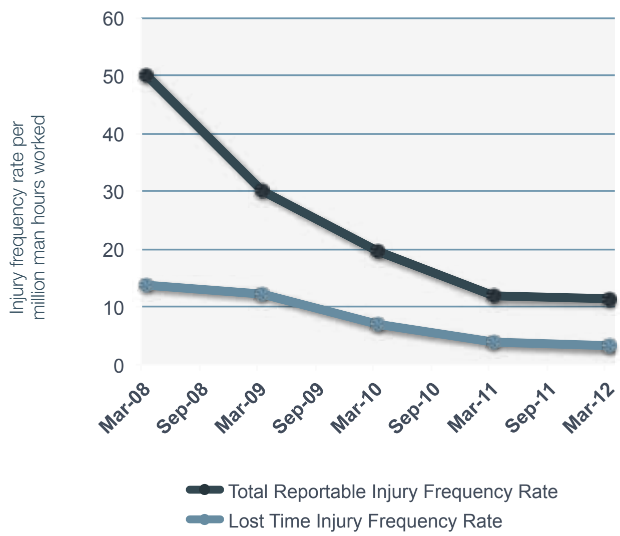
In FY2012 56 of our locations recorded zero Total Recordable Injuries. In FY2012 we achieved a 20% reduction in LTIFR, and a 3.39% reduction in TRIFR.

Measuring the effectiveness of safety programs

Norfolk increasingly focuses on proactive safety management initiatives in order to continually improve our core safety statistics. Our continued focus on improving safety management systems resulted in the centralisation of the management of the HSE function and the establishment of a single Safety and Environmental Management System.

As a result of targeting key areas of opportunity based on thorough analysis of our safety statistics, we introduced Positive Performance Indicators and the Mobilisation of the HSE KPI Dashboard. Upgrades to our safety IT systems have further enhanced these initiatives. We have also implemented new initiatives into our existing Manual Tasks Guidelines to further increase our safety performance. With additional safety measurement tools implemented to monitor and report on our progress, the focus will always be to keep exceeding our safety targets.

SAFETY ALL WAYS



Injury management and return to work

Norfolk's continued commitment and focus on injury management and return to work strategies has delivered a reduction in Workers Compensation Claims Frequency Rates by more than 30% in the 2012 financial year. These significant positive results benefit the welfare of our employees, our business bottom line and implementation of these strategies continues to be a major focus area across the organisation.

Rewarding safety

As part of our Nova Employee Recognition program a key category is the 'Nova Safety Excellence Honour Roll and Award'. This award rewards the locations in the Norfolk Group who go 12 months without a Lost Time Injury. In addition we present the Nova Safety Excellence Award to work teams or business units that demonstrate a significant improvement in safety performance and safety behaviour.

NOVA Safety Excellence winner – Metalbilt Doors

Metalbilt's contribution to workplace safety saw the commitment of their 60 employees throughout Auckland, Christchurch and Wellington drop their lost time injury frequency rate to zero in September 2010 from September 2009. Metalbilt's 100% commitment to 'zero harm', the belief that it was actually achievable and that injuries in the work place are not acceptable as a natural workplace occurrence, has led to them leading the safety record across our New Zealand operations.

National recognition for O'Donnell Griffin with NECA Safety Award

Following on from their State National Electrical and Communications Association (NECA) Award win, the Victorian O'Donnell Griffin team were awarded with the National Occupational Health and Safety Award in November 2011. As the peak industry body representing the best interests of the electrical and communications contracting industry in Australia, the NECA Award win is high praise for O'Donnell Griffin's new Incident Investigation Process (IIP).

The award was recognition for what must now be considered as industry best practice for the IIP system developed and implemented to investigate all significant incidents resulting in injuries to employees or disruption to site operations. The award recognises the trust, dedication and passion for safety of our employees at all levels that keeps our workplace safe.

OUR PEOPLE

At Norfolk, our expertise, commitment and results are delivered through the capabilities and behaviours of our people.

The 2012 financial year has seen a strong emphasis on leadership development across the Norfolk Group to build on and enhance our capabilities in the marketplace. In addition to the Norfolk Leadership Development Program (LDP), there has been an increased focus on developing an active learning culture across the organisation.

The LDP is based on nationally recognised qualifications, in partnership with the Australian Institute of Management, aimed at recognising and building on our existing talent base. Norfolk has also benefited from the appointment of a number of key executives who have already contributed strongly to our business performance.

Across the organisation, we have also relaunched our internal values program, COSMIC. The COSMIC program articulates Norfolk's values which underpin the Company's strategy and vision. The program will play a critical part in fostering our learning culture in the coming financial year.

At Norfolk, we are fully committed to ensuring that our employees have the relevant knowledge, skills and behaviours to consistently perform to the high standards set by the organisation in delivering exceptional results to our customers and ensuring we continue to build and develop their capabilities and skills needed to meet the future needs of our Company's objectives.

Development of our technical employees has been a high priority with the implementation of our Rail Competency Framework and other technical training initiatives; such as the Diagnostic and Fault Finding program to be trialled in Sydney and facilitated by the Hunter Valley TAFE.

These initiatives will help to maintain and develop our technical capability, which includes our 250 person strong apprenticeship program.

Learning and development is a priority area that exists in conjunction with Norfolk's extensive Health and Safety training initiatives developed by the HSE team. Norfolk has a strong commitment to ongoing investment and improvement in these areas. Norfolk's 'Safety All Ways' approach to ensuring a safe work environment and practices is ingrained in our business by all employees.

cosmic

Our values – COSMIC

Norfolk's core values, referred to as our COSMIC values, are the foundation of our organisation. Our COSMIC values underpin our culture and ensure that we take a balanced approach to managing our business.

NOVA Awards – Employee reward and recognition program

Norfolk continues to maintain a Group wide employee recognition program which acknowledges the talent and expertise of the people within our organisation. The program provides all employees the opportunity to nominate a colleague to be recognised by the company for outstanding performance. Winners of these awards are celebrated annually at our NOVA Awards dinner.

Outstanding project success

The last financial year has also seen a continuation of Norfolk's success in building, maintaining and developing large project teams to successfully deliver complex projects for our customers. This capability is further enhanced by our improved local and international sourcing processes.

Lineworker apprenticeships combat skills shortages at O'Donnell Griffin Canberra

O'Donnell Griffin Canberra has been working under contract for the local utility ActewAGL for six years replacing condemned power poles, upgrading house services and undertaking reactive works. Throughout this time there has been a significant shortage of certificate III lineworkers and recruitment has been very difficult.

Four years ago, at O'Donnell Griffin Canberra, we decided to tackle this issue by offering lineworker apprenticeships to selected trade assistants as well as two of our qualified electricians. While our two electricians had a bit of a head start by already holding a trade certificate, they still had to learn new work practices in the power distribution field. Practices which have led them to become an integral part of the daily operations within our contract with ActewAGL.

"We have overcome a number of obstacles along the way to get to where we are now and without taking the initiative to invest in and retrain three of our employees, it's likely we would not have had the capacity to retain our contract with ActewAGL," said Project Supervisor Leonard Saint.

Power Engineering Group

After more than 40 years, O'Donnell Griffin's Transmission Line Design team have expanded their capabilities to include substation engineering design. This expansion of skills has resulted in the team being rebranded the 'Power Engineering Group'.

The Group's mandate will be to promote their increased capability in electrical engineering design for power construction projects; providing competitive advantages in the power sector for O'Donnell Griffin.

Haden Apprentice named MIGAS Queensland Apprentice of the Year

MIGAS (Manufacturing Industries Group Apprenticeship Scheme) celebrates the success and achievements of apprentices through their annual Awards program. Haden Bundaberg was awarded the new Host Employer of the Year; while third year apprentice Jack Rossington was named the Air Conditioning and Refrigeration Apprentice of the Year award. He then went on to win the Overall MIGAS Apprentice of the Year Award. Jack was rewarded for being an outstanding performer and is a great asset to the Haden team.

SUSTAINABILITY

Norfolk is committed to developing and enhancing sustainability initiatives to ensure that we conserve natural resources and minimise our environmental footprint wherever we operate.

Supporting Environmental Industry Bodies and Research

green building council australia MEMBER

CITY SWITCH Green Office Signatory

Clean Energy Council

ARC

THE Warren CENTRE FOR ADVANCED ENGINEERING

NABERS

PROPERTY COUNCIL of Australia

neca national electrical and communications association

Environmental Sustainability

Provision of practical, sustainable solutions

Electrical equipment, lighting, air conditioning and heating are the main consumers of energy in most facilities. In addition, rising electricity prices and tariffs contribute to our expanding carbon footprint. At Norfolk, understanding the issues involved are just as important as our position as a leading specialist in these areas when it comes to the provision of practical, sustainable solutions for our customers. We are also able to implement these same solutions internally to reduce our own impact on the environment. Understanding the competitive advantage proactive environmental management provides to corporations, is something Norfolk champions both internally across our organisation, as well as with our numerous environmentally conscious customers.

We have comprehensive environmental policies and management systems firmly embedded in the organisation that are extremely well supported by the senior management team. Continual improvement in our environmental performance and in identifying market opportunities to deliver environmentally sustainable products and solutions to our customers, is a key business objective across Norfolk.

Supporting environmental and industry bodies and research

Norfolk is a member of or supports a range of sustainability groups and research bodies associated with our industries. These bodies include:

- Green Building Council of Australia
- NABERS
- New Zealand Green Building Council
- The Warren Centre Low Energy High Rise Research Project
- CitySwitch Green Office
- The Property Council of Australia
- National Electrical and Communications Association (NECA)
- AIRAH
- ArcTick.

76 Berry Street, North Sydney, NSW
At the forefront of a green building retrofit revolution

Designed and installed by Haden, the mechanical and electrical upgrade of Berry St, is targeting a reduction in emissions of 80% using innovative Australian-made technologies. Haden was the lead contractor responsible for the design, construction, project management and delivery of the building upgrade, which was carried out while fully tenanted.

The project used the SHAW method of air conditioning and Bennett Clayton tri-generation to deliver a superior greenhouse emission profile aimed at delivering Australia's lowest emission building. The 76 Berry Street building is one of the first in Australia to sign a NABERS 6 star Energy Commitment Agreement.

COMMUNITY

In 2011, Norfolk Group Managers decided to consolidate our workplace giving programs by making the Make-A-Wish Foundation the company's major charity of choice within Australia and New Zealand. We believe that by acting responsibly we can contribute to the well-being of our employees and the communities we work in, while helping to nurture the future for the wider community.

About the Make-A-Wish Foundation

During the past 25 years more than 6,000 wishes have been granted to children with life-threatening medical conditions through the Make-A-Wish Foundation in Australia. The Foundation is non-gender specific, non-religious and non-political with contributors from the general public as well as many corporates. They aim to enrich the human experience with hope, strength and joy.

Community sponsorships and donations

Throughout Norfolk we are committed to supporting the communities in which we operate. Our employees are involved in a wide range of fundraising and donation activities that includes support of; and participation in:

- The World's Greatest Shave for The Leukaemia Foundation
- Movember activities in support of Men's Health
- Victoria 'Biggest Loser' weight loss challenge in support of Camp Quality
- Wormald Industries of Cricket Challenge in Gladstone, in support of the McGrath Foundation
- City2Surf: Hyde Park to Bondi Beach 14km Fun Run in support of scientific research towards Cerebral Palsy and Breast Cancer
- Mackay 5km Corporate Challenge Fun Run, in support of The Leukaemia Foundation
- Fundraising BBQ in Port Headland, in support of The Cancer Council
- The Auckland Marathon, in support of The Cancer Society
- Fundraising morning teas in support of Jeans for Genes Day and Biggest Morning Tea.

City2Surf

O'Donnell Griffin's Bob Sheather supported the scientific research efforts towards Cerebral Palsy and Breast Cancer in last year's City2Surf. Bob ran in the 14 km fun run from Hyde Park to Bondi Beach on 14 August 2011. Supported by the financial contributions of family, friends and O'Donnell Griffin, Bob was able to achieve his mission of getting much needed funds to further cancer research. Bob was one of 12 Norfolk employees participating in the City2Surf in Sydney, inspiring more than 50 employees to register for the event in 2012.

WA's Make a Wish by Christmas!

Our team at O'Donnell Griffin in Western Australia implemented a 'Make-A-Wish by Christmas' raffle campaign. Run across four consecutive weeks, the proceeds from the hugely successful campaign totalled more than $4000. All the team members from O'Donnell Griffin Canning Vale, to Newman and Argyle, and up to Kununurra; with fellow team members from Rail and Resolve FM, all joined in to put their money towards this great cause. The cheque was presented to representatives from the Foundation who were pleasantly surprised to receive a cheque of that magnitude (physically and financially).

Norfolk's 'Biggest Loser' challenge

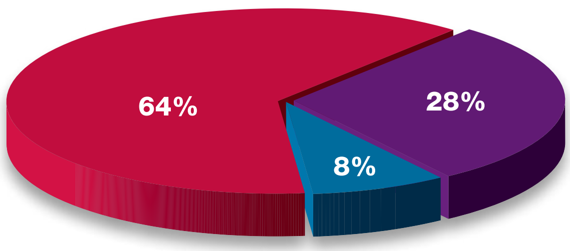
Late November last year, O'Donnell Griffin and Haden combined their efforts in a five week 'Biggest Loser' weight loss challenge. In addition to the incentive to lose weight in line with our Health and Wellbeing philosophy, the Norfolk challenge provided participants with the opportunity to support their local Camp Quality by raising donations along the way. The participants all had a common goal and interest which enabled them to meet a lot of different people in their work place from different areas. Everyone worked extremely hard over the 5 weeks. It was a great team building exercise as well as a healthy workplace initiative.

The diversity of Norfolk's business portfolio, capability, strengths and overall strategic development approach has positioned the organisation with a strong order book to deliver on future growth initiatives.

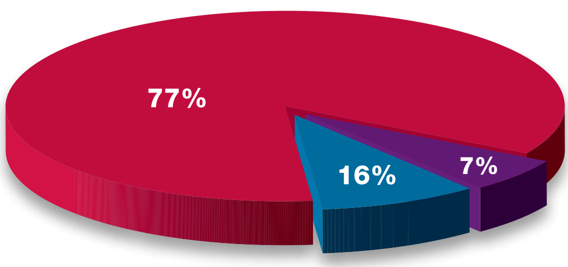
DIVISIONAL REVIEW

The combination of our **EXPERTISE** and our **COMMITMENT** continues to deliver outstanding **RESULTS** for our customers and has underwritten the continued growth of Norfolk Group Limited and the success of our customers' projects.

Sales contribution



EBIT contribution (1)



O'Donnell Griffin Haden Resolve FM

Divisional performance (1)

		O'Donnell Griffin	Haden	Resolve FM
Total sales	A$m	579.2	247.7	73.8
EBIT Contribution	A$m	31.3	3.1(1)	6.5
EBIT Margin	%	5.4	1.3	8.8
Employees		1,705	1,331	253

(1) Excludes Indian goodwill impairment

NORFOLK INTEGRATED ENGINEERING

O'DONNELL GRIFFIN

O'Donnell Griffin is a leading electrical and communications engineering solutions provider.

We work with our customers to design, build and maintain 'mission critical' infrastructure, including:

- Railway signalling and overhead wiring systems
- Power generation, cogeneration & trigeneration systems
- High voltage reticulation, substations and transmission systems
- Switchboards and process control instrumentation
- Data and telecommunications networks
- Fire detection and suppression services.

Highlights summary

Some notable achievements from O'Donnell Griffin in the 2012 financial year included:

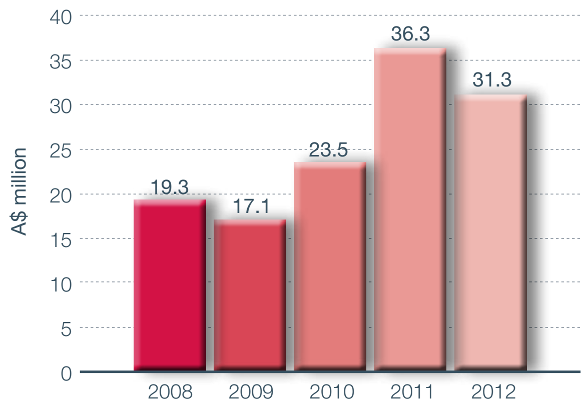
- FY2012 revenue remained at elevated FY2011 levels
- Strong order book and pipeline
- Continued strength in the key growth areas of rail, resources, power and infrastructure
- Maintaining a strong track record and consistent performance
- Ongoing development of specialist expertise
- Investment in proprietary technology.

ELECTRICAL & COMMUNICATIONS ENGINEERING

O'DONNELL GRIFFIN
EXPERTISE • COMMITMENT • RESULTS

Financial results summary

For the year ending 31 March 2012, O'Donnell Griffin's revenue of $579.2 million and EBIT of $31.3 million remains at elevated FY2011 levels and an EBIT margin of 5.4%. This is a strong performance result given industry-wide issues of project delays, slower progress on existing projects and adverse weather effects.



		2012	2011	Change
Sales	A$m	579.2	578.7	0.1%
EBIT	A$m	31.3	36.3	(13.8%)
EBIT Margin	%	5.4	6.3	–
Order Book	A$m	820.0	612.0	34.0%
Employees		1,705	1,501	–

Our largest customers operate in the rail, power, resources, water, telecommunications and commercial sectors. We were founded in 1906 in Sydney, and today we operate from 25 branches throughout Australia and New Zealand with reported revenue for 2012 of $579.2 million and 1,705 employees. O'Donnell Griffin's strategy is to focus on high growth market sectors where the company has strong capabilities and experience. These include:

Sector	Specialist areas of expertise	Major projects
Rail	• Signalling design, testing and installation • Overhead wiring systems • Automatic train protection	• BHP Billiton – Port Hedland Inner Harbour Project (PHIHP) • Rio Tinto – Level Crossings • Novo Rail Alliance
Power	• Engineering and control instrumentation • HV and LV electrical reticulation and switchgear • Transmission line design up to 500kV • Co/tri-generation power systems • Solar PV power generation	• Cooma - Bega - Eden Transmission (NSW) – Country Energy - 2009 to present • 1 Bligh Street, Sydney – Tri generation Power Systems • BHP Billiton – Jimblebar Project • Pilbara Underground Power Project
Resources	• HV power generation and reticulation • Switchboard and motor control centres • SCADA/PLC control systems • Fibre optic cable, communications and CCTV networks	• Rio Tinto – Argyle Diamond mine (WA) • Kestrel Coal Mine Expansion (QLD) – Electrical, mechanical and civil works • Rio Tinto – Brockman 4
Agribusiness (New Zealand)	• Electrical systems for processing equipment • Electrical systems for electrical building and ancillary services	• Fonterra (various sites)
Infrastructure	• Custom switchboards, motor control centres • SCADA/PLC and process control systems • Interruptible power supply systems • HV power and cable installation	• Legacy Way Road Tunnel (QLD) • Victorian and Adelaide Desalination plants – HV, electrical and instrumentation installation

O'DONNELL GRIFFIN

O'Donnell Griffin Australia

O'Donnell Griffin continued to perform well throughout the resources, power and rail sectors with BHP Billiton's Rapid Growth Project 5, BHP Billiton's Jimblebar Project and the Pilbara Underground Power Project and through its alliance projects, South Improvement Alliance and Novo Rail Alliance. We have a robust project pipeline and an order book of $820 million.

Some other notable achievements from O'Donnell Griffin in the 2012 financial year included:

- Recording six months without a LTI for first time since the implementation of recording
- Receiving of National Electrical & Communications Association (NECA), National Occupational Health and Safety Award in Victoria
- Entering into a five year framework agreement with Rio Tinto for the first time.

O'Donnell Griffin was able to maintain strong financial results in line with last year's record profits by additional projects awarded throughout the year; including being awarded:

- Legacy Way Road Tunnel Project (Brisbane) – $150 million Infrastructure contract for the construction and pre-commissioning of mechanical, electrical and fire protection services
- Port Hedland Inner Harbour Project – designing, installing, testing and commissioning an upgraded signalling system to increase capacity at the harbour for BHP Billiton
- Kestral – expansion of Rio Tinto's Bowen Basin coal mine through the supply, construction, installation and commissioning of electrical and instrumentation, civil, structural and mechanical works.

The company, together with Haden, was also awarded a $34 million contract for electrical, heating and ventilation upgrades at the Royal Darwin Hospital from the Northern Territory Government. The project will deliver more efficient air conditioning systems, greater back-up power levels and reduce the hospital's greenhouse gas emissions. O'Donnell Griffin is the project's lead contractor, responsible for project management and the delivery of a number of electrical and fire-related services, while Haden will deliver mechanical services including the supply and installation of new chiller systems.

A real achievement for the company in reinforcing its market leadership within the Australian electrical services industry was in being awarded its first contract for the Rio Tinto Iron Ore 333 Expansion.

The initial package under the five year framework agreement is a $17.5 million contract for electrical and instrumentation engineering and installation services, including high-voltage reticulation and commissioning support services, at Rio Tinto's Brockman mine. This will strongly position O'Donnell Griffin to capitalise on further work packages under the framework agreement over the next five years.

Outlook

O'Donnell Griffin's position as a provider of specialist electrical and mechanical services to growth sectors of the economy, along with ongoing success in winning new contracts, positions the company well to deliver strong revenue and profit growth over the coming years. Our reputation for delivering high quality, on-time and on-budget projects with an exemplary safety record are the key factors for why customers choose to partner with O'Donnell Griffin.

With clear strategies in place, supported by a new organisational structure and standardised systems and processes, O'Donnell Griffin enters FY2013 with a strong order book of $820 million.

O'Donnell Griffin New Zealand

With the 2010 re-brand fully integrated, the emerging Haden and O'Donnell Griffin trade names allowed a fresh focus on key market segments and growth opportunities. Margins were under extreme pressure from continuing depressed market and economic conditions and this, coupled with the high New Zealand dollar, resulted in a decline in customer discretionary spending and fierce competition. However, the fusion of the New Zealand operations injected a new potency into the business. Opportunities arose to go to market with a unique offering of bundled services, as a point of differentiation against many of our competitors.

Consistent with targeting construction opportunities in the agribusiness, power, resources and commercial sectors, Norfolk New Zealand secured the following projects; Ngatamariki Geothermal Power Station (Rotorua), Miraka (Rotorua), Tokaanu Switchboard Installation (Rotorua), Midland Line (Wellington Rail), Synlait Dairy Ltd (Christchurch) and Rainbow Springs Big Splash (Rotorua).

In addition to the provision of HVAC and electrical offerings, we are also engaging with our customers to put long term plans in place, providing whole of life solutions. The unique opportunity that Christchurch presents to us from both public and private spending, in the commercial re-development of the central city, further strengthens our position for future growth.

ELECTRICAL &
COMMUNICATIONS
ENGINEERING

O'DONNELL GRIFFIN
EXPERTISE • COMMITMENT • RESULTS

Rail

A major provider of rail signalling, communication and power services solutions since 1982, O'Donnell Griffin Rail has fast become a key industry partner in everything from co-operative alliance programs through to the more traditional 'Design and Construct' delivery model. Working closely with major Government rail authorities and private customers across Australasia to deliver a safer and more reliable transport system.

Fire

We are specialists in developing solutions for fire detection and suppression for commercial and industrial businesses in Australia. At O'Donnell Griffin Fire, we assist our customers in identifying risks and then design individual business-based systems using the most appropriate technology to manage those risks that also meet regulatory standards. Through our integrated multi-skilled team and technology independence, we deliver cost-effective system solutions, from installation through to ongoing service and maintenance.

Data and Communications

O'Donnell Griffin Data has been providing customers with cost effective and flexible communications network solutions, designed to accommodate change and expansion for future technologies, since 1988. A government and multivendor endorsed supplier, we are Australasia's partner of choice in both commercial and industrial markets. We deliver integrated and innovative solutions through our strategic partnerships with leading industry product and technology providers.

Power

We design, build and maintain power generation, transmission and distribution systems that provide customers with maximum efficiency and reliability. From power plants to substations, we tackle difficult and challenging high voltage projects in Australasia. O'Donnell Griffin also has comprehensive 'in-house' capabilities providing complete 'end-to-end' power system solutions.

HADEN

Haden specialises in the design, construction, installation and maintenance of mechanical engineering, heating, ventilation, air conditioning and refrigeration systems services.

Offering a true end to end solution and with an emerging market need to reduce our carbon footprint, Haden provides complete sustainable and energy efficient turnkey solutions taking a whole of life approach to supporting customers sustainability and building and infrastructure assets.

Haden's strategy is to drive the business into attractive and profitable growth sectors to deliver a more sustainable return on investment. Significant efforts have been put into analysing markets and developing sector offerings targeted towards achieving both short and long term growth.

These offerings include resource, industrial, sustainability and telecommunications which also provides integration opportunity to leverage the electrical and fire capabilities of our sister company O'Donnell Griffin.

Haden continues to be a market leader in the non-residential Australian HVAC services market and operates through 70 branches across Australia, New Zealand, India (trading as Norfolk Mechanical India) and Vietnam (trading as Norfolk (Vietnam) Engineering).

Highlights summary

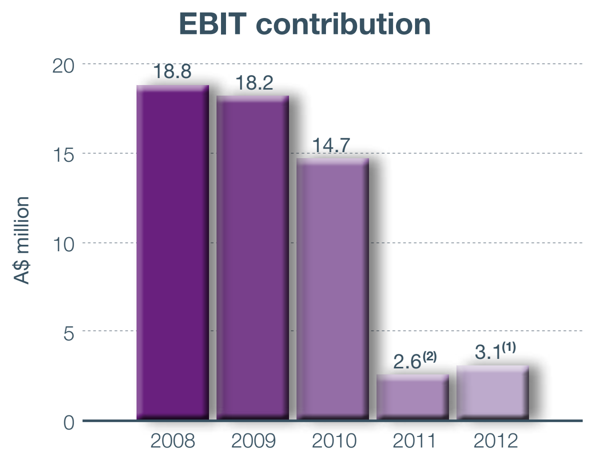
- Momentum building across focused growth sectors
- Sustainable backlog growth since 2011
- Telecommunications market offering gaining significant traction
- Successful rationalisation of business operations
- Introduced and achieved all HSE Positive Performance Indices.

AIR CONDITIONING
& MECHANICAL
ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

Financial results summary

For the year ending 31 March 2012, Haden contributed revenue through continuing operations of $247.7 million, with EBIT(1) of $3.1 million, and an EBIT margin of 1.3%. Strategic partnering with key customers and supply chain partners has led to building a healthy backlog of projects in all sectors and we continue to grow our capabilities to support future emerging market trends. Significant leadship and drive towards selective tendering in key sectors continues to be a strategic focus to reduce the risk of unsustainable margins, targeting those projects and contracts where Haden's specialist expertise was most highly valued.



		2012 (1)	2011 (2)	Change
Sales	A$m	247.7	264.9	(6.5%)
EBIT	A$m	3.1	2.6	19.2%
EBIT Margin	%	1.3	1.0	–
Order Book	A$m	110	86.8	26.7%
Employees		1,331	1,452	–

(1) Excludes Indian goodwill impairment
(2) From continuing operations

Sector	Specialist areas of expertise	Current contracts
Resources	• Mine ventilation • Power generation and processing cooling plants • Conveyor systems • Accommodation and office HVAC	• BHP Billiton Anglo Coal • Rio Tinto • Woodside
Industrial	• Power stations • Manufacturing plants • Processing facilities • Mining processing and refineries	• FMG Port Expansion • RIO Tinto Cape Lambert Port Expansion • Amcor/Metso • Powerlink Corporation
Infrastructure	• Mechanical and air conditioning engineering services • Tunnel ventilation • Integrated smoke exhaust and general extraction • Pollution abatement	• Legacy Way Road Tunnel (QLD) • Perth Airport Terminal • Qantas
Sustainability	• Green retrofit and refurbishment • Building Management Systems • Building fine tuning and energy management • Asset management reporting • Co/tri-generation • Energy efficient building upgrades to improve building energy ratings	• 76 Berry St • Colonial First State • GF Real Estate • Colliers International • Dexus
Telecommunications	• Mechanical and air conditioning engineering services • Critical network infrastructure maintenance, upgrades and electrical services • Data centres, exchanges and trading rooms	• Telstra Panel Contract – upgrade of Network Infrastructure • OPTUS Networks • Emerson/Silcar – NBN Data Centre Roll Out
Health	• Design and construct of mechanical services • Medical gases and fume cupboards • Ancillary services (compressed air, sterilisers, steam generation and mortuary equipment)	• Darwin Hospital • West Australian Institute of Medical Research • Kalgoorlie Hospital

HADEN

Haden Australia

In response to the impact of a stagnant commercial building market, project delays and reduced service volumes, Haden has been continuing its drive into the health and industrial sectors; and the green building retrofit market. While revenue is still not at optimum levels, the company is making progressive headway into the development of its order book for future growth.

O'Donnell Griffin together with Haden was also awarded a $34 million contract for electrical, heating and ventilation upgrades at the Royal Darwin Hospital from the Northern Territory Government. The project will deliver more efficient air conditioning systems, greater back-up power levels and reduce the hospital's greenhouse gas emissions.

Haden will deliver mechanical services including the supply and installation of new chiller systems for this key Northern Territory project. This is a strong endorsement of Norfolk's strategy to seek opportunities to draw on specialist expertise to offer broad, integrated services on projects that demand the specialist skills contained within the Group.

This project is a tangible result that our strategy of targeting growth sectors of the economy, such as the health sector, continues to be successful.

With a continued focus on bundling services, Haden and O'Donnell Griffin have also been awarded a Tier 1 suppliers position to become a preferred national panel contractor with Telstra for the provision of mechanical, HVAC, electrical and fire services. The panel contract was signed between Norfolk Group and Telstra providing a seamless delivery mechanism which was attractive to Telstra for the coverage of geographical technical services offered through Haden and O'Donnell Griffin nationwide.

Moving forward, our business growth strategy continues to be geared towards attractive sectors (resources, industrial infrastructure, telecommunications). Strategies to expand existing key national customers continue to broaden future opportunities for growth and allow us to investigate any additional or cross-promotional contract opportunities.

Big push into industrial ventilation

According to the latest Bureau of Resources and Energy Economics analysis of Mining and Energy Projects, advanced projects are valued at approximately $260.8 billion and less-advanced projects $242.4 billion. Western Australia accounts for half of the investment at an advanced stage and, when taken together with Queensland and the Northern Territory, it accounts for 94 per cent. Haden is well placed to take advantage of the continuing resources boom in Western Australia, Queensland and the Northern Territory as it seeks to confirm its position as a market leader in energy, mining, infrastructure, power and manufacturing sectors by organically expanding its already impressive geographical footprint of branch operations. Examples of Haden's expertise are the extension of works at Woodside's Karratha and Pluto Gas Plants as well as BHP Billiton Iron Ore's Newman and Port Hedland Operations.

Green building retrofit market

The 'green retrofit' market, spurred on by increasing legislative requirements and access to government grants for building owners, continues to be a focus for both the construction and service divisions where Haden's engineering expertise surpasses that of smaller competitors who entered the market in response to the market-wide fall in installation. Examples of Haden's expertise in this area are the completed works at 76 Berry Street and 420 George Street in Sydney. At the forefront of the design and delivery of sustainable, cost effective and 'green rated' energy efficient solutions, Haden is well positioned for future growth in this area.

AIR CONDITIONING
& MECHANICAL
ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

Haden New Zealand

The success of the dual branding of the Haden and O'Donnell Griffin trade names in our New Zealand operations provided momentum in the continuation of our strategic targeting of opportunities in the agribusiness, health, power, resources and commercial sectors, with Norfolk New Zealand securing the following projects; Greenlane Ophthalmology Clinic (Auckland), Ryman Healthcare (Hamilton), Waitakere Hospital Rangitira Ward (Auckland), New Plymouth Police Station, New Plymouth District Council Archives Facility, Remuera Rise Apartments (Auckland) and Guardian Trust (Wellington).

The relationship with Fonterra continues to strengthen our reputation in the agribusiness sector, with several new nationwide installation contracts secured. Haden Hamilton completed an HVAC upgrade at Fonterra Waitoa. Bundled HVAC and Electrical offerings enabled further work for the Christchurch team at the Greenfield Fonterra site in Darfield.

Continued focus on strengthening the maintenance side of the business resulted in us winning three new national accounts; Dick Smith, The Warehouse and Warehouse Stationery.

Additional focus was also centred on building and maintaining relationships with existing key customers such as Transfield, Wormald, Progressive Enterprises, Bendon, Frucor and the Royal New Zealand Navy.

After-shocks in Christchurch were a significant reminder of the earthquakes of the previous year and the prevailing hope of our people in the face of adversity. Through the development opportunities from the Christchurch rebuild Norfolk New Zealand has secured many commerical HVAC office builds and re-fits, including the supply and installation of numerous ducted in-ceiling split systems in the temporary village at the University of Canterbury.

Although short term challenges in securing quality revenue and expanding our recurring maintenance base still exist, our pipeline of prospects and opportunity in our key market sectors (agribusiness, health, power, resources and commercial) is still strong.

HADEN

Norfolk Mechanical India

The strategic decision to optimise efficiencies and move closer to our key customers and growth markets came to fruition in April 2011 with the relocation of the corporate headquarters of Norfolk Mechanical India (NMI) from Mumbai to Gurgaon, the hub of India's capital city. This move also resulted in the replacement of some branches with satellite branches. This restructure was a key strategy in preparation of the next growth phase.

In October, Norfolk's Managing Director, Glenn Wallace announced to the local market via media conference that NMI will deliver bundled mechanical, electrical and fire services in 2012. As part of this transition a new Technical Manager was appointed in December to ensure the uptake of technical skills to the next level, to be well placed to deliver on these additional services in the highly specialised mission critical IT and retail markets.

In addition to this, NMI continues to foster its relationship with Jones Lang La Salle regarding the delivery of bundled services on new contacts. With growth forecast in these markets, the outlook for Norfolk Mechanical India remains positive.

Norfolk (Vietnam) Engineering

As of 1 February 2012, Norfolk (Vietnam) Engineering entered into their third year of operations. The Company was originally invited into Vietnam to support Jones Lang La Salle fulfil the large engineering services scope of their property management contracts throughout Asia. Norfolk continues to make successful gains from its investment in Vietnam, including the attainment of its independent operating business license. The new operation has grown and matured very efficiently into a profitable company, employing and supporting Vietnamese Nationals and expatriate staff from Australia and within Asia.

Norfolk (Vietnam) Engineering is now in a position to start leveraging off the successful accomplishments the company has achieved to date in Vietnam. Other minor works are now being won out of this contract, including an Alliance agreement signed with Schneider Electric. With more than 70 experienced engineers and other associated technical and commercial employees, the team in Vietnam is well prepared to extend their comprehensive services to other 'mission critical' customer sites within Vietnam.

AIR CONDITIONING & MECHANICAL ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

Energy Products International (EPI)

Energy Products International
EXPERTISE • COMMITMENT • RESULTS

Energy Products International (EPI) continued to deliver on growth initiatives throughout the financial year. Our ongoing success is due to providing customers with strong technical advice for their projects and delivery of equipment on time to meet critical construction timelines. EPI has long standing relationships with customers and specifiers.

EPI supplied projects in the health, communication, education and entertainment sectors. These included Waikato Hospital, the New Zealand Defence Force Ohakea Airbase upgrade, and the new Fisher & Paykel Healthcare complex.

The outlook for EPI remains positive as the business continues to be customer focused, providing innovative and reliable air handling units, boilers, flues, radiant heaters, radiators and chillers. Key contracts awarded for the new financial year include Whakatane Hospital, Tauranga Police Station, Waikato Data Centre, ANZ Centre Auckland, Middlemore Hospital and the Selwyn Pool Complex in Christchurch. Growth opportunities also exist in supplying new and existing customers in Australia.

Metalbilt Doors

Metalbilt® DOORS
EXPERTISE • COMMITMENT • RESULTS

The industrial and commercial door market remains subdued and the vaunted re-build of Christchurch following their earthquakes is yet to occur. Most competitors remain in existence, though clearly, many are suffering. In spite of this Metalbilt has been able to strengthen its position in the market as it as seen as a stable and responsible supplier. The focus on quality margin contracts and the restructure of the Danks division has paid dividends.

Metalbilt has been well supported by top tier construction companies and has been awarded significant contracts such as The Base, in Hamilton, stage 2 of the NZ Defence Force upgrade at Ohakea, Fisher and Paykel's new manufacturing facility in Auckland, Fletcher Construction contracts for ASB North Wharf, Auckland Barrier transfer Station and Waikato Hospital.

Metalbilt benefits from its positioning at the top end of the market and being able to provide engineering support to architects, designers and specifiers, while still being able to retain our competitiveness due to an active cost reduction programme. The outlook for 2012-2013 remains stable as we seek out market segments with potential for growth to offset areas where demand is constrained.

Auckland's Victoria Park viaduct

The reconfiguration of Auckland's Victoria Park viaduct and construction of a new tunnel created a need for the Barrier Transfer Vehicles that service the Auckland Harbour Bridge to be repositioned. Metalbilt was called upon to design and supply new doors for their building. A very high standard of specification was called for due to the critical nature of the vehicles involved and the corrosive environment arising from the proximity to the harbour and concentrated levels of vehicle fumes.

Metalbilt's Engineered Sectional Overhead Door fitted the bill and two units were successfully installed on time and within budget thanks to a concerted effort from the team including our Sectional Door specialist Robert Humphries and installation subcontractor Glen Campbell.

RESOLVE FM

Resolve FM is a leading provider of technical facilities and property management services. Resolve FM has built a strong reputation over 45 years as a leading provider of technical facilities and property management services.

Resolve FM provides the coordination and delivery of a range of services including:

- Integrated facilities management
- Operational and sustainable maintenance
- Asset management
- Workplace solutions
- Support services
- Call centre capabilities.

Highlights summary

Resolve FM has delivered outstanding results for FY2012, these include:

- 80% contract renewal rate
- High volume in custodial sectors
- Strong order book of $119 million
- Record EBIT of $6.5 million
- Strong capability development in the area of technical solutions.

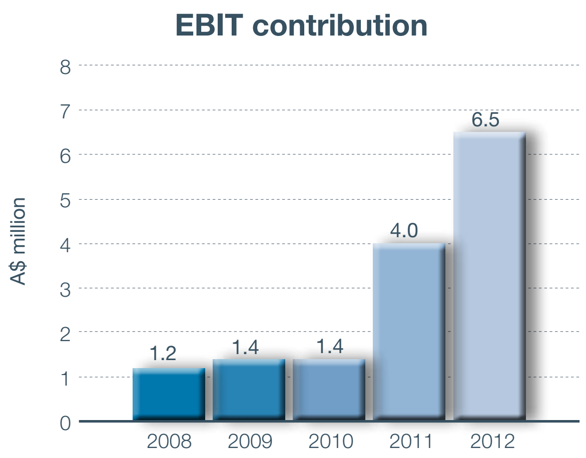
TECHNICAL FACILITIES MANAGEMENT SERVICES

Resolve FM
EXPERTISE • COMMITMENT • RESULTS

Financial results summary

For the year ending 31 March 2012, Resolve FM contributed revenue of $73.8 million, and EBIT was at a record of $6.5 million with an EBIT margin of 8.8%.

High volumes in the custodial sector underpin the division's performance, as demand for specialist services drives maintenance and capital works volumes.



		2012	2011	Change
Sales	A$m	73.8	71.4	3.4%
EBIT	A$m	6.5	4.0	62.5%
EBIT Margin	%	8.8	5.6	–
Order Book	A$m	119	121.3	(1.9%)
Employees		253	278	–

Resolve FM enjoyed a stand-out year in terms of revenue and EBIT performance due to its ongoing commitment to service delivery and building long-lasting customer relationships. Revenue was up to $73.8 million and EBIT was at a record $6.5 million for the financial year ending 31 March 2012. Resolve FM's market-leading capabilities are further evidenced by their ability to re-sign and extend existing contracts; with 80% up for renewal being retained due to strong customer relationships as well as competitive rebidding. Our commitment to developing strong capability in the area of technical solutions has resulted in good prospects for the 2013 financial year, in the delivery of technical facility management solutions, including energy consumption reductions and facility lifecycle costing.

Resolve FM has a continuing strong order book of $119 million underpinning 2013 trading. In addition to the stability provided by contract renewals, is the ability to support future margin improvement by bringing in higher value technical solutions to benefit our customers. Key projects contributing to the order book are; Serco Detention Centres, NSW DIAC Refugee Services, VIC Housing and the Gorgon Project.

These projects support Resolve FM's market leading capabilities within the custodial and accommodation sectors, for the provision of our specialist facilities management services and service delivery. Our ability to keep pace with sector growth is supported through our strong customer relationships and results-driven focus through our reporting diligence and strength in contract administration.

Outlook

The business development strategy of Resolve FM continues to generate strategic growth aligned with the other Norfolk businesses' market sectors including health and resources. These sectors continue to offer strong growth potential with a high demand for specialised facility management services. Resolve FM is committed to the provision of quality customer service and value, as evidenced by our strong order book and technical solution opportunities; including innovative projects at both Gorgon and Christmas Island.

CASE STUDY

South Improvement Alliance, NSW and VIC

A greater rail link for the Australian economy and local region

February marked the completion of the South Improvement Alliance, which after six years and 4.7 million man-hours saw some 70 projects delivered on behalf of the Australian Rail Track Corporation (ARTC). The projects were a part of the ARTC's $3.5 billion program for the upgrades of the National Rail Freight Network and the Hunter Valley Coal Network, with the South Improvement Alliance formed to deliver the work required on the Standard Gauge Rail Corridor between Melbourne and Sydney.

As a member of the Alliance, O'Donnell Griffin was involved with the signalling procurement, manufacturing, installation, testing and commissioning for each of the projects, under a structure which offered the client end-to-end management of the programme of works from a single entity. Specifically, the Alliance delivered extensive upgrading of the Corridor's railway infrastructure, including an upgrade of the NSW signalling control system from antiquated mechanical systems to fully computerised centralised traffic management. An additional 200km of double track between Melbourne and Sydney was also enabled, along with the construction of the Wodonga Rail Bypass, nine new 6.8km passing lanes, the Brooklyn Sunshine Triangle flyover and extensive upgrade works to the Tottenham, Dynon and Melbourne Ports precincts.

Originally contracted for two years with an option to extend, the Alliance has completed nearly double the initial scope, delivering an improved rail link heralded by the client as "a project of national significance" – benefiting both the national economy and the region. The projects offered many benefits for the local towns, including new employment opportunities, the engagement of regional contractors and support of local service providers.

CASE STUDY

Legacy Way, QLD

Creating the link for a community on the move

In partnership with the Transcity Joint Venture on the Mechanical Electrical Construction Alliance (MECA), Norfolk Projects Pty Ltd has been awarded a $150 million contract for the construction and pre-commissioning of all mechanical, electrical and fire safety works on the $1.5 billion Legacy Way project in Brisbane. Legacy Way is a tolled road tunnel that will connect the Western Freeway at Toowong with the Inner City Bypass (ICB), at Kelvin Grove. The project will comprise twin two-lane tunnels, approximately 4.6km in length, which run between tunnel portals.

The Legacy Way tunnel project is a key part of Brisbane City Council's TransApex plan, designed to reduce traffic congestion on Brisbane's arterial roads and improve cross city connectivity. It will provide an alternative route to local roads for traffic leaving the Western Freeway and travelling to and from the ICB. When it opens, Legacy Way will reduce, by up to 44%, the peak hour travel time of journeys from the Centenary Bridge to the ICB.

Transcity will use two Herrenknecht Double Shield Tunnel Boring Machines (TBM) to excavate the 4.6 kilometre-long tunnels. A Double Shield TBM is a custom-built machine which simultaneously excavates and lines the tunnel, whilst removing the excavated material from the tunnelling area. These machines are well suited for the excavation of long tunnels in hard rock, which is the predominant ground condition along the Legacy Way tunnel alignment.Construction of the project commenced in April 2011 and is expected to be complete in early 2015.

CASE STUDY

Christchurch, New Zealand

Metalbilt – industrial doors, built to last

They say a picture is worth a thousand words – in Metalbilt Doors' case, an image can truly depict just how well an innovative product can stand up to the test of time and whatever the forces of nature pitch against it.

The shop front grilles in the above photo were installed by Metalbilt 20 years ago. Following the Christchurch earthquake, the doors have held up better than the building, reinforcing that our products really are built to last.

"We have enjoyed amazing support from our customers over the last year or so," comments Merl Case, Branch Manager, "our commitment to Christchurch and our ability to respond to on-going disruptions has been well received in the region."

"Our staff have worked extremely hard in often trying conditions and we owe a debt of gratitude to the Team," adds Geoff Willis, General Manager.

CASE STUDY

Darwin Hospital, NT

Delivering on customer's vision

The upgrade of Royal Darwin Hospital's critical infrastructure delivers on the customer's vision of being recognised as a centre of excellence for the provision of high quality healthcare to the community, and fufilling its role as Australia's National Critical Care and Trauma Response Centre.

The project is to ensure that essential services are able to be provided to Royal Darwin Hospital and essential buildings on the Royal Darwin Hospital campus during cyclone and post disaster/disaster type scenarios.

As head contractor and sub-contractor, respectively, O'Donnell Griffin and Haden are responsible for the complex upgrade of the brownfield site. Led by an experienced project team, the works involve the replacement of all HV reticulation, three generation units and existing chiller units; integration of the Scada system; and civil and structural building works.

To ensure on-time completion and customer satisfaction, the team has delivered high level engineering and project planning, including refining the original specification in conjunction with the Hospital's engineering management team. With the nearest hospital located in Indonesia, planning has needed to address both the technical issues involved with the northern wet season, as well as the customer's N+1 policy in order to protect operations and maintain full capacity at all times.

CASE STUDY

GEA Miraka Powder project, Taupo, New Zealand

Overcoming the challenges of congested work fronts and a winter climate

O'Donnell Griffin was appointed for the electrical installation of process services at Taupo's Miraka Dairy Plant, which involved working closely with the customer to install all cabling systems in a challenging environment, and in high-risk hygiene and hazardous areas.

Meeting all key dates, O'Donnell Griffin earthed and bonded all cable ladders, pipe-racks and process equipment within the building and adjoining plant. The project also included the supply and installation of mains cables to the main incoming switches of the motor control centre (MCC), and the installation of one MCC to serve the new process plant.

O'Donnell Griffin undertook all electrical testing and commissioning for the project, as well as the calibration and associated documentation for all field instruments.

CASE STUDY

Amcor Botany Paper Mill, NSW

Cementing our position in the field of industrial ventilation

Haden has been appointed for the installation of a variety of ventilation systems within Amcor's new paper mill in inner Sydney which, once completed in June 2012, will be one of only four facilities in the world to produce 100% recycled wastepaper product.

Designed specifically to minimise its environmental impact, the paper mill will incorporate modern technology to produce savings in energy and water usage at the greenfield site while increasing the paper-making capacity from 250,000 tonnes per year to around 345,000 tonnes per year.

Haden's scope of work involves the installation of both mild steel ventilation and stainless steel ductwork – including modifications, as required, and quality control of the installation process. The team is also responsible for the assembly of cooling towers, large fans, and pre-fabricated access platforms and ladders.

Other services include the provision of labour supervision and labour safety management systems, as well as suitable hoisting devices and personnel access equipment.

CASE STUDY

Novo Rail Alliance, NSW

Significant NSW rail alliance shifts up a gear

Novo Rail is a significant $1 billion NSW public/private sector Program alliance between O'Donnell Griffin, Laing O'Rourke, Aurecon and RailCorp. Operating over a five+ year contract, which commenced in December 2008, the alliance was set up to support the introduction and additional power load requirement of the new Waratah trains.

Now in its fourth operational year, much of the O'Donnell Griffin work undertaken through the alliance has included delivery of:

- Complex rail signalling installation and commissioning packages
- Electrical installation work for newly constructed substations
- Pioneering work in the area of Automatic Train Protection (safety system) installation.

Capitalising on an industry-first Resource Development Program, the alliance has also enabled O'Donnell Griffin to further strengthen its industry-leading rail engineering capabilities.

CASE STUDY

76 Berry Street, North Sydney, NSW

Designed to be Australia's lowest emission building

Designed and installed by Haden, the mechanical and electrical upgrade of 76 Berry Street is targeting a reduction in emissions of 80% using Australian technologies. The energy efficiency upgrade is now on track to achieving a 6 Star NABERS rating. The entire building upgrade is being carried out while fully tenanted.

Tri-generation

Australian made Bennett Clayton engine technology drives a state of the art, lean burn low environment impact tri-generation system, for combined heating, cooling and power production.

This technology is multi-fuel capable; including liquid biofuels.

This technology is configured so that the gas generators provide electricity to the building at all load conditions effectively taking the base building off the electricity grid. The building effectively now has back up supply from the electricity grid.

Energy Efficient Lighting

New Australian lighting technology Envirolite e1 lighting: installed in base building and tenant lighting systems reducing direct lighting energy consumption by 70%.

Additional benefits with reduced building heat load reduction and improved IEQ.

Dedicated Outdoor Air-handling System

Australian designed, Shaw Method of Air Conditioning twin-coil system prevents the need to use energy twice to overcool and reheat air in order to maintain humidity, and monitors and adjusts humidity levels, providing better control and improved IEQ.

BMCS

A fully integrated Building Management and Controls system including a green screen and web interface to inform tenants and visitors of the building's energy efficiencies.

Australian Manufactured Chillers

Powerpax compressor technology offers efficiencies greater than existing technologies.

CORPORATE GOVERNANCE STATEMENT

Norfolk's approach to corporate governance

Norfolk's approach to corporate governance is based on a set of values and behaviours which provide transparency and accountability and ensure the protection of stakeholder interests.

Norfolk is committed to complying with the revised ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd edition amended 2010 (the ASX Principles)) and maintaining an effective system of corporate governance which is integrated into our culture and business practices.

This Corporate Governance Statement reflects the corporate governance and other related policies and practices in place for Norfolk as at 31 March 2012 against the ASX Principles.

Norfolk's corporate governance framework

Norfolk's corporate governance framework provides the process and structure required to ensure:

- The Norfolk Board is accountable to shareholders and other stakeholders for the performance, growth and operation of the businesses
- Norfolk management is accountable to the Board for its actions in managing the performance, growth and operation of the businesses
- The risks associated with the businesses are identified and managed
- Communication, transparency and disclosure to shareholders and other stakeholders is maintained at all times.

Norfolk's approach to corporate governance is underpinned by Norfolk's:

- Board Charter
- Audit and Risk Committee Charter
- Nomination and Remuneration Committee Charter
- Code of Conduct
- Continuous Disclosure Policy
- Communications Policy
- Securities Trading Policy
- Diversity Policy.

Each of these documents are reviewed annually and amended as required. They are also each available on the Norfolk website (http://www.norfolkgl.com).

Compliance with the ASX Principles

It is the Board's opinion that Norfolk has complied with each of the ASX Principles throughout the year ended 31 March 2012. A summary of Norfolk's compliance with each principle, including details of specific disclosures required by each principle, is provided below. The heading of each section reflects the relevant ASX Principle.

CORPORATE GOVERNANCE STATEMENT

Principle 1 Lay solid foundations for management and oversight

The Board has the overall responsibility to shareholders for all Norfolk governance matters. The Board remains primarily responsible for the strategic direction and financial performance of Norfolk, while delegating the responsibilities of management to the Managing Director and the senior management team.

The Board has adopted a charter which sets out the specific roles and responsibilities of the Board and the matters delegated to management. The Board Charter operates in conjunction with the charters for the Nomination and Remuneration Committee and the Audit and Risk Committee. The Board has reserved the following for its decision:

- In consultation with management, determining Norfolk's business strategy and key performance targets and then monitoring management's implementation of such strategy and achievement of such targets
- Composition of the Board itself, including the appointment and retirement of directors
- Appointment (and removal if necessary) of the Managing Director and ratifying the appointment or removal of the members of the senior management team
- Determining the conditions of service of the Managing Director and senior management and the performance monitoring procedures to apply to them
- Monitoring Norfolk's compliance with applicable laws, the Board Charter and generally accepted standards of corporate conduct and governance prevailing from time to time
- Reviewing and overseeing the operation of systems of risk management and internal compliance and control, codes of ethics and conduct
- Adopting the annual budget and monitoring the financial performance of Norfolk
- Monitoring the conduct of Norfolk's compliance with applicable laws including environmental laws, occupational health and safety laws and regulations, the corporations act and the asx listing rules
- Overseeing of the Board committees
- Ensuring there is timely and effective reporting to shareholders
- Monitoring industry developments relevant to Norfolk's business.

The formal letters of appointment of Board members also clearly set out the corporate expectations of Board members.

As part of the Board's oversight of senior managers, all members of the senior management team are subject to annual performance reviews and goal planning. This involves a self assessment by each senior management team member and an evaluation of each senior management team member by their immediate supervisor. Each senior management team member is assessed against a range of criteria including achievement of financial and safety goals. The members of the senior management team also receive periodic feedback on progress against their targets. All senior management team members participated in a performance evaluation on this basis during the year ended 31 March 2012.

CORPORATE GOVERNANCE STATEMENT

Principle 2
Structure the Board to add value

Board composition

The Board is structured to bring to its deliberations a range of commercial, operational, financial and Australasian experience relevant to Norfolk's operations. The Board comprises the Chairman, Rod Keller, three Non-Executive Directors and one Executive Director (Managing Director, Glenn Wallace). Details of the members of the Board, including their qualifications, expertise and experience, are provided in the Directors' Report.

The Chairman is an independent Director. He is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their roles and responsibilities, facilitating Board discussions and managing the Board's relationship with Norfolk's senior management.

The Managing Director is responsible for implementing Norfolk's strategies and policies. The Board Charter specifies that the roles of Chairman and Managing Director be undertaken by separate people.

Board independence

Each Director has an overriding duty to act in the best interests of Norfolk, to avoid conflicts of interest and to not use their position for personal benefit. Each Director is required to disclose any interest which might create a potential conflict of interest with the Director's duties as a Director of Norfolk or which would affect the Director's independence.

If a situation may give rise to a possible conflict of interest, the Director concerned must declare it. Once a potential or actual conflict of interest has been declared by a Director, that Director will not be involved in the decision making process in relation to the area of conflict. This may mean that the Director will not receive Board papers relevant to that item and that that Director must not be present at Board meetings while the item is being considered. If appropriate, an independent Board Committee will be established to consider specific items of business.

The Board has reviewed the position of all current Directors in light of Norfolk's adopted definition of independence. This definition is consistent with the guidelines provided by the ASX Corporate Governance Council. The Board has concluded that all Directors of Norfolk are independent other than Paul Chrystall and Glenn Wallace.

Period of office

Directors are appointed in accordance with the Constitution of Norfolk Group Limited and are re-elected to that position by shareholders every three years (on a rotational basis). No Non-Executive Director can serve more than three years without offering themselves for re-election.

Board meetings

The Board meets regularly for scheduled meetings and on other occasions as required between scheduled meetings. In addition to attending Board and committee meetings the Directors also attend strategy sessions and divisional reviews. The agenda for each meeting is prepared by the Company Secretary in consultation with the Chairman of the Board or relevant committee and the relevant members of management. The regular business of the Board includes a review of safety performance, business performance, financial performance, strategic matters and initiatives, staff management issues and major tenders and contracts.

Committees of the Board

The Board has established committees to assist with meeting its responsibilities. It is through the committee structure that specific areas of detail are examined and, if appropriate, recommendations are made for consideration by the Board. Each Committee has adopted a Charter and a report of each committee meeting is presented at the next Board meeting. Currently there are two committees in place. The table below shows the committee memberships during the year ended 31 March 2012.

Committee	Members
Audit and Risk Committee	Peter Lowe (Chairman) Rod Keller Peter Richards
Nomination and Remuneration Committee	Peter Richards (Chairman) Rod Keller Peter Lowe

Details of the composition and responsibilities of the Audit and Risk Committee are set out under Principle 4 and details for the composition and responsibilities of the Nomination and Remuneration Committee are set out under Principle 8. The frequency and attendance of members at the committee meetings are provided in the Directors' Report.

CORPORATE GOVERNANCE STATEMENT

Board performance

The full Board is responsible for reviewing the performance of the Chairman. It is the responsibility of the Chairman, with advice from the Board, to assess the performance of the Board, its committees, each of the Directors and senior management team. The Board has a formal performance review process which involves open and constructive dialogue between the respective parties, taking into account the objectives and measurable results that have been achieved.

The performance of the Managing Director is reviewed annually by the Chairman and Non-Executive Directors. The performance of other key executives is reviewed annually by the Managing Director against predetermined goals and criteria and then is also reviewed by the Nomination and Remuneration Committee and, if required, the Board. The Board has an ongoing process for the regular self-assessment and review of the performance of the Board which includes the completion of a detailed questionnaire by all Directors and senior management team members for consideration by the Chairman and discussion with the Board. This process includes consideration of the performance of each of the Board Committees. The performance of each individual Director is reviewed by the Chairman. Where appropriate the Chairman will review an individual Director's performance with the other Directors.

Facilitation of Board performance

Each member of the senior management team prepares detailed monthly reports which form part of the Board papers. Members of the senior management team also attend regular meetings with the Board to present strategy and progress and to answer any questions which may arise. Key tenders and contracts are also presented to the Board for approval.

Independent professional advice

Each Director is entitled to full access to all information necessary for the Director to discharge his or her duty. Non-Executive Directors have the right to seek independent professional advice in the furtherance of their duties as Directors at Norfolk's expense. The Chairman's prior approval of any expenditure is required; however, this will not be unreasonably withheld. The Directors also have direct access to the Company Secretary for all Board and governance related issues.

Principle 3
Promote ethical and responsible decision-making

Norfolk is committed to ensuring all Directors and employees practice ethical and responsible decision-making when engaging in all corporate activities. Norfolk has adopted a code of conduct which applies to all Norfolk employees.

Code of conduct

The Norfolk code of conduct sets out the ethical standards that govern the conduct of all Norfolk Directors and employees. Norfolk recognises the interests of all stakeholders in the community and their role in creating shareholder value. All Norfolk Directors and employees are required, at all times, to conduct themselves in a manner consistent with the principles of honesty and integrity.

The code requires Directors and employees to comply with the law, to disclose relevant interests that they may have and to act in the best interests of Norfolk. The code also covers confidentiality of information and respect of privacy.

Diversity Policy

Norfolk adopted a Diversity Policy in April 2011 which reflects Norfolk's respect for the value of human differences. As an organisation Norfolk aims to create an environment where the diverse experiences, perspectives and backgrounds of our people are valued and utilised. Norfolk's commitment to diversity will contribute to the long-term growth and sustainability of the company as:

- It enables Norfolk to remain flexible and dynamic as well as reflective of and responsive to the community it operates with
- Diversity results in a broader pool for recruitment of high quality employees
- Diversity is likely to support increased employee retention
- Diversity is likely to encourage greater innovation by drawing on different perspectives
- Diversity improves decision making as it enables Norfolk to access different perspectives and ideas and benefit from all available talent
- It allows Norfolk to better represent its diverse geographical footprint
- Diversity will improve Norfolk's corporate reputation.

CORPORATE GOVERNANCE STATEMENT

Norfolk has set the following measurable objectives for achieving gender diversity in accordance with the diversity policy:

i. Commitment to an objective succession planning process across the business that recognises individuals for promotion based on performance in role and against Norfolk leadership behaviours
ii. Commitment to an objective performance management process that assesses an individual's performance against key objectives for their role and the Norfolk leadership competencies
iii. The roll out and implementation of the Norfolk Code of Conduct and accompanying training program, with a focus on equal opportunity and diversity
iv. Introduction of an objective recruitment process including suitably qualified external parties to ensure that all candidates receive equal treatment
v. The undertaking of a review of key job categories and salary relativities to understand the position in relation to any differences in average salary levels
vi. Ensure female participation in the Norfolk accelerated development program for high potential employees.

During financial year 2012 Norfolk has implemented the processes and procedures which underpin achieving these objectives. Training has also been conducted through out the organisation to support the objectives.

The proportion of women across Norfolk is 14% and 11% in senior executive positions. There are no women on the Norfolk Board.

Principle 4
Safeguard integrity in financial reporting

Norfolk acknowledges that the integrity of Norfolk's financial reporting depends upon the existence of a sound system of risk oversight and management and internal controls. The Audit and Risk Committee and the Board receive appropriate sign-off from the Managing Director and the Chief Financial Officer in this regard.

Audit and Risk Committee

Norfolk has an Audit and Risk Committee which is comprised of three Non-Executive Directors, all of whom are independent. The Committee is responsible for risk management and oversight of Norfolk's financial reporting policies and other operational risk areas.

The Committee also monitors the internal controls and the integrity of Norfolk's financial statements in compliance with the regulatory requirements. The Committee is also responsible for the appointment, evaluation and oversight of the external auditor, and ensuring that the independence of the external audit function is maintained.

The Committee's Charter sets out that membership is restricted to Non-Executive Directors, the majority of whom will be independent. The Committee shall appoint a Chairman who is not the Chairman of the Board. The Committee shall comprise a minimum of two members and shall include at least one member who is a "financial expert" as defined by the Board. The experience of each Committee member, the number of meetings and the attendances by each of the members of the Audit and Risk Committee are set out in the Directors' Report.

The Committee together with senior management has established a process for the identification, review and management of significant risks across Norfolk. The Norfolk Group Risk and Audit Manager has direct independent access to the Chairman of the Audit and Risk Committee. The Audit and Risk Committee also meets with, and receives reports from, the external auditor on matters in connection with the performance of the audit. Senior management are excluded from part of these meetings to allow full and frank discussions between the Committee and the external auditor.

The performance of the external auditor is reviewed annually. PricewaterhouseCoopers was appointed as the external auditor in 2007 and continues to perform this role. It is PricewaterhouseCoopers' policy to rotate audit engagement partners on listed companies at least every five years.

Principle 5
Make timely and balanced disclosures

Continuous Disclosure Policy

Norfolk recognises the importance of timely disclosure of its activities to shareholders and the market, in accordance with its legal and regulatory obligations. To ensure compliance, Norfolk has adopted a Continuous Disclosure Policy. The Continuous Disclosure Policy sets out the principles that guide Norfolk in fulfilling its responsibilities to act with integrity to satisfy the disclosure and effective communication requirements of the ASX and the Corporations Act. The Policy sets in place procedures to ensure that material and price sensitive information is identified and disclosed in accordance with the Corporations Act and the ASX Listing Rules.

Publicly available information

The ASX Corporate Governance Council best practice recommendations provide that specific documents should be made publicly available, ideally on the company's website. Norfolk undertakes to update its website on a regular basis to provide all material announcements and information. In addition, Norfolk attempts to respond to shareholder queries as soon as possible when such queries are raised.

CORPORATE GOVERNANCE STATEMENT

Principle 6
Respect the rights of shareholders

Respecting the rights of shareholders is of fundamental importance to Norfolk. Norfolk recognises that a key element of this is how we communicate with our shareholders.

Communications Policy

Norfolk has adopted a Communications Policy which should be read in conjunction with the Continuous Disclosure Policy referred to above. The Communications Policy sets out how Norfolk will keep all shareholders and potential shareholders up to date about the affairs of Norfolk. The policy establishes guidelines which:

- Confirm that Norfolk will not communicate price sensitive information to an external party other than where it has been disclosed to the market generally
- State that shareholders will be given the opportunity to ask questions of each Director at each Annual General Meeting
- Prohibit the practice of selective or differential disclosure
- Provide equal access to information to all shareholders
- Promote the use of the Norfolk website (http://www.norfolkgl.com) to facilitate shareholder communications and to ensure that all information released to the ASX is available on the Norfolk website as soon as practicable.

Attendance of Auditor at the Annual General Meeting

As standard practice, Norfolk's external auditor attends the Annual General Meeting each year. At the Annual General Meeting the external auditor is available to answer shareholder questions concerning the conduct of the external audit for the relevant financial year.

Principle 7
Recognise and manage risk

The Board has required senior management to design and implement a risk management and internal control system to manage Norfolk's material business risks. The Audit and Risk Committee, the external auditor and the internal auditor referred to under Principle 4 form part of Norfolk risk management and internal control system. During calendar year 2012 the Norfolk Group Risk and Audit Manager is conducting a review of Norfolk's risk policies and procedures and registers. This review includes a review of the risks identified previously and a series of workshops to identify any new or different risks.

The integrity of Norfolk's financial reporting depends upon the existence of a sound system of risk oversight and management and internal controls. For the publicly released annual and half year accounts, the Board receives assurances from the Managing Director and Chief Financial Officer that, in their opinion:

- The financial records of Norfolk have been properly maintained
- The financial statements and notes required by accounting standards for external reporting
  - Give a true and fair view of the financial position and performance of the consolidated Norfolk Group
  - The accounts comply with the accounting standards (and any further requirements in the corporations regulations) and applicable ASIC class orders
- The above representations are based on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8
Remunerate fairly and responsibly

The Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for identifying and recommending to the Board individuals who are suitably qualified to become Board members. Norfolk supports the appointment of Directors who bring a wide range of business and professional skills and experience, details of which are recorded in the Directors' Report. The Committee is also responsible for making recommendations to the Board with respect to Norfolk's compensation policies, including equity-based programs, retention policies and succession planning and the engagement of remuneration consultants. The experience of each Committee member, the number of meetings and the attendances by each of the members of the Audit and Risk Committee are set out in the Directors' Report.

NORFOLK
INTEGRATED ENGINEERING

DIRECTORS' REPORT

The Directors have pleasure in submitting the Directors' Report of the consolidated group consisting of Norfolk Group Limited and the companies it controlled during the year ended 31 March 2012 (Norfolk).

Directors

The following persons were Directors of Norfolk Group Limited during or since the end of the financial year:

Mr Rod Keller
Chairman – Independent Non-Executive Director

Mr Keller became Chairman of Norfolk on 7 April 2008. He is also a member of the Nomination and Remuneration Committee and the Audit and Risk Committee. Mr Keller has a Bachelor of Engineering (Mechanical) from the University of Sydney and is a Fellow of the Institute of Engineers, Australia. Mr Keller brings many years experience in the engineering sector and has previously held management positions with Fletcher Construction Australia, the State Government of South Australia, Esso Australia, Woodside Petroleum and Santos and was Managing Director of GPU International Australia from 1995 to 1999.

Mr Keller is currently Chairman of OSD Pipelines Limited and Diversified Mining Services Limited. Mr Keller was Chairman of the GasNet Australia Group from its listing in 2000 to its takeover in 2006. Mr Keller was previously a Non-Executive Director of Macquarie Communications Infrastructure Limited, Macquarie Communications Infrastructure Management Limited, Alinta Energy Limited, Alinta Energy Services Limited, National Electricity Code Administrator and of Dyno Nobel Limited.

Mr Glenn Wallace
Managing Director – Executive Director

Mr Wallace is the Managing Director of Norfolk and was appointed to the role in 2004, following his role in the successful acquisition of the businesses now forming Norfolk.

Mr Wallace has a Diploma in Leadership Management from the Macquarie Business School, and completed the Advanced Management Program at the University of Hawaii in 1996. He is a NSW Council Member in the Australian Industry Group and is a Member of the Australian Institute of Company Directors. Mr Wallace has more than 15 years experience in management roles both in New Zealand and Australia. Prior to joining Norfolk, Mr Wallace held a number of senior roles including Managing Director of Tyco, having held various roles within Tyco since joining the company as National Sales Manager in 1987, and Managing Director of the Tiri Group from 2003. Mr Wallace is currently a Non-Executive Director of Maui Capital Limited.

Mr Paul Chrystall
Not independent Non-Executive Director

Mr Chrystall has been a Director of Norfolk since 2004. Mr Chrystall holds a Bachelor of Commerce from the University of Auckland, during the completion of which he received various senior prizes, including the Alfred P Foggarty Award for excellence in Economics.

Mr Chrystall is currently Managing Director of Maui Capital Limited, a New Zealand-based private equity firm. He was, until September 2007, the Head of Private Equity at Goldman Sachs JBWere (NZ) Limited and prior to joining Goldman Sachs JBWere (NZ) Limited in April 2001, Mr Chrystall held a number of senior corporate finance roles in a variety of industries.

Mr Chrystall is currently a Director of Maui Capital Limited, Maui Capital Indigo Fund Limited and its subsidiaries, Maui Capital Indigo General Partnership Limited, PagePack NZ Limited and its related entities, Freeman Nominee Limited and its related entities, Freshmax NZ Limited and its related entities, Profence Limited, Tite Grip Fencing Limited and Diversified Mining Services Limited.

Mr Peter Lowe
Independent Non-Executive Director

Mr Lowe is Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee. Mr Lowe holds a Bachelor of Commerce and Master of Business Administration from the University of Melbourne and is a Member of the Australian Institute of Company Directors and a Fellow of CPA Australia. Mr Lowe's principal experience is in finance and corporate strategy in listed corporates. Mr Lowe has previously held senior manager positions with CPA Australia, UtiliCorp United Inc., United Energy Limited and Fosters Brewing Group Limited.

Mr Lowe is currently Chairman of United Energy Distribution Holdings Pty Ltd, Multinet Group Holdings Pty Ltd and Meridian Energy Australia Pty Ltd. He is also a Director of Citywide Solutions Pty Ltd, Snowy Hydro Limited and Aurora Energy Pty Ltd. Mr Lowe was also formerly a Director of Clever Communications Limited (formerly Access Providers Limited), GasNet Australia Group and Western Australia Network Holdings Pty Ltd.

Mr Peter Richards
Independent Non-Executive Director

Mr Richards became a Director of Norfolk on 1 September 2010. Mr Richards is Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee. Mr Richards holds a Bachelor of Commerce from the University of Western Australia. He has more than 30 years of business and international experience with global companies including BP plc, Wesfarmers Ltd and Dyno Nobel Limited. Mr Richards retired as CEO of Dyno Nobel following its takeover in June 2008.

DIRECTORS' REPORT

Mr Richards is currently Chairman of Kangaroo Resources Limited and Minbos Resources Limited, and a Director of Bradken Limited, NSL Consolidated Limited, Emeco Group Limited and Sedgman Limited.

Directors' shareholdings

The following table sets out each Director's relevant interest in shares and options in shares of Norfolk Group Limited as at the date of this report. No Director has any relevant interest in shares or options in shares of a related body corporate of Norfolk Group Limited as at the date of this report.

Director	Number of shares and nature of interest
Rod Keller	182,355 shares held jointly with Dianne Keller as trustee for the Keller Superannuation Fund
Glenn Wallace	Indirect interest in 3,177,778 shares held by Selby Consulting Pty Ltd.
Paul Chrystall	896,496 shares held jointly with two others as trustee of the PCKC Trust
Peter Lowe	54,068 shares held jointly with Judith Lowe as trustees for the Lowedid Superannuation Fund
Peter Richards	Nil

Company Secretary

The company secretarial function is responsible for maintaining proper documentation, records and registers, good corporate governance and compliance with statutory obligations.

Fiona Yiend (nee Lovell) was appointed Company Secretary on 9 April 2009. She holds a Bachelor of Arts, Bachelor of Laws (Hons), Graduate Diploma in Applied Finance and Investments and a Graduate Diploma in International Law. During 2010 Fiona completed a Graduate Diploma in Applied Corporate Governance with the Chartered Secretaries Australia.

Anthony O'Shannessy was appointed Company Secretary on 23 November 2010 and resigned from the position on 30 April 2011.

Dividends

Norfolk Group Limited declared a final unfranked dividend of 2 cents per share on 23 May 2012 and an interim unfranked dividend of 1.5 cents on 24 November 2011 in relation to financial year 2012.

Principal activities

The principal activities of Norfolk during the financial year ended 31 March 2012 were to provide integrated electrical, communications, heating, ventilation and air-conditioning services and property services.

Norfolk operates in Australia, New Zealand, India and Vietnam.

Review of operations

The net profit after tax of Norfolk for the year 2012 was $36,759,000 and the earnings before interest and tax was $30,765,000 (excluding Indian goodwill impairment). For the review of operations please refer to the Chairman's Report, Managing Director's Report, Company Profile and Divisional Review sections of this Annual Report.

Changes in the state of affairs

During the financial year there were no significant changes in the state of affairs of Norfolk other than those referred to in the financial statements or notes to the Financial Report.

Subsequent events

Other than that set out in Note 34 to the Financial Statements, no matters or circumstances have arisen since 31 March 2012 that has significantly affected, or may significantly affect, Norfolk's operations, the results of those operations, or the state of affairs of Norfolk in future financial years.

Future developments and expected results of operations

The Directors have reasonable grounds to believe that the inclusion of information about the likely developments or the future results of the operations of Norfolk beyond that already released to the market would result in unreasonable prejudice to Norfolk.

Environmental regulation

Norfolk is subject to a range of environmental regulations and continually looks at ways to reduce its impact on the environment and improve its environmental performance. During the financial year there were no environmental incidents which required reporting.

Directors' and officers' insurance

During the financial year, Norfolk paid a premium in respect of a contract to insure the Directors and officers of Norfolk against liabilities incurred in acting as a Director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

DIRECTORS' REPORT

	Board of Directors		Audit and Risk Committee		Nomination and Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Rod Keller	13	13	5	5	4	4
Glenn Wallace	13	13	–	–	–	–
Paul Chrystall	13	12	–	–	–	–
Peter Lowe	13	13	5	5	4	4
Peter Richards	13	13	5	5	4	4

Directors' meetings

The table above sets out the number of meetings each Director attended and the number of meetings held during the year while each Director was a Director or was a member of the relevant committee. The table does not indicate where a Director attended a committee meeting in an ex officio capacity.

Proceedings on behalf of the company

No person has applied to the court under section 237 of the Corporations Act 2001 for leave to bring, or intervene in, proceedings on behalf of any entity within the Norfolk Group.

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 28 of the Financial Report.

The Directors are satisfied that the provision of non-audit services during the financial year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 28 of the Financial Report do not compromise the external auditor's independence for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor
- None of the non-audit services undermine the general principles relating to auditor independence as set out in the Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for Norfolk, acting as advocate for Norfolk or jointly sharing economic risks and rewards.

Auditor's independence declaration

The auditor's independence declaration is set out at page 67 and forms part of the Directors' Report for the financial year ended 31 March 2012.

Rounding of amounts

Norfolk Group Limited is a company of the kind referred to in Australian Securities and Investments Commission class order 98/100 dated 10 July 1998. In accordance with that class order, amounts in the Financial Report and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated otherwise.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the Corporations Act 2001.

DIRECTORS' REPORT

Buy back

Norfolk Group Limited does not currently have any on-market buy-back of shares.

Remuneration Report (audited)

This Remuneration Report outlines Norfolk's remuneration policy for key management personnel for the year ended 31 March 2012. Norfolk's key management personnel comprise the Directors of Norfolk Group Limited and senior managers of Norfolk including the five most highly remunerated Norfolk executives. Key management personnel have authority and responsibility for planning, directing and controlling the activities of Norfolk.

Remuneration Policy

The objective of Norfolk's remuneration policy is to set remuneration at a level that will attract and retain qualified and experienced personnel and to motivate and reward them for the achievement of strategic objectives and improvement of business results.

Remuneration is structured to reward employees for increasing shareholder wealth by providing a fixed remuneration component together with short and long term performance based incentives. The remuneration for senior management is reviewed annually using a formal performance appraisal process and comparative market remuneration data. Fixed remuneration is based on competitive levels when compared to Norfolk's peers to ensure that Norfolk secures and retains high quality senior managers taking into account the competitive labour market in which Norfolk operates.

The incentive based components of remuneration are designed to motivate Norfolk's senior managers to achieve superior performance. By aligning performance targets with Norfolk's short and long term objectives Norfolk aims to maximise shareholder value. The performance targets are reviewed annually to ensure that they continue to drive achievement of critical business objectives and provide stretch targets for senior managers.

The Board's role in remuneration

The Nomination and Remuneration Committee is responsible for making recommendations to the Board with respect to the Company's compensation policies, including equity-based programs.

The Committee reviews, considers and evaluates the remuneration and performance of executive Directors and senior management. The Managing Director reviews senior management performance against performance standards, position requirements, key personal targets and development plans and reports to the Committee. This report is considered by the Committee as part of the Committee's review of remuneration and performance.

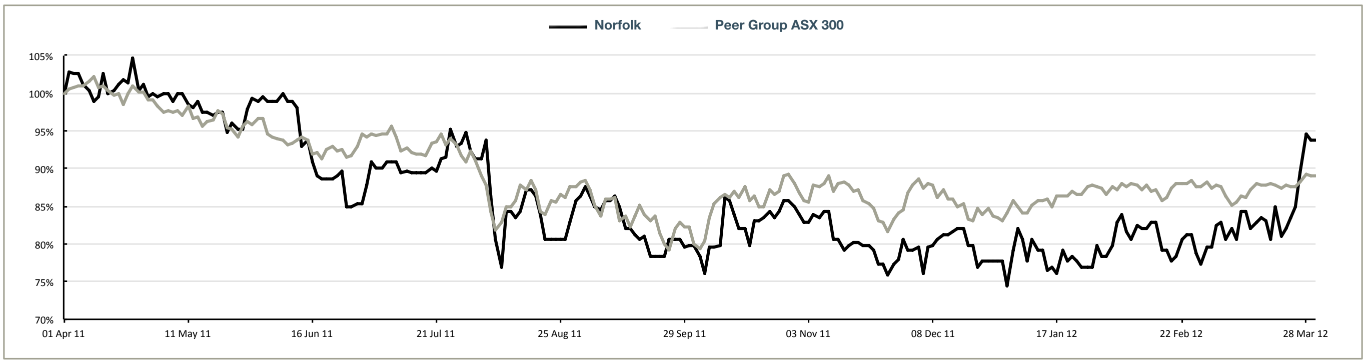
The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage/alignment of executive compensation
- Transparency
- Capital management.

Relationship between company performance and remuneration

Remuneration is aligned to two key elements of Norfolk's performance; business performance and safety performance. Remuneration is aligned with performance by:

- Placing a significant portion of remuneration at risk using long and short term incentives based on performance;
- Ensuring incentives are only awarded upon achievement of challenging financial and non-financial measures which drive Norfolk's strategic objectives and increase shareholder value.



Sourced from the Australian Stock Exchange website.

NORFOLK INTEGRATED ENGINEERING

DIRECTORS' REPORT

The following table sets out summary information about Norfolk's earnings and movements in shareholder wealth since listing.

	2008 (1) $'000	2009 $'000	2010 $'000	2011 $'000	2012 $'000
Revenue (2)	585,326	744,207	769,578	915,743	901,746
Net profit before tax (2)	26,526	8,626	24,857	29,019	24,580
Net profit after tax	18,915	4,367	17,339	19,016	36,759
Share price at the start of the year	$1.95	$1.356	$0.358	$0.78	$1.28
Share price at the end of the year	$1.356	$0.358	$0.78	$1.28	$1.28
Dividend (cents)	5.7	2.0	-	2.0	3.5
Franking credit level	100%	100%	-	0%	0%
Basic earnings per share (cents) (3)	14.39	3.30	12.95	12.01	23.20
Diluted earnings per share (cents) (3)	14.12	3.27	12.85	12.00	22.54
Total shareholder return (4)	(27.5%)	(72.1%)	117.9%	66.6%	2.7%
Earnings growth rate % (5)	n/a	(77.1%)	292.4%	(7.3%)	93.2%

(1) Operating result from 21 June 2007 to 31 March 2008.
(2) Revenue and net profit before tax from continuing operations.
(3) Restated to reflect the effect of the rights issue offer during 2010.
(4) Based on movement in share price for the year, adjusted for dividends.
(5) Based on movement year on year in basic earnings per share.

Norfolk is committed to ensuring the safety of its entire staff and providing a safe work environment. This commitment is reflected in the reduction in Total Recordable Injury Frequency Rates which is a key performance hurdle for Norfolk's incentives.

Remuneration of Directors and key management personnel

The remuneration structure is designed to provide an appropriate mix of fixed and variable remuneration and short and long term incentives. The value of remuneration received by key management personnel (KMP) is determined by measuring the achievement against specified performance measures plus fixed remuneration. The remuneration of Directors comprises a fixed component only unless the Director is an Executive Director.

Non-Executive Director fees

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees only contain a fixed component as this is considered appropriate to maintain their independence. Non-Executive Directors' fees and payments are reviewed annually by the Board.

The Board also receives advice and/or data from independent remuneration consultants to ensure Non-Executive Directors' fees and payments are appropriate and in line with market. The Chairman's fees are determined independently to the fees of Non-Executive Directors based on comparative roles in the market. The Chairman is not present at any discussions relating to determination of his own remuneration.

The maximum aggregate fees approved by shareholders that can be paid to Non-Executive Directors is $550,000. This cap was approved by shareholders at the 2008 Annual General Meeting. The allocation of fees within this pool is determined by the Board after consideration of the time commitments, the size and scale of the company's operations, the expertise of individual Directors, comparative market practice and other factors. The base fee for Non-Executive Directors is $88,000. The Chairman is entitled to an additional Chairman's fee of $72,000 which compensates the Chairman for the additional responsibilities of being the chair and for all committee memberships. Committee members other than the Chairman of the Board are entitled to an additional amount of $3,000 and the Chairman of each committee is entitled to an additional amount of $6,000. There are no other fees paid to Non-Executive Directors.

DIRECTORS' REPORT

Non-Executive Director share acquisition plan

Non-Executive Directors do not receive share options. The company has adopted a Non-Executive Director Share Acquisition Plan (NEDSAP) to facilitate the tax efficient acquisition of shares in Norfolk by Non-Executive Directors to further align their interests with those of shareholders. Under the NEDSAP, eligible Non-Executive Directors may sacrifice a portion of their annual Directors' fees for shares. The shares are issued or acquired at the market price of shares at the time of issue or acquisition and determined in accordance with the NEDSAP rules. All Australian resident Non-Executive Directors are eligible to participate in the NEDSAP at the invitation of the Board.

Under the terms of the NEDSAP, eligible Non-Executive Directors must not sell, transfer or create a security interest or otherwise deal in the shares acquired under the NEDSAP until a withdrawal notice has been accepted by the Board, or its delegated authority. A withdrawal notice may only be lodged within a share trading window determined by the Board and may not be lodged until:

- The vesting conditions, if any, in respect of the shares have been satisfied or waived
- The earlier of the expiration of any restriction period set by the Board or the time when the eligible Non-Executive Director ceases to be a Non-Executive Director unless the Board agrees otherwise.

The legal title to shares issued or acquired under NEDSAP will be held by a trust, for the benefit of the eligible Non-Executive Director during any restriction period. To date no shares have been acquired under NEDSAP.

Key management personnel (KMP)

Generally, the three components of KMP remuneration are fixed annual remuneration comprising salary and benefits including superannuation; short term performance incentive in the form of a cash bonus payable if performance conditions are met; and long term performance incentive in the form of performance rights subject to vesting conditions.

The table below sets out the portion of fixed and 'at risk' remuneration of KMP for the year ended 31 March 2012 based on maximum performance being achieved.

KMP	% of total maximum remuneration	
	Fixed Remuneration	'At-Risk' Performance Based
Glenn Wallace	53	47
Other Executives	53	47

Fixed remuneration

KMP are offered a market competitive fixed remuneration base. Fixed remuneration is calculated on a total cost to the company basis, including the cost of employee benefits such as motor vehicle allowances and superannuation. The fixed remuneration component is reviewed annually to ensure the KMP's remuneration is competitive with the market. A KMP's remuneration is also reviewed on promotion or significant role responsibility changes. There are no guaranteed increases in fixed remuneration included in any KMP's contract.

Short term incentives plan

Norfolk has established a Short Term Incentive Plan (STIP) to provide incentives which takes the form of an annual cash bonus to employees to achieve specific objectives. The STIP aims to:

- Focus employees on achieving key financial performance, safety performance and operational performance targets
- Reward superior individual and company performance.

The STIP rewards KMP and other company employees for their achievement and contribution during a financial year measured against specific financial and non-financial targets. The potential incentives available under the STIP are set within four levels that range between 15% and 50% of an employee's base salary depending on the employees' seniority, role and ability to affect company results. Employees who join the Company prior to 31 December are entitled to a pro rata percentage of the STI. Except in certain limited circumstances, all participants in the STIP must remain employed with the company on the date incentives are paid to receive any award. The financial performance targets are a threshold to receiving any incentive. If the safety performance targets are not achieved the entitlement to an incentive is automatically reduced by 50% regardless of the financial performance.

The Board approves the annual targets, both financial and non-financial, for the STIP.

Financial performance targets

Financial performance targets are set at both threshold and stretch levels. The Company's philosophy in setting those targets is to establish threshold targets that represent the desired minimum outcome for each goal and stretch targets that are realistically achievable with excellent execution of the Company's annual plan. The key financial measures are EBIT (Earnings Before Interest and Tax) and Net Operating Cash Flow. In relation to the Managing Director and the Chief Financial Officer NPAT (Net Profit After Tax) is deemed to be a more suitable financial measure substituting EBIT.

Achievement of budgeted financial targets provides for 33% of the nominated incentive component. A maximum of 100% of the incentive is available on achievement of 140% of the budgeted target (calculated on a sliding scale).

DIRECTORS' REPORT

No incentive is available on achievement of under budget results unless authorised by the Board. Eligible employees must achieve financial targets to be able to access the safety performance target.

Safety performance targets

Safety performance targets have been set to reflect the company's focus on reducing incidents and injuries and the impacts for our employees and associated costs. TRIFR (Total Recordable Injury Frequency Rate) is the key measure of safety performance used as it includes both LTI (Lost Time Injuries) and MTI (Medically Treated Injuries) statistics. The safety performance target is an absolute measure and only available on achievement of the full target reduction in TRIFR.

Short term incentives

The following table sets out the percentage of the STIs that were earned during the year ended 31 March 2012.

KMP	Short Term Incentive (in respect to the 2012 financial year and payable in 2013 financial year)	
	Payable %	Forfeited %
Glenn Wallace	35	65
Stephen McDonald	35	65
Fiona Yiend	35	65
David Rafter	0	100
Kim Truter	0	100
Tony Kutra	0	100
Peter Winder	35	65
Mark Perryman	35	65
Rick Willmott	0	100
Mark Williamson	35	65
Keith Blind	35	65
Anthony O'Shannessy	0	100

Long term incentive plan

The Company has developed a new Long Term Incentive Plan (LTIP) following the suspension of its plan during the 2010 year following change in the taxation legislation around share ownership (the 2011 Plan). The 2011 plan aligns management interests with shareholder value and encourages employment retention. Grants were made during the 2012 financial year in respect of the 2012 financial year and the 2011 financial year.

The 2011 Plan will allow the grant of performance rights to eligible employees. A performance right is a right to receive a cash bonus and acquire fully paid ordinary shares in the Company, subject to specified service and performance conditions. An employee is not required to pay any consideration for the acquisition of a performance right or the vesting or exercising of a performance right (i.e. the shares allocated to the employee on the exercising of the performance right are without consideration). At the end of the vesting period, provided the vesting conditions have been met, the Company will pay the employee a cash bonus of $1,000. The Company will also perform a calculation to determine the value of the performance rights taking into account the volume weighted average price of ordinary shares of the Company on the vesting date and the number of the vested performance rights. If the value of the vested performance rights is less than $1,000 no further action will be taken. If the value is greater than $1,000, ordinary shares in the Company to the value of the performance rights less $1,000 will be issued or transferred.

For the financial year ending 31 March 2009 the Company adopted a LTIP under which eligible participants were entitled to be granted either performance rights (entitling the grantee to shares for no consideration) or performance options (entitling the grantee to shares for an exercise price determined by the Board), which are exercisable on achievement of pre-set time or performance hurdles.

The options issued under this plan have all been forfeited as the performance measures were not met.

The performance hurdles for the 2011 Plan are based on a combination of relative TSR (Total Shareholder Return) and EPS (Earnings Per Share) hurdles.

DIRECTORS' REPORT

Conditions in relation to TSR Incentives

TSR Incentives may not be exercised unless:

a) Norfolk achieves a TSR ranking at the 50th percentile relative to its peer group, then 50% of TSR incentives have been deemed to meet the vesting conditions; and

b) Additional TSR incentives have been deemed to meet the vesting conditions, on a linear sliding scale, if the Company achieves a TSR relative to its peer group of greater than median with all TSR Incentives meeting the vesting conditions if the Company achieves a TSR which ranks it in the top 25% of its peer group.

Conditions in relation to EPS incentives

EPS incentives may be exercised:

a) At 5% CAGR (Compound annual growth rate) for the 2011 Plan; 50% of EPS Incentives have been deemed to meet the vesting conditions

b) Additional EPS Incentives have been deemed to meet the vesting conditions, on a linear sliding scale, if the Company achieves a greater CAGR with all EPS incentives being exercisable if the Company achieves a CAGR of 12% for the 2011 Plan.

The CAGR and the TSR relative to the peer group is tested on the third anniversary from the commencement of the financial year during which the incentives were offered to the employee. For the 2011 Plan if the vesting conditions for the TSR have not been met they will be tested again on the fourth anniversary of the Grant Date. For the 2011 Plan the 'peer group' refers to the 100 smallest companies determined by Standard & Poors to form the "ASX Top 300" or such other group of companies as determined most appropriate by the Board from time to time

The Board has discretion to determine eligible participants under the LTIP.

The performance incentives that are the subject of the LTIP lapse in certain circumstances, including on:

- Expiry
- Cessation of employment for cause
- Cessation of employment for other specified reasons if not exercised within a period determined by the Board.

The Board has discretion to set vesting conditions, determine other lapse events and set restrictions on the disposal of, or other dealing with, the performance incentives that are the subject of the LTIP or shares issued on exercise of a performance incentive.

Dealing in securities

Performance based rights and unvested shares held in Norfolk's deferred share plan and exempt employee share plan are subject to Norfolk's Security Trading Policy. Under the policy Directors and employees of Norfolk are prohibited from entering into arrangements which would have the effect of eliminating, reducing or transferring to any other person the risk of any fluctuation in the value of the rights or securities (i.e. hedging).

Details of remuneration

The key management personnel of the Group (as defined in AASB 124 'Related Party Disclosure') and specific executives of Norfolk Group Limited are set out in the following tables.

The following persons acted as Directors of the company during the year:

- Rod Keller – Chairman (Non-Executive)
- Paul Chrystall – Director (Non-Executive)
- Peter Lowe – Director (Non-Executive)
- Peter Richards – Director (Non-Executive)
- Glenn Wallace – Managing Director

The key management personnel of the Group are those executives who form the Norfolk executive team and also include any other individual employees who are amongst the five highest paid executives of the Group. The named persons held their current position for the whole of the most recent financial year and since the end of the financial year, except as noted:

- Stephen McDonald – Chief Financial Officer from 25 July 2011
- Fiona Yiend – General Counsel and Company Secretary
- David Rafter – Chief Executive - O'Donnell Griffin to 18 May 2012
- Mark Williamson – Chief Executive - Haden
- Rick Willmott – Director Corporate Services to 1 May 2012
- Keith Blind – Chief Executive Norfolk New Zealand
- Mark Perryman – General Manager Resolve FM
- Peter Winder – Chief Executive – O'Donnell Griffin Rail
- Tony Kutra – Director Business Development to 15 February 2012
- Kim Truter – Chief Operating Officer 23 January 2012 to 21 May 2012
- Anthony O'Shannessy – Chief Financial Officer to 30 April 2011

DIRECTORS' REPORT

2012	Short term benefits			Post-employment benefits	Long term benefits	Other	Share based payments	
	Salary and fees	STI & Retention Payments	Non-monetary	Super-annuation	Long Service Leave	Termination	Rights (1)	Total
	$	$	$	$	$	$	$	$
Non-Executive Directors								
Rod Keller	146,789	–	–	13,211	–	–	–	160,000
Paul Chrystall	88,000	–	–	–	–	–	–	88,000
Peter Lowe	88,991	–	–	8,009	–	–	–	97,000
Peter Richards	88,991	–	–	8,009	–	–	–	97,000
Key management personnel								
Glenn Wallace (4)	855,820	154,350	–	15,631	10,015	–	116,479	1,152,295
Keith Blind	253,814	46,337	–	–	–	–	48,569	348,720
Stephen McDonald (2)	245,561	70,869	–	11,831	3,146	–	26,538	357,945
Fiona Yiend (3)	161,825	41,094	–	14,497	2,351	–	52,737	272,504
Mark Perryman	249,999	48,321	–	22,068	1,515	–	–	321,903
David Rafter (4)	435,791	80,058	–	15,631	23,105	–	(42,768)	511,817
Kim Truter (2)	124,820	–	–	3,047	48	–	–	127,915
Mark Williamson	368,733	71,313	–	19,442	792	–	35,070	495,350
Rick Willmott	377,034	–	–	15,631	608	–	79,296	472,569
Peter Winder	393,100	71,634	–	33,129	2,853	–	34,401	535,117
Tony Kutra (2)	281,244	–	–	27,200	388	96,235	–	405,067
Anthony O'Shannessy (2)	33,438	–	–	1,267	–	33,966	–	68,671

(1) Represents the value of performance rights granted under LTIP.
(2) Amount represents the payments relating to the period during which the individuals were either key management personnel or Non-Executive Directors.
(3) During financial year 2012 maternity leave was taken.
(4) Share-based payments includes reversal of expense for forfeited equity incentives.

DIRECTORS' REPORT

2011	Short term benefits			Post-employment benefits	Long term benefits	Other	Share based payments	
	Salary and fees $	STI Payment $	Non-monetary $	Super-annuation $	Long Service Leave $	Termination $	Options [1] $	Total $
Non-Executive Directors								
Rod Keller	139,144	–	–	12,523	–	–	–	151,667
Paul Chrystall	86,750	–	–	–	–	–	–	86,750
Peter Lowe	84,404	–	–	7,596	–	–	–	92,000
Peter Abery [2]	26,894	–	–	2,420	–	–	–	29,314
Peter Richards [2]	51,911	–	–	4,672	–	–	–	56,583
Key management personnel								
Glenn Wallace	814,968	115,472	–	15,015	3,783	–	82,401	1,031,639
Anthony O'Shannessy [3]	389,194	–	–	15,015	80,058	–	(21,300)	462,967
Fiona Yiend [4]	167,180	20,209	–	15,305	748	–	–	203,442
David Rafter	389,288	88,957	27,062	15,015	86,109	–	64,811	671,242
Richard Smith [3]	325,832	–	26,543	29,365	15,333	16,792	(21,867)	391,998
Tony Kutra	308,289	37,248	–	28,782	374	–	–	374,693
Peter Winder	234,497	45,976	22,170	24,238	31,166	–	–	358,047
Mark Perryman	240,000	47,339	–	23,611	15	–	–	310,965
Rick Wilmott	261,512	33,255	–	19,529	324	–	–	314,620
Mark Williamson	38,321	–	–	3,166	18	–	–	41,505
Keith Blind [2]	154,124	–	–	–	–	–	–	154,124

(1) Represents the value of performance options granted under LTIP.
(2) Amount represents the payments relating to the period during which the individuals were either key management personnel or non executive Directors.
(3) Share-based payments includes reversal of expense for forfeited equity incentives.
(4) During financial year 2011 maternity leave was taken.

DIRECTORS' REPORT

Parent

The parent employed all Non-Executive Directors. All other Directors and key management personnel were employed by subsidiaries of the parent.

Key terms of service agreements

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of Director.

Remuneration and other terms of employment for KMP are formalised in service agreements with no fixed end date. Details of these agreements are as follows:

Director and Executives	Termination notice period by Norfolk	Termination notice period by employee	Termination payments payable under contract for redundancy (exclusive of notice period)
Glenn Wallace	12 months	6 months	12 months
Anthony O'Shannessy (to 30 April 2011)	6 months	6 months	9 months
Stephen McDonald, Fiona Yiend, Rick Willmott (to 01 May 2012)	6 months	6 months	6 months
Other KMP	3-6 months	3-6 months	3-9 months

Termination payments are calculated based on the total fixed remuneration at the date of termination. No payment is payable in the event of summary dismissal.

Equity Instruments granted as compensation

The following performance rights or options were granted or exercised during the year ended 31 March 2012.

Grant Date	Date vested and exercisable	Expiry Date	Exercise Price	Value per option at grant date	Granted or Exercised
27 July 2007 (SBR)	27 July 2010	27 July 2012	$0.00	$1.95	Exercised

The following performance rights or options lapsed during the year as a result of failed performance tests. In addition a number of these instruments have been forfeited due to executives leaving Norfolk prior to the vesting date.

Grant Date	Date vested and exercisable	Expiry Date	Exercise Price	Value per option at grant date
27 July 2007 (LTI)	27 July 2010	27 July 2012	$1.95	$0.42
26 August 2008 (LTI)	26 August 2011	26 August 2013	$1.24	$0.28

DIRECTORS' REPORT

As at 31 March 2012, the number of performance rights or options on issue was 5,112,161.

The terms and conditions of each grant of options or rights affecting remuneration in this or future reporting periods are as follows:

Grant Date	Date vested and exercisable	Expiry Date	Exercise Price	Value per right at grant date
6 May 2011 (LTI)	31 March 2013	31 March 2014	$0.00	$0.52
31 December 2011 (LTI)	31 March 2014	31 March 2015	$0.00	$0.43

Performance rights and options granted carry no dividend or voting rights.

Details of the vesting profile of the options and performance rights granted as remuneration to each KMP is detailed below:

Name	Number of options or rights granted	Financial Year	Plan LTI FY	Vested in year %	Forfeited in year %	Financial year in which options or rights vest	Minimum total value of grant yet to vest $	Maximum total value of grant to vest $
Glenn Wallace	730,047	2012	LTI FY12	–	–	2014	–	208,014
	568,016	2012	LTI FY12	–	–	2015	–	213,841
Stephen McDonald	64,007	2012	LTI FY12	–	–	2014	–	18,238
	214,698	2012	LTI FY12	–	–	2015	–	80,828
Fiona Yiend	191,167	2012	LTI FY12	–	–	2014	–	54,470
	145,706	2012	LTI FY12	–	–	2015	–	54,854
David Rafter	352,373	2012	LTI FY12	–	100	–	–	–
	289,268	2012	LTI FY12	–	100	–	–	–
Keith Blind	167,442	2012	LTI FY12	–	–	2014	–	47,709
	172,044	2012	LTI FY12	–	–	2015	–	64,770
Mark Williamson	90,698	2012	LTI FY12	–	–	2014	–	25,843
	256,869	2012	LTI FY12	–	–	2015	–	96,704
Peter Winder	125,581	2012	LTI FY12	–	–	2014	–	35,782
	91,180	2012	LTI FY12	–	–	2015	–	34,327
Rick Willmott	279,070	2012	LTI FY12	–	–	2014	–	79,516
	255,852	2012	LTI FY12	–	–	2015	–	96,321
Tony Kutra	269,767	2012	LTI FY12	–	100	–	–	–

None of the options or rights in the table above were exercisable at the end of the period.

The weighted average share price at date of forfeiture during the year ended 31 March 2012 was $1.16.

The weighted average remaining contractual life of share options and rights outstanding at the end of the period was 1.5 years (2011: 2.24 years).

The 2012 LTI have an exercise price of nil. The options vest after three years, provided the vesting conditions are met. For the 2012 LTI the TSR vesting conditions are retested after four years if they are not met after three years from the commencement of the financial year during which the invitation to join the plan was made. No options will vest if the conditions are not satisfied, hence the minimum value of the options yet to vest is nil. The maximum value of the options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

DIRECTORS' REPORT

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

The assessed fair value at grant date of options or performance rights granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration table above.

Fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option/performance right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option/performance right. The model inputs include:

(a) Options are granted for no consideration and vest based on a combination of the Group's TSR ranking and EPS

(b) Exercise price $nil

(c) Spot price $1.12

(d) Risk free interest rate 2.15%

(e) Dividend rate 3.08%.

Shares under option

Unissued ordinary shares of Norfolk Group Limited under option at the date of this report are as follows:

Grant Date	Expiry Date	Exercise price	Number under option
6 May 2011 (LTI)	31 March 2014	$0.00	1,983,749
31 December 2011 (LTI)	31 March 2015	$0.00	2,532,098

This report is made in accordance with a resolution of the Directors.

On behalf of the Directors

Rod Keller
Chairman
Norfolk Group Limited

5 June 2012
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Norfolk Group Limited for the year ended 31 March 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Norfolk Group Limited and the entities it controlled during the year.

Eddie Wilkie

Eddie Wilkie
Partner
PricewaterhouseCoopers

Sydney
5 June 2012

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FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2012

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General information

This Financial Report is the consolidated financial statements of the consolidated entity consisting of Norfolk Group Limited and its subsidiaries. The Financial Report is presented in Australian dollars.

Norfolk Group Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Level 5, 50 Berry Street
North Sydney NSW 2060

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' Report, which is not part of this Financial Report.

The Financial Report was authorised for issue by the Directors on 5 June 2012. The Directors have the power to amend and reissue the Financial Report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 $'000	2011 $'000
Revenue from continuing operating activities	4	**901,746**	**915,743**
Other income	5	279	248
Expenses			
Cost of sales		(781,549)	(785,308)
Selling and distribution costs		(40,192)	(40,972)
Marketing expenses		(288)	(532)
Occupancy expenses		(8,539)	(8,185)
Administrative expenses		(42,676)	(48,244)
Finance costs	6	(4,201)	(3,731)
Profit before income tax	6	**24,580**	**29,019**
Income tax (expense)/benefit	7	12,179	(7,920)
Profit from continuing operations		**36,759**	**21,099**
Profit/(loss) from discontinued operations	38	**-**	**(2,083)**
Profit for the year after tax		**36,759**	**19,016**
Other Comprehensive Income			
Translation of foreign operations		669	(585)
Changes in the fair value of cash flow hedges		71	(54)
Tax effect of changes in the fair value of cash flow hedges		(21)	38
Total other comprehensive income/(expense) for the year, net of tax		**719**	**(601)**
Total comprehensive income/(expense) for the year		**37,478**	**18,415**
Profit is attributable to:			
Minority equity holders interests		(98)	(66)
Owners of Norfolk Group Limited	23	36,857	19,082
		36,759	**19,016**
Total comprehensive income/(expense) for the year is attributable to:			
Minority equity holders interests		(98)	(66)
Owners of Norfolk Group Limited		37,576	18,481
		37,478	**18,415**
			Cents
Basic earnings per share from continuing operations	36	23.20	13.32
Diluted earnings per share from continuing operations	36	22.54	13.31
Basic earnings per share	36	23.20	12.01
Diluted earnings per share	36	22.54	12.00

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

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2012

	Note	2012 $'000	2011 $'000
Current assets			
Cash and cash equivalents	8	10,646	25,069
Trade and other receivables	9	222,977	180,158
Inventories	10	3,100	8,775
Derivative financial instruments	11	8	–
Income tax receivable	17	10,042	–
Total current assets		**246,773**	**214,002**
Non-current assets			
Property, plant and equipment	12	12,642	13,543
Intangibles	13	53,022	48,303
Deferred tax	14	5,613	8,065
Total non-current assets		**71,277**	**69,911**
Total assets		**318,050**	**283,913**
Current liabilities			
Trade and other payables	15	180,040	167,176
Borrowings	16	6,063	10,982
Income tax	17	185	2,976
Derivative financial instruments	11	–	3
Provisions	18	6,494	6,714
Total current liabilities		**192,782**	**187,851**
Non-current liabilities			
Borrowings	19	979	4,087
Provisions	20	1,911	2,100
Total non-current liabilities		**2,890**	**6,187**
Total liabilities		**195,672**	**194,038**
Net assets		**122,378**	**89,875**
Equity			
Contributed equity	21	264,065	264,065
Reserves	22	(223,832)	(224,100)
Retained profits	23	82,240	49,907
Parent entity interest		122,473	89,872
Minority interest	24	(95)	3
Total equity		**122,378**	**89,875**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012

	Contributed Equity $'000	Reserves $'000	Retained profits $'000	Parent interest $'000	Minority Interest $'000	Total equity $'000
Balance 1 April 2011	**264,065**	**(224,100)**	**49,907**	**89,872**	**3**	**89,875**
Profit for the year	–	–	36,857	36,857	(98)	36,759
Other comprehensive income for the year	–	719	–	719	–	719
Total comprehensive income/(expense) for the year	–	719	36,857	37,576	(98)	37,478
Transactions with owners in their capacity as owners						
Dividends	–	–	(5,561)	(5,561)	–	(5,561)
Share purchases to satisfy vested sales bonus rights	–	(53)	–	(53)	–	(53)
Transfers between reserves	–	(1,037)	1,037	–	–	–
Share-based payments	–	639	–	639	–	639
Balance 31 March 2012	**264,065**	**(223,832)**	**82,240**	**122,473**	**(95)**	**122,378**
Balance 1 April 2010	**264,065**	**(221,935)**	**30,542**	**72,672**	**69**	**72,741**
Profit for the year	–	–	19,082	19,082	(66)	19,016
Other comprehensive income/(expense) for the year	–	(601)	–	(601)	–	(601)
Total comprehensive income/(expense) for the year	–	(601)	19,082	18,481	(66)	18,415
Transactions with owners in their capacity as owners						
Share purchases to satisfy vested sales bonus rights	–	(1,202)	–	(1,202)	–	(1,202)
Transfers between reserves	–	(283)	283	–	–	–
Share-based payments	–	(79)	–	(79)	–	(79)
Balance 31 March 2011	**264,065**	**(224,100)**	**49,907**	**89,872**	**3**	**89,875**

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2012

	Note	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		948,785	998,959
Payments to suppliers (inclusive of GST)		(935,954)	(968,011)
		12,831	30,948
Interest received		155	405
Other revenue		855	378
Interest and other finance costs paid		(3,091)	(2,921)
Income taxes received		1,853	2,481
Net cash inflow/(outflow) from operating activities	35	**12,603**	**31,291**
Cash flows from investing activities			
Payments for property, plant, equipment, other intangibles and software		(10,447)	(11,319)
Proceeds from sale of property, plant and equipment		604	796
Proceeds from sale of businesses	39	59	2,152
Net cash inflow/(outflow) from investing activities		**(9,784)**	**(8,371)**
Cash flows from financing activities			
Payment of dividends	25	(5,561)	–
Payments for shares acquired by Norfolk Employee Share Trust to satisfy vested sales bonus rights		(53)	(1,202)
Repayment of borrowings (net)		(10,893)	(10,244)
Repayment of finance lease liabilities		(933)	(2,062)
Net cash inflow/(outflow) from financing activities		**(17,440)**	**(13,508)**
Net increase/(decrease) in cash and cash equivalents		(14,621)	9,412
Effect of exchange rate changes on cash and cash equivalents		198	(220)
Cash and cash equivalents at the beginning of the financial period		25,069	15,877
Cash and cash equivalents at the end of the financial period	8	**10,646**	**25,069**

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated Financial Report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The Financial Report is for the consolidated entity consisting of Norfolk Group Limited and its subsidiaries.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Norfolk Group Limited is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial statements of Norfolk Group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified where applicable by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, investment property and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of these financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Report are disclosed in note 2.

Principles of consolidation

The consolidated Financial Report incorporates the assets and liabilities of all subsidiaries of Norfolk Group Limited ('Company', 'parent' or 'parent entity') as at 31 March 2012 and the results of all subsidiaries for the year then ended. Norfolk Group Limited and its subsidiaries together are referred to in this financial report as the 'consolidated entity' or 'Group'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between companies in the consolidated entity are eliminated.

Minority interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity, and balance sheet respectively of the consolidated entity.

Jointly controlled assets

The proportionate interests in jointly controlled assets, liabilities and expenses of a joint venture activity have been incorporated in the financial statements under the appropriate headings.

Segment reporting

Business segments are identified and reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior management team.

Business segments represent a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment and are subject to risks and returns that are different to those of segments operating in other economic environments.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Norfolk Group Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Group Companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet. Income and expenses for each statement of comprehensive income are translated at average exchange rates and all resulting exchange differences are recognised as a separate component of equity.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Revenue recognition

Revenue comprises the fair value for the sale of goods and services, net of GST, rebates and discounts and after eliminating sales within the Group. Sales of goods are recognised when the Group has delivered products to the customer; the customer has accepted the products and recoverability of the related receivables is reasonably assured. Revenue is recognised as follows:

Service contracts

Revenue for preventative maintenance contracts is recognised progressively over the contract term.

Revenue for minor service works is recognised on completion of the rendering of the service when the revenue can be reliably measured.

Installation contracts

Installation contracts have revenue and profit recognised in accordance with the percentage completion method. Contracts have profit recognised in accordance with the stage of completion. Percentage of completion is calculated by costs incurred to date being divided by the total forecast costs. For contracts which span a significant length of time, profit is not recognised until it is clearly demonstrated that the contract will be profitable. For larger contracts this assessment is generally made only once 50% of the contract completion is achieved.

Contract value and estimates of the costs are reviewed periodically during the life of the project and any adjustments to the percentage complete are recognised in that period in the statement of comprehensive income.

Variations for extra works performed or changes in contract scope are recognised in contract revenues to the extent where:

- It is probable that the revenue will be certified by the customer
- The amount of revenue can be reliably measured.

Claims are included in contract revenue only when:

- Negotiations have reached an advanced stage such that it is probable that the customer will accept the claim
- The amount that it is probable will be accepted by the customer can be measured reliably.

Where it is probable that a loss will arise from a contract, the excess of total costs over revenue is recognised as an expense immediately.

Where contract billings are less than the amount of revenue included in the statement of comprehensive income, an amount is presented in trade and other receivables as unbilled contract works.

If there are contracts where progress billings exceed the aggregate costs incurred plus profits (revenue recognised), the amount is presented under trade and other payables as contract work billed in advance.

Interest received

Interest revenue is recognised when it is received or when the right to receive payment is established.

Other revenue

Interest revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the current company tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial report, and to unused tax losses where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Norfolk Group Limited and its wholly-owned Australian subsidiaries formed an income tax consolidated group from 12 July 2007 under the tax consolidation regime. Norfolk Group Limited is responsible for recognising the current tax assets and liabilities for the tax consolidated group. The tax consolidated group has entered a tax funding agreement whereby each company in the Group contributes to the income tax payable in proportion to their tax payable.

Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Trade receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debtors which are known to be uncollectible are written off by reducing the carrying amount directly.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the statement of comprehensive income.

Inventories

Finished goods are stated at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group has designated certain derivatives as hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges). The Group documents at inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedging transactions. The Group also documents its assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Changes in the fair value of any derivative instrument that has not been designated as a hedge and therefore does not qualify for hedge accounting are recognised immediately in the statement of comprehensive income.

The fair values of derivative financial instruments used for hedging purposes are disclosed in note 11. Movements in the hedging reserve in equity are shown in note 22.

Investments and other financial assets

Investments and other financial assets are stated at the lower of their carrying amount and fair value less costs to sell. The fair values of quoted investments are based on current bid prices.

For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes directly attributable expenditure that has been incurred in bringing the assets to the location and condition necessary for their intended service. Where material parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment. Property, plant and equipment is depreciated using the straight-line method so as to allocate the costs of assets net of their residual values over their estimated useful lives as follows:

Leasehold improvements	1–10 years
Motor vehicles	2–5 years
Plant and equipment	3–10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

The leased asset is depreciated on a straight line basis over the shorter of the term of the lease and the life of the asset, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset.

Other operating lease payments are charged to the statement of comprehensive income in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

Intangible assets

Goodwill
Where an entity or operation is acquired, the identifiable net assets acquired are measured at fair value. The excess of the fair value of the cost of acquisition over the fair value of the identifiable net assets acquired is brought to account as goodwill. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

Brands
Brands arose as a result of the acquisition of O'Donnell Griffin Pty Limited, Haden Engineering Pty Limited and Norfolk Building Products Limited.

Brands are considered to have indefinite useful lives and are tested annually for impairment. Brands are carried at cost less accumulated impairment losses.

IT development and computer software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated over periods generally ranging from 3 to 5 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

Research and Development
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use over its useful life, which varies from 3 to 5 years.

Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 – 60 days of recognition.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non cash assets transferred or liabilities assumed, is recognised in other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs
Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

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Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised within other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and other short-term employee benefits are presented as payables.

Long service leave

The liability for long service leave is recognised in provisions and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Share-based payments

Share-based compensation benefits are provided to the Managing Director and other eligible participants via the Norfolk Group Long Term Incentive Plan (the plan). The fair value of options, rights or shares granted under the plan are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at the grant date and recognised over the period during which the employees become unconditionally entitled to the options, rights or shares. In relation to options and rights, the fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date, the expected price volatility for the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option or right.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial period but not distributed at the end of the reporting period.

Business combinations

Accounting for business combinations under common control

Common control transactions are specifically scoped out of AASB3 'Business Combinations'. Common control transactions are accounted for in the consolidated financial statements prospectively from the date of obtaining the ownership interest. The Directors have elected to use existing book values of assets and liabilities of the entities subject to the business combination and record the difference between the purchase price paid by the Company and the existing book value of the entity acquired immediately prior to the business combination as a reserve within equity described as common control reserve. Where equity instruments are issued as part of the consideration, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Acquisition method of accounting

The acquisition method of accounting is used to account for all non common control business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill.

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Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included in other receivables or other payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

Non-current Assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding-off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 March 2012 reporting period. The consolidated entity's assessment of the impact of these new standards and interpretations are set out below.

AASB 9 Financial Instruments and AASB 2010 11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013* but is available for early adoption. When adopted, the standard will affect in particular the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Group has not yet decided when to adopt AASB 9, and is still considering its potential impact on the Group.

* In December 2011, the IASB delayed the application date of IFRS 9 to 1 January 2015. The AASB is expected to make an equivalent amendment to AASB 9 shortly.

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AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures and AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships. The Group does not expect the new standard to have a significant impact on its composition.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments. Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the Annual Reporting period ending 31 March 2014.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the Annual Reporting period ending 31 March 2014.

Parent entity financial information

The financial information for the parent entity, Norfolk Group Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investment in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Norfolk Group Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation

Norfolk Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Norfolk Group Limited, and the controlled entities in the tax consolidated group account for their current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own rights.

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In addition to its own current and deferred tax amounts, Norfolk Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate

Norfolk Group Limited for any current tax payable assumed and are compensated by Norfolk Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Norfolk Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipts of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding arrangements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any differences between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to the loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Note 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the consolidated entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The consolidated entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the consolidated entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

(b) The assessment of costs to complete for installation contracts and the level of unapproved variations and claims to recognise is based on past experience for similar contracts and in accordance with the accounting policy detailed above.

(c) The tax adjustments identified in note 32.

Critical judgements in applying the consolidated entity's accounting policies.

There are no critical judgements that are likely to affect the current or future financial periods.

Note 3. Segment information – continuing operations

Primary reporting – business segments

The consolidated entity is organised into four operating divisions: O'Donnell Griffin, Haden, Resolve FM and Corporate Services. These divisions are the basis on which the consolidated entity reports its segment information and is consistent with the internal reporting provided to the chief operating decision maker. The principal products and services of each of these divisions are as follows:

O'Donnell Griffin	Designs, installs, commissions and maintains electrical and communications systems and products and also designs and manufactures energy control and measuring technology.
Haden	Provides a range of services including the design, construction, installation and maintenance of HVAC (heating, ventilation and air-conditioning) and refrigeration systems, duct cleaning services and pipeline services.
Resolve FM	Offers a range of services including integrated facilities management.
Corporate Services	Provides corporate services to the three divisions.

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Note 3. Segment information – continuing operations (continued)

2012	O'Donnell Griffin $'000	Haden $'000	Resolve FM $'000	Corporate Services $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000
Sales to external customers	579,180	247,746	73,810	–	–	900,736
Intersegment sales	4,058	205	669	–	(4,932)	–
Other revenue	605	275	2	128	–	1,010
Total revenue	583,843	248,226	74,481	128	(4,932)	901,746
Other income	186	68	24	1	–	279
Total segment revenue	**584,029**	**248,294**	**74,505**	**129**	**(4,932)**	**902,025**
Segment result	31,264	3,082	6,506	(10,087)	–	30,765
Impairment of goodwill	–	(2,139)	–	–	–	(2,139)
Total segment result	**31,264**	**943**	**6,506**	**(10,087)**	–	**28,626**
Finance costs (net)						(4,046)
Profit before income tax expense						**24,580**
Income tax expense						12,179
Profit after income tax expense						**36,759**
Segment assets	174,227	90,949	21,757	384,728	(353,611)	318,050
Total assets						**318,050**
Segment liabilities	153,928	56,187	13,706	22,867	(51,016)	195,672
Total liabilities						**195,672**
Depreciation and amortisation expense	4,122	1,039	231	1,605	–	6,997

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2011	O'Donnell Griffin $'000	Haden $'000	Resolve FM $'000	Corporate Services $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000
Sales to external customers	578,695	264,915	71,350	–	–	914,960
Intersegment sales	2,121	766	627	–	(3,514)	–
Other revenue	282	269	10	222	–	783
Total revenue	581,098	265,950	71,987	222	(3,514)	915,743
Other income	185	73	(10)	–	–	248
Total segment revenue	**581,283**	**266,023**	**71,977**	**222**	**(3,514)**	**915,991**
Segment result	36,272	3,501	3,995	(10,523)	–	33,245
Impairment of goodwill	–	(900)	–	–	–	(900)
Total segment result	**36,272**	**2,601**	**3,995**	**(10,523)**	–	**32,345**
Finance costs (net)						(3,326)
Profit before income tax expense						**29,019**
Income tax expense						(7,920)
Profit after income tax expense						**21,099**
Segment assets	160,326	84,629	18,066	330,604	(309,712)	283,913
Total assets						**283,913**
Segment liabilities	125,256	44,313	15,447	23,535	(14,513)	194,038
Total liabilities						**194,038**
Depreciation and amortisation expense	5,964	1,399	254	975	–	8,592

The consolidated entity has chosen to organise the entity around differences in products and services and the reportable segments above have been identified as they each represent a component of the entity that engages in business activities from which they earn revenues or incur expenses. In addition, discrete financial information is available for each segment above and their operating results are regularly reviewed by senior management to assess performance and make resource allocation decisions.

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Note 3. Segment information – continuing operations (continued)

Geographical segments

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

2012	Revenue 2012 $'000	Segment non-current assets 2012 $'000
Australia	837,438	61,429
New Zealand	58,695	9,763
Other	5,613	85
	901,746	**71,277**

2011	Revenue 2011 $'000	Segment non-current assets 2011 $'000
Australia	841,866	61,013
New Zealand	70,059	6,862
Other	3,818	2,036
	915,743	**69,911**

The geographic segment sales and non current assets above are attributed based on each subsidiary's country of domicile.

Note 4. Revenue

	2012 $'000	2011 $'000
From continuing operations		
Sales revenue	900,736	914,960
Interest received	155	405
Other revenue	855	378
Revenue from continuing operations	**901,746**	**915,743**

Note 5. Other income

	2012 $'000	2011 $'000
From continuing operations		
Net gain on sale of property, plant and equipment	279	248
Revenue from continuing operations	**279**	**248**

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Note 6. Expenses

Profit before income tax from continuing operations includes the following specific expenses.

	2012 $'000	2011 $'000
Depreciation		
Leasehold improvements	763	1,154
Plant and equipment	2,793	2,347
Motor vehicles	1,463	2,421
Total depreciation	**5,019**	**5,922**
Amortisation		
Computer software	995	803
Other intangibles	983	1,868
Total amortisation	**1,978**	**2,671**
Finance costs		
Interest and finance charges paid/payable	4,201	3,731
Finance costs expensed	**4,201**	**3,731**
Rental expense relating to operating leases		
Minimum lease payments	18,947	18,411
Defined contribution superannuation expense		
Defined contribution superannuation expense	19,705	17,947
Employee benefits expense		
Employee benefits expense	317,033	289,622
Impairment of intangibles		
Impairment of goodwill	2,139	900
Loss on sale of business		
Loss on sale of business	–	1,514
Net foreign exchange (gain) loss		
Net foreign exchange (gain)/loss	116	(1)

As part of contract work the Group undertakes some development activity. The costs of this development activity are not captured separately. No other research and development is undertaken by the Group.

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Note 7. Income tax expense

	Note	2012 $'000	2011 $'000
Income tax expense/(benefit)			
Current tax		(2,051)	5,154
Deferred tax		9,571	3,279
Adjustments for deferred tax of prior periods		(7,069)	7,162
Adjustments for current tax of prior periods		(12,630)	(8,398)
Aggregate income tax expense/(benefit)		**(12,179)**	**7,197**
Income tax expense/(benefit) attributable to:			
Profit/(loss) from continuing operations		(12,179)	7,920
Profit/(loss) from discontinued operations		–	(723)
Aggregate income tax expense/(benefit)		**(12,179)**	**7,197**
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:			
Decrease/(increase) in deferred tax assets	14	2,502	10,441
		2,502	**10,441**
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable			
Profit/(loss) from continuing operations before income tax (expense)/benefit		24,580	29,019
Profit/(loss) from discontinued operations before income tax (expense)/benefit		–	(2,806)
		24,580	**26,213**
Tax at the Australian tax rate of 30% (2011: 30%)		7,374	7,864
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Goodwill impairment		642	270
R & D tax credit		(450)	–
Sundry items		(46)	299
		7,520	**8,433**
Adjustments for deferred tax of prior periods		(7,069)	7,162
Adjustments for current tax of prior periods		(12,630)	(8,398)
Income tax expense/(benefit)		**(12,179)**	**7,197**

The prior period tax benefits mainly relate to:

(a) Additional tax deductions arising from research and development and investment allowances.

(b) Norfolk Group Limited lodged amended tax returns for prior years with the Australian Tax Office during the financial year as a result of tax law amendments relating to the treatment of certain assets when acquired entities become part of a tax consolidated group. The tax return amendments have been recognised in the financial statements at 31 March 2012 resulting in a tax credit of $16,771,000. The tax credit consists of a tax refund due of $10,042,000 and tax losses of $6,729,000.

The parent and its wholly-owned Australian resident entities became part of the same tax-consolidated group from 12 July 2007 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Norfolk Group Limited. Entities within the tax-consolidated group have entered into tax-funding arrangements and tax-sharing agreements with the head entity. Under the terms of the tax-funding arrangements, the tax-consolidated group and each of the entities within the tax-consolidated group agree to pay a tax equivalent payment to the head entity.

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Note 8. Current assets – cash and cash equivalents

	2012 $'000	2011 $'000
Cash on hand	28	42
Cash at bank	10,618	25,027
	10,646	**25,069**

Reconciliation to cash at the end of the year
The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statement as follows:

	2012 $'000	2011 $'000
Balance as above	10,646	25,069
Bank overdraft	–	–
Balance per cash flow statement	**10,646**	**25,069**

Risk Exposure
The group's exposure to interest rate risk is discussed in note 26. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 9. Current assets – trade and other receivables

	2012 $'000	2011 $'000
Trade receivables	119,086	115,536
Less: Provision for impairment of receivables	(1,391)	(1,137)
	117,695	**114,399**
Other receivables	2,457	2,335
Unbilled contract works	98,615	58,962
Prepayments	4,210	4,462
	222,977	**180,158**

Trade receivables includes $2,861,000 (2011: $2,573,000) of customer retentions.

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Note 9. Current assets – trade and other receivables (continued)

Bad and doubtful trade receivables

The consolidated entity has recognised an expense of $696,000 (2011: $822,000) in respect of bad and doubtful trade receivables during the year ended 31 March 2012. The expense has been included in 'administrative expenses' in the statement of comprehensive income.

Impairment of receivables

	2012 $'000	2011 $'000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	1,137	1,925
Foreign exchange differences	14	(20)
Provision for impairment recognised during the year	696	822
Receivables written off during the period as uncollectible	(456)	(1,590)
Closing balance	**1,391**	**1,137**

Past due but not impaired

Customers with balances past due but without provision for doubtful debts at 31 March 2012 amount to $10,574,000 (2011: $7,319,000). Management did not consider there to be a credit risk on the aggregate balances after reviewing agency credit information and recognising a tacit extension to the recorded credit terms of customers based on recent collection practices.

The aging of receivables past due but not impaired is as follows:

	2012 $'000	2011 $'000
1 to 3 months	8,106	5,322
3 to 6 months	1,501	1,081
Over 6 months	967	916
	10,574	**7,319**

The Group's policy requires customers to pay the Group in accordance with agreed payment terms. The Group's settlement terms are generally 30 days from date of invoice. All credit and recovery risk associated with trade receivables has been provided for in the balance sheet. Trade receivables have been aged according to their original due date in the above aging analysis.

The Group has used the following basis to assess the impairment provision for trade receivables:

- a provision based on historical bad debt experience
- an individual account by account specific risk assessment based on past credit history
- any prior knowledge of debtor insolvency or other credit risk.

The Group holds no significant security or guarantees against receivables.

Fair value

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

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Note 10. Current assets – inventories

	2012 $'000	2011 $'000
Finished goods – at cost	4,145	9,914
Less: Provision for obsolescence	(1,045)	(1,139)
Finished goods – at net realisable value	3,100	8,775

Write downs of inventory to net realisable value recognised as an expense during the year ended 31 March 2012 amounted to $197,000 (2011: $281,000).

Contracts in progress is made up as follows:

	Note	2012 $'000	2011 $'000
Contract costs incurred plus recognised profits less recognised losses		669,833	734,116
Less: Progress billings		(594,365)	(715,994)
		75,468	**18,122**
Contract work billed in advance	15	(23,147)	(40,840)
Unbilled contract works	9	98,615	58,962
		75,468	**18,122**

Note 11. Derivative financial instruments

	2012 $'000	2011 $'000
Current assets		
Interest rate call options	8	–
Current liabilities		
Interest rate call options	–	(3)
	8	**(3)**

Norfolk is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rate movements in accordance with the Group's financial risk management policies.

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Note 11. Derivative financial instruments (continued)

Interest rate call options

On 12 March 2010 Norfolk Group Holdings Pty Ltd, a subsidiary, entered into an interest option contract with the Commonwealth Bank of Australia as its underlying interest security for a debt obligation. The purchase interest rate cap contract strike rate is 5.59% p.a. for between AU$11.25 million and AU$3.75 million and expires on 3 December 2012. The contract requires settlement of payables or receivables every three months, commencing 3 September 2011. At balance date the receivable by Norfolk was $8,000 (2011: $3,000 payable).

Note 12. Non-current assets – property, plant and equipment

	2012 $'000	2011 $'000
Leasehold improvements – at cost	6,416	6,877
Less: Accumulated depreciation	(4,060)	(3,981)
	2,356	2,896
Plant and equipment – at cost	18,926	20,338
Less: Accumulated depreciation	(12,185)	(12,320)
	6,741	8,018
Plant and equipment under lease	1,288	503
Less: Accumulated depreciation	(453)	(200)
	835	303
Motor vehicles – at cost	7,918	7,209
Less: Accumulated depreciation	(6,708)	(5,608)
	1,210	1,601
Motor vehicles under lease	2,715	3,535
Less: Accumulated depreciation	(1,215)	(2,810)
	1,500	725
	12,642	**13,543**

NOTES TO THE FINANCIAL STATEMENTS
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Reconciliations

Reconciliations of the book values at the beginning and end of the current and previous financial year are set out below:

	Leasehold improvements $'000	Plant and equipment $'000	Plant under lease $'000	Motor vehicles $'000	Vehicles under lease $'000	$'000
Balance 31 March 2010	**2,430**	**8,335**	**422**	**2,177**	**2,533**	**15,897**
Additions	1,820	3,784	276	888	–	6,768
Disposals	(193)	(2)	(373)	–	(855)	(1,423)
Transfers	–	(1,758)	–	108	(108)	(1,758)
Foreign exchange differences	(7)	(16)	–	1	3	(19)
Depreciation expense	(1,154)	(2,325)	(22)	(1,573)	(848)	(5,922)
Balance 31 March 2011	**2,896**	**8,018**	**303**	**1,601**	**725**	**13,543**
Additions	234	1,133	1,033	435	1,656	4,491
Disposals	(22)	(48)	(78)	(56)	(190)	(394)
Transfers	3	(3)	–	–	–	–
Foreign exchange differences	8	11	–	2	–	21
Depreciation expense	(763)	(2,370)	(423)	(772)	(691)	(5,019)
Balance 31 March 2012	**2,356**	**6,741**	**835**	**1,210**	**1,500**	**12,642**

Note 13. Non-current assets – intangibles

	2012 $'000	2011 $'000
Goodwill – at cost	38,552	38,411
Less: Impairment	(3,039)	(900)
	35,513	37,511
Brands – at cost	6,114	6,068
Computer software – at cost	13,124	5,569
Less: Accumulated amortisation	(4,250)	(3,579)
	8,874	1,990
Other Intangibles – at cost	5,440	4,670
Less: Accumulated amortisation	(2,919)	(1,936)
	2,521	2,734
	53,022	**48,303**

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Note 13. Non-current assets – intangibles (continued)

Reconciliations

Reconciliations of the book values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $'000	Brands $'000	Computer software[1] $'000	Other Intangibles $'000	$'000
Balance 31 March 2010	**38,916**	**6,103**	**964**	**157**	**46,140**
Additions	–	–	106	4,445	4,551
Transfer of assets	–	–	1,758	–	1,758
Foreign exchange differences	(108)	(35)	36	–	(107)
Impairment	(900)	–	–	–	(900)
Disposals	(397)	–	(71)	–	(468)
Amortisation expense	–	–	(803)	(1,868)	(2,671)
Balance 31 March 2011	**37,511**	**6,068**	**1,990**	**2,734**	**48,303**
Additions	–	–	7,875	770	8,645
Foreign exchange differences	141	46	4	–	191
Impairment	(2,139)	–	–	–	(2,139)
Disposals	–	–	–	–	–
Amortisation expense	–	–	(995)	(983)	(1,978)
Balance 31 March 2012	**35,513**	**6,114**	**8,874**	**2,521**	**53,022**

'Other Intangibles' includes customer contracts and intellectual property relating to rail signalling and control solutions.

(1) Computer software includes capitalised development costs being an internally generated intangible asset.

Impairment tests for goodwill and brands

Goodwill and brands are allocated to the Group's cash generating units (CGUs).

A segment level summary of the goodwill and brands allocation is presented below:

	Goodwill 2012 $'000	Brands 2012 $'000	Goodwill 2011 $'000	Brands 2011 $'000
O'Donnell Griffin	1,409	765	1,409	765
Haden	20,366	5,349	22,364	5,303
Resolve FM	13,738	–	13,738	–
	35,513	**6,114**	**37,511**	**6,068**

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The recoverable amount of a CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management for a 12 month period. Cash flows beyond the 12 month period are calculated using the estimated growth rates stated below. The growth rate, unless a higher rate is justified, does not exceed the long term average growth rate for the industry in which the CGU operates.

Brands have been assessed as having an indefinite useful life. This has been determined based on management's intention to maintain the use of the Brands carried, the long history of the Brands and the profitability of the businesses utilising the Brands.

Amortisation of $1,978,000 (2011: $2,671,000) is included in administration and costs of sale expenses in the statement of comprehensive income.

In 2012, an impairment charge of $2,139,000 was recognised against the goodwill of Norfolk Mechnical (India) Pvt Limted (a component of the Haden segment) due to the losses this business has incurred in recent years.. This charge has been included in administrative expenses in the statement of comprehensive income.

In 2011, an impairment charge of $900,000 was recognised against the goodwill of Ductclean Australia Pty Limited (a component of the Haden segment) prior to the merger of this business into the Haden CGU. This charge has been included in administrative expenses in the statement of comprehensive income.

Key assumptions used for value in use calculations

	EBIT margin (1)		Revenue growth rate (2)		Discount rate (3)	
	2012 %	2011 %	2012 %	2011 %	2012 %	2011 %
O'Donnell Griffin	5.8	5.6	5.0	5.0	16.4	16.4
Haden	5.1	5.5	5.0	5.0	16.4	16.4
Resolve FM	5.2	3.4	3.0	3.0	16.4	16.4

(1) Weighted average EBIT margin.
(2) Weighted average growth rate used to extrapolate cash flows beyond the budget period.
(3) In performing the value in use calculations for each CGU, the Group has applied pretax discount rates to discount the forecast future attributable pretax cash flows.

These assumptions have been used for the analysis of each CGU within the business segment. Management determined budgeted EBIT margins and revenue growth rates based on past performance and its expectations for the future. The weighted average EBIT margins and revenue growth rates used are consistent with forecasts included in industry reports. The discount rates used reflect specific risks relating to the relevant segments in which they operate.

Management are of the view that a reasonably possible change in any of the key assumptions would not cause the carrying value of the intangible to exceed their recoverable amounts.

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Note 14. Non-current assets – deferred tax

	Note	2012 $'000	2011 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Doubtful debts		434	353
Employee benefits		8,471	8,001
Accrued expenses		966	609
Losses recognised		17,671	1,749
Inventory provisions		354	266
Other provisions		1,067	1,754
Property, plant and equipment		(18)	(37)
Prepayments		(460)	(155)
Work in progress		(22,613)	(5,035)
Retentions		(123)	(40)
Other		(248)	(389)
		5,501	**7,076**
Amounts recognised in equity:			
Transaction costs on share issues		112	981
Cash flow hedges		–	8
		112	**989**
Deferred tax asset		**5,613**	**8,065**
Deferred tax asset to be recovered within 12 months		2,582	4,739
Deferred tax asset to be recovered after more than 12 months		3,031	3,326
		5,613	**8,065**
Movements:			
Opening balance		8,065	18,468
Foreign exchange differences		71	30
Transfer of tax losses		–	4
Credited/(charged) to the statement of comprehensive income	7	(2,502)	(10,441)
Credited/(charged) to equity		(21)	4
Closing balance		**5,613**	**8,065**

	2012 $'000	2011 $'000
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	8,787	–
Potential tax benefit at 30%	2,636	–

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Note 15. Current liabilities – trade and other payables

	2012 $'000	2011 $'000
Trade payables	95,287	73,736
Contract work billed in advance	23,147	40,840
Employee benefits	30,005	29,917
Other payables	31,601	22,683
	180,040	**167,176**

Amounts not expected to be settled within the next 12 months

Employee benefits include accruals for annual leave. The entire obligation is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave within the next 12 months. The following amounts reflect leave that is not expected to be taken within the next 12 months:

	2012 $'000	2011 $'000
Annual leave obligation expected to be settled after 12 months	5,822	5,394

Information about the Group's exposure to foreign exchange risk is provided in note 26.

Note 16. Current liabilities – borrowings

	2012 $'000	2011 $'000
Bank loans	5,018	10,000
Facility costs	(773)	(942)
Lease liabilities	1,818	804
Other borrowings	–	1,120
	6,063	**10,982**

NOTES TO THE FINANCIAL STATEMENTS
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Note 16. Current liabilities – borrowings (continued)

Financing arrangements
Access was available at balance date to the following lines of credit:

	2012 $'000	2011 $'000
Total facilities		
Bank overdraft	10,000	10,000
Bank loans	35,000	35,000
	45,000	**45,000**
Used at balance date		
Bank overdraft	–	–
Bank loans	5,018	14,791
	5,018	**14,791**
Unused at balance date		
Bank overdraft	10,000	10,000
Bank loans	29,982	20,209
	39,982	**30,209**

The Company's debt facilities at 31 March 2012 comprise of a $5m amortising term loan, a $40m revolving working capital facility, and a $80m bank guarantee facility.

The Australian and New Zealand entities within the Group are jointly and severally liable for the above facilities and the facilities are secured by charges on the assets of the Australian and New Zealand entities within the Group.

The fair value of borrowings (current and non current) approximates their book value.

Details of the group's exposure to risk arising from current and non-current borrowings are set out in note 26.

Refer to Note 34 - Events occurring after balance date for an update to the refinancing of the Group's banking facilities.

NOTES TO THE FINANCIAL STATEMENTS
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Note 17. Current income tax

	2012 $'000	2011 $'000
Provision – income tax payable	185	2,976
	185	**2,976**

	2012 $'000	2011 $'000
Income tax receivable	10,042	–
	10,042	**–**

Income tax receivable
The income tax receivable represents an amount payable to Norfolk Group by the Australian Taxation Office as a result of lodging the amended tax returns for prior years during the financial year as a result of tax law amendments relating to the treatment of certain assets when acquired entities become part of a tax consolidated group.

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Note 18. Current liabilities – provisions

	2012 $'000	2011 $'000
Provisions – long service leave	5,267	4,812
Provisions – warranties	801	1,450
Provisions – other	426	452
	6,494	**6,714**

Warranties

Provision is made for the estimated warranty claims in respect of products sold or work undertaken which still remains under warranty at balance date. These claims are expected to be settled in the next financial year. Management estimates the provision based on historical warranty claim information and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

Movements in each class of provision during the current and previous financial years, other than employee benefits, are set out below:

	Warranties $'000	Other $'000
2012		
Carrying amount at the start of the year	1,450	452
Foreign exchange movements	28	–
Additional provisions recognised	1,560	–
Amounts used during the year	(2,237)	(26)
Carrying amount at the end of the year	**801**	**426**
2011		
Carrying amount at the start of the year	1,063	324
Foreign exchange movements	(24)	–
Additional provisions recognised	2,392	128
Amounts used during the year	(1,981)	–
Carrying amount at the end of the year	**1,450**	**452**

NOTES TO THE FINANCIAL STATEMENTS
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Amounts not expected to be settled within the next 12 months

The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2012 $'000	2011 $'000
Long service leave obligation expected to be settled after 12 months	3,423	2,961

Note 19. Non-current liabilities – borrowings

	2012 $'000	2011 $'000
Bank loans	–	4,791
Facility costs	–	(942)
Lease liabilities	979	238
	979	**4,087**

Total secured lease liabilities

The total secured lease liabilities (current and non-current) are as follows:

	2012 $'000	2011 $'000
Lease liabilities	2,797	1,042

Assets pledged as security

The lease liabilities are effectively secured as the rights to the leased assets recognised in the balance sheet revert to the lessor in the event of default.

Further information regarding bank loans is disclosed in note 16.

NOTES TO THE FINANCIAL STATEMENTS

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Note 20. Non-current liabilities – provisions

	2012 $'000	2011 $'000
Provisions – long service leave	1,911	2,100

Note 21. Equity – contributed

	2012 shares	2012 $'000	2011 shares	2011 $'000
Authorised and issued ordinary shares – fully paid	**158,890,730**	**264,065**	**158,890,730**	**264,065**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every holder of ordinary shares present in a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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Note 22. Equity – reserves

	2012 $'000	2011 $'000
Foreign currency reserve	(378)	(1,047)
Share-based payments reserve	739	1,190
Hedging reserve – cash flow hedges	–	(50)
Common control reserve	(224,193)	(224,193)
	(223,832)	**(224,100)**

	Foreign currency $'000	Share-based payments $'000	Hedging reserve $'000	Common control $'000	$'000
Balance 1 April 2011	(1,047)	1,190	(50)	(224,193)	(224,100)
Currency translation differences	669	–	–	–	669
Changes in the fair value of cash flow hedges	–	–	71	–	71
Tax effect of changes in the fair value of cash flow hedges	–	–	(21)	–	(21)
Share-based payments	–	639	–	–	639
Transfer to retained profits	–	(1,037)	–	–	(1,037)
Share purchases to satisfy vested sales bonus rights	–	(53)	–	–	(53)
At 31 March 2012	**(378)**	**739**	**–**	**(224,193)**	**(223,832)**
Balance 1 April 2010	(456)	2,754	(40)	(224,193)	(221,935)
Currency translation differences	(591)	–	6	–	(585)
Changes in the fair value of cash flow hedges	–	–	(54)	–	(54)
Tax effect of changes in the fair value of cash flow hedges	–	–	38	–	38
Share-based payments	–	(79)	–	–	(79)
Transfer to retained profits	–	(283)	–	–	(283)
Share purchases to satisfy vested sales bonus rights	–	(1,202)	–	–	(1,202)
At 31 March 2011	**(1,047)**	**1,190**	**(50)**	**(224,193)**	**(224,100)**

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Foreign currency reserve

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency reserve. The reserve is recognised in profit and loss when the net investment is disposed of.

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of share-based payments provided to employees as part of their compensation. This reserve includes benefits for past services as well as future service periods.

Common control reserve

Any difference between the cost of acquisition (fair value of consideration paid), and the amounts at which the assets and liabilities acquired are recorded for business combinations under common control (refer note 1 business combinations accounting policy) have been recognised in the common control reserve.

Hedging Reserve

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity as described in note 1. Amounts are recognised in the statement of comprehensive income when the associated hedged transaction affects profit and loss.

Note 23. Equity – retained profits

	2012 $'000	2011 $'000
Retained profits at the beginning of the financial year	49,907	30,542
Profit after income tax expense	36,857	19,082
Dividends	(5,561)	–
Transfer from Share Based Payment Reserve	1,037	283
Retained profits at the end of the financial year	**82,240**	**49,907**

Note 24. Equity – minority interest

	2012 $'000	2011 $'000
Retained profits /(accumulated losses)	(95)	3

NOTES TO THE FINANCIAL STATEMENTS
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Note 25. Equity – dividends

The Directors declared an unfranked interim dividend of $2,383,360, comprising of 1.50 cents per share on 158,890,730 shares which was paid to shareholders on 30 January 2012.

An unfranked dividend relating to the 2011 financial year of $3,177,840, comprising of 2 cents per share on 158,890,730 shares which was paid to shareholders on 26 July 2011.

The impact of the lodgement of the amended tax returns referred to in Note 7 resulted in the reversal of all of the franking credits recorded by Norfolk in its franking account and as a consequence the dividends declared by Norfolk are unfranked.

Refer note 34, Events after balance date, for details of dividend declared on 23 May 2012.

	2012 $'000	2011 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	–	2,841

Note 26. Financial risk management

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps and options to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and foreign exchange and aging analysis for credit risk.

Risk management is carried out by senior finance employees under policies approved by the Board of Directors. Finance identifies, evaluates and hedges financial risks within the Group's operating units.

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the NZ dollar, the Indian Rupee and the Vietnamese Dong.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency and from net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

Management has set up a policy requiring Group companies to manage their foreign exchange risk. The Group companies are required to hedge their foreign exchange risk exposure arising from future commercial transactions. The Group does not hedge its net investments in foreign operations.

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Note 26. Financial risk management (continued)

The Group's risk management policy is to hedge all significant future transactions in foreign currency. The carrying amount of the Group's financial assets and liabilities at the reporting date is denominated in Australian dollars except as set out below:

	2012 NZD A$'000	2012 Rupee A$'000	2012 Dong A$'000	2011 NZD A$'000	2011 Rupee A$'000	2011 Dong A$'000
Trade receivables	10,563	934	378	9,453	696	488
Bank loans	518	–	–	2,792	–	–
Trade payables	6,013	531	–	3,938	226	104
Other payables	4,104	336	–	3,928	358	–

Based on the financial instruments held at 31 March 2012, the Group is not exposed to any foreign exchange risk outside of translational adjustments.

Price risk

The Group is not exposed to price risk.

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Group policy is to maintain approximately 50% of its borrowings at fixed rate using interest rate swaps or options to achieve this when necessary. During 2012, the Group's borrowings at variable rates were denominated in Australian dollars and New Zealand dollars. As at the reporting date, the Group had the following variable rate borrowings and interest rate swap and option contracts outstanding:

	2012 Weighted average interest rate %	2012 Balance $'000	2011 Weighted average interest rate %	2011 Balance $'000
Bank loans	5.67	5,018	8.72	14,791
Less interest rate swaps and options (notional principal amount)	5.59	3,750	5.59	11,250
Net exposure to cash flow interest rate risk		1,268		3,541

An analysis by maturities is provided in 'liquidity risk' below.

The Group's facility agreement requires it to manage its cash flow interest rate risk by using floating to fixed interest rate swaps or interest rate options. Interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates, whilst interest rate options have the effect of converting borrowings from floating rates to fixed rates at the borrower's discretion. Under such contracts, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

At 31 March 2012, if interest rates had changed by –/+ 100 basis points from the period end rates with all other variables held constant, post tax profit on an annualised basis would have been $39,000 (2011: $106,000) lower/higher for the Group. Accordingly the equity would have been lower/higher by $39,000 (2011: $106,000) for the Group.

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Credit risk

Credit risk is managed on a Group and segmental basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings in accordance with limits set by the Board. The compliance with credit limits by customers is regularly monitored by divisional management.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets totalling $233,623,000 (2011: $205,227,000). For some trade receivables the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The Group has no significant concentration of credit risk but is exposed in general to the construction and infrastructure sector.

There are no notable differences between the credit risk exposures in Australia and New Zealand.

Further details on the Group's credit risk is included in note 9.

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital.

Norfolk Group Limited has complied with the financial covenants of its borrowing facilities during the 2012 and 2011 reporting periods.

Liquidity risk

Prudent liquidity risk management requires maintaining sufficient cash and the availability of funding through an adequate availability of credit under committed credit facilities. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

Financing arrangements

Undrawn borrowing facilities at the reporting date to which the Group had access are disclosed in note 16.

The bank overdraft facility may be drawn at any time and is available until May 2012. Subject to the continuance of satisfactory credit ratios the working capital facility may be drawn at any time in either Australian or New Zealand dollars and has a term ending in May 2012. The amortising loan facility may not be redrawn and must be repaid by March 2013.

Refer to Note 34 – Events occurring after balance date for an update to the re-financing of the Group's banking facilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows, disclosed as remaining contractual maturities, and these totals differ from their carrying amount in the balance sheet for interest-bearing liabilities due to the interest component.

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Note 26. Financial risk management (continued)

2012	Weighted average interest rate %	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Remaining contractual maturities $'000
Non-interest bearing						
Trade payables	–	95,287	–	–	–	95,287
Other payables	–	54,748	–	–	–	54,748
Derivatives						
Derivative financial instruments	–	–	–	–	–	–
Interest bearing – variable rate						
Bank loans	5.5	5,294	–	–	–	5,294
Interest bearing – fixed rate						
Lease liabilities	9.3	1,987	1,220	–	–	3,207
Other borrowings	–	–	–	–	–	–
	–	**157,316**	**1,220**	**–**	**–**	**158,536**

2011	Weighted average interest rate %	1 year or less $'000	Over 1 to 2 years $'000	Over 2 to 3 years $'000	Over 3 to 4 years $'000	Remaining contractual maturities $'000
Non-interest bearing						
Trade payables	–	73,736	–	–	–	73,736
Other payables	–	63,523	–	–	–	63,523
Derivatives						
Derivative financial instruments	–	3	–	–	–	3
Interest bearing – variable rate						
Bank loans	5.83	11,236	5,547	–	–	16,783
Interest bearing – fixed rate						
Lease liabilities	12.60	1,065	140	45	–	1,250
Other borrowings	5.52	1,138	–	–	–	1,138
		150,701	**5,687**	**45**	**–**	**156,433**

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Note 27. Key management personnel disclosures

Directors
The following persons were Directors of Norfolk Group Limited during the financial year:

Rod Keller	Non-Executive Chairman
Peter Richards	Non-Executive Director
Glenn Wallace	Executive Director
Paul Chrystall	Non-Executive Director
Peter Lowe	Non-Executive Director

Other key management personnel
The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Stephen McDonald	Chief Financial Officer from 25 July 2011
Fiona Yiend	General Counsel and Company Secretary
Keith Blind	Chief Executive Norfolk New Zealand
David Rafter	Chief Executive – O'Donnell Griffin to 18 May 2012
Mark Williamson	Chief Executive – Haden
Mark Perryman	General Manager – Resolve FM
Peter Winder	Chief Executive – O'Donnell Griffin Rail
Kim Truter	Chief Operating Officer 23 January to 21 May 2012
Tony Kutra	Director Business Development to 15 February 2012
Rick Willmott	Corporate Services Director to 01 May 2012
Anthony O'Shannessy	Chief Financial Officer to 30 April 2011

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the consolidated entity is set out below:

	2012 $'000	2011 $'000
Short-term employee benefits	4,777,926	4,176,539
Post-employment benefits	208,603	216,252
Termination benefits	130,201	16,792
Long term employee benefits	44,821	217,928
Share-based payments	350,322	104,045
	5,511,873	**4,731,556**

NOTES TO THE FINANCIAL STATEMENTS
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Note 27. Key management personnel disclosures (continued)

Shareholding

The number of ordinary shares in Norfolk Group Limited held during the financial year by each Director and key management personnel, including their personally related parties, is set out below:

2012	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Ordinary shares				
Rod Keller	182,355	–	–	182,355
Glenn Wallace	3,177,778	–	–	3,177,778
Peter Richards	–	–	–	–
Paul Chrystall	896,496	–	–	896,496
Peter Lowe	54,068	–	–	54,068
Stephen McDonald	23,059	–	–	23,059
David Rafter	69,623	46,410	(48,000)	68,033
Fiona Yiend	–	–	–	–
Mark Williamson	–	–	–	–
Keith Blind	–	–	–	–
Anthony O'Shannessy	1,410,357	–	(1,410,357) (1)	–
Mark Perryman	–	–	–	–
Peter Winder	–	–	–	–
Tony Kutra	–	–	–	–
Rick Willmott	–	–	–	–
Kim Truter	–	–	–	–

2011	Balance at the start of the year	Received during the year on the exercise of options	Other changes	Balance at the end of the year
Ordinary shares				
Rod Keller	182,355	–	–	182,355
Glenn Wallace	3,177,778	–	–	3,177,778
Peter Richards	–	–	–	–
Paul Chrystall	896,496	–	–	896,496
Peter Lowe	54,068	–	–	54,068
Anthony O'Shannessy	1,155,101	208,846	46,410	1,410,357
David Rafter	3,061	208,846	(142,284)	69,623
Fiona Yiend	–	–	–	–
Richard Smith	–	40,000	8,889	48,889
Mark Perryman	–	–	–	–
Peter Winder	–	–	–	–
Tony Kutra	–	–	–	–
Rick Willmott	–	–	–	–
Mark Williamson	–	–	–	–
Keith Blind	–	–	–	–

(1) Anthony O'Shannessy ceased to be an employee during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

The number of performance options or rights over ordinary shares in Norfolk Group Limited held during the financial year by each Director and key management personnel, including their personally related parties, is set out below:

2012	Balance at the start of the year	Received as part of remuneration	Exercised	Other changes	Balance at the end of the year
Options over ordinary shares					
Rod Keller	–	–	–	–	–
Glenn Wallace (1)	706,464	1,298,063	–	(706,464)	1,298,063
Peter Richards	–	–	–	–	–
Paul Chrystall	–	–	–	–	–
Peter Lowe	–	–	–	–	–
Stephen McDonald	–	278,705	–	–	278,705
David Rafter (2)	353,232	641,641	(46,410)	(948,463)	–
Fiona Yiend	–	336,873	–	–	336,873
Mark Williamson	–	347,567	–	–	347,567
Keith Blind	–	339,486	–	–	339,486
Mark Perryman	–	–	–	–	–
Peter Winder	–	216,761	–	–	216,761
Tony Kutra (2)	–	269,767	–	(269,767)	–
Rick Willmott	–	534,922	–	–	534,922
Kim Truter	–	–	–	–	–

(1) Glenn Wallace's 2008 LTI options expired during the year.
(2) David Rafter's and Tony Kutra's performance options and rights have been forfeited as they resigned during the year.

2011	Balance at the start of the year	Received as part of remuneration	Exercised	Other changes	Balance at the end of the year
Options over ordinary shares					
Rod Keller	–	–	–	–	–
Peter Richards	–	–	–	–	–
Paul Chrystall	–	–	–	–	–
Peter Lowe	–	–	–	–	–
Glenn Wallace	1,182,815	–	–	(476,351)	706,464
Anthony O'Shannessy(1)	800,253	–	(208,846)	(591,407)	–
David Rafter	800,253	–	(208,846)	(238,175)	353,232
Fiona Yiend	–	–	–	–	–
Richard Smith(1)	216,616	–	(40,000)	(176,616)	–
Mark Perryman	–	–	–	–	–
Peter Winder	–	–	–	–	–
Tony Kutra	–	–	–	–	–
Rick Willmott	–	–	–	–	–
Mark Williamson	–	–	–	–	–
Keith Blind	–	–	–	–	–

(1) Anthony O'Shannessy's and Richard Smith's performance options and rights have been forfeited as they resigned during the year.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Note 27. Key management personnel disclosures (continued)

Further disclosures

The full key management personnel disclosures are included in the remuneration report section of the Directors' Report only, thus not duplicating that information in the financial report. These transferred disclosures have been audited.

Note 28. Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Company, and its related practices:

	2012 $'000	2011 $'000
Audit services – PricewaterhouseCoopers Australia		
Audit or review of the financial report	596,308	558,450
	596,308	558,450
Other services – PricewaterhouseCoopers Australia		
Other assurance services	12,000	7,000
Tax compliance advice	358,895	222,175
Other advisory services	–	19,870
	370,895	249,045
	967,203	807,495
Audit services – related practices		
Audit or review of the financial report	73,715	135,855
Other services – related practices		
Tax compliance advice	22,274	11,375

Note 29. Contingent liabilities

	2012 $'000	2011 $'000
Bank guarantees	59,209	50,438
Insurance bonds	5,015	2,207
	64,224	52,645

Total bank guarantee facilities as at 31 March 2012 were $80,000,000 (2011: $80,000,000) and the unused portion was $20,791,000 (2011: $29,562,000). The insurance facilities as at 31 March 2012 were $10,000,000 (2011: $10,000,000) and the unused portion was $4,985,000 (2011: $7,793,000).

NOTES TO THE FINANCIAL STATEMENTS
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Note 30. Commitments for expenditure

	Note	2012 $'000	2011 $'000
Lease commitments – operating			
Committed at reporting date but not recognised as liabilities, payable:			
Within one year		13,584	12,912
One to five years		20,694	17,948
More than five years		490	1,703
		34,768	**32,563**
Lease commitments – finance			
Committed at reporting date and recognised as liabilities, payable:			
Within one year		2,144	1,065
One to five years		1,063	185
Total commitment		3,207	1,250
Less: Future finance charges		(410)	(208)
Net commitment recognised as liabilities		2,797	1,042
Representing:			
Lease liabilities – current	16	1,818	804
Lease liabilities – non-current	19	979	238
		2,797	**1,042**

Description of operating leases

The Group has operating leases for land, buildings, motor vehicles and plant and equipment with the following lease terms:

- Land and buildings – 1 to 10 years
- Motor vehicles – 1 to 4 years
- Plant and equipment – 1 to 5 years.

The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group has no significant operating leases that are considered onerous.

Note 31. Related party transactions

The parent entity in the group is Norfolk Group Limited.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the Remuneration Report section of the Directors' Report.

Transactions with related parties

The Group did not have any transactions with related parties other than transactions with key management personnel in 2012 (2011: nil).

Receivable from and payable to related parties

The Group did not have any receivable from and payable to related parties at the reporting date (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Note 32. Tax consolidation

Norfolk Group Limited lodged amended tax returns from prior years with the Australian Tax Office during the financial year as a result of tax law amendments relating to the treatment of certain assets when acquired entities become part of a tax consolidated group. The tax return amendments have been recognised in the financial statements at 31 March 2012 resulting in a tax credit of $16,771,000 as it is probable this benefit will be received.

In 2011, due to the uncertainty created by the Board of Taxation review, the potential benefits were not recognised at 31 March 2011.

Note 33. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
Norfolk Group Holdings Pty Limited (1)	Australia	100	100
O'Donnell Griffin Pty Limited (1)	Australia	100	100
O'Donnell Griffin Asia Pty Limited (1)	Australia	100	100
Haden Engineering Pty Limited (1)	Australia	100	100
Ductclean Australia Pty Limited (1)	Australia	100	100
A.C.N. 076 421 755 Pty Limited (1)	Australia	100	100
Resolve FM Pty Limited (1)	Australia	100	100
Resolve Engineering Pty Limited (1)	Australia	100	100
Egan Bros. Building Services Pty Limited (1)	Australia	100	100
Rel Corp Management Services Pty Limited (1)	Australia	100	100
Trafalgar Building Products Pty Limited (1)	Australia	100	100
Norfolk Electrical (Aust) Pty Limited (1)	Australia	100	100
Norfolk Resolve (Aust) Pty Limited (1)	Australia	100	100
Norfolk Building Products (Aust) Pty Limited (1)	Australia	100	100
Norfolk Mechanical (Aust) Pty Limited (1)	Australia	100	100
Haden MEP Holdings Pty Limited	Australia	100	100
Norfolk Electrical and Mechanical Limited	New Zealand	100	100
Norfolk Building Products Limited	New Zealand	100	100
Norfolk Hong Kong Limited	Hong Kong	100	100
Norfolk Mechanical (Hong Kong) Limited	Hong Kong	100	100
Norfolk Mechanical (India) Pvt Limited	India	85	85
Norfolk International Holdings Limited	Hong Kong	100	100
O'Donnell Griffin Rail (Hong Kong) Limited	Hong Kong	100	100
Norfolk (Vietnam) Engineering Co. Limited	Vietnam	100	100
Norfolk Projects Pty Limited	Australia	100	–

(1) Entity party to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and Directors' Report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission (ASIC). These companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Norfolk Group Holdings Pty Limited, they also represent the 'Extended Closed Group'. The consolidated statement of comprehensive income and balance sheet of the 'Closed Group' is reported in the Norfolk Group Holdings Pty Limited Financial Report.

The portion of ownership interest is equal to the proportion of voting power held. Norfolk Projects Pty Limited was incorporated in 8 July 2011.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Note 34. Events occurring after balance date

On 23 May 2012 the Directors of the Company declared an unfranked dividend of 2 cents on each of the issued ordinary shares of the Company. The dividend will be payable on 31 July 2012 to shareholders on record on 16 July 2012.

On 1 May 2012 the Company signed a new 3 year $150 million bank facility with its existing financiers. The arrangement includes a $10 million overdraft facility and a $140 million multi-option facility. The multi-option arrangement includes a minimum $80 million bank guarantee component and a $60 millions component for cash advances or bank guarantees.

No other matter or circumstance has arisen since 31 March 2012 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 35. Reconciliation of profit/(loss) after income tax to net cash flows from operating activities

	2012 $'000	2011 $'000
Profit/(loss) after income tax (expense)/benefit	36,759	19,016
Depreciation and amortisation	6,997	8,592
Impairment of goodwill	2,139	900
Net loss/(profit) on sale of non–current assets	(226)	(250)
Net loss/(profit) on sale of businesses	(53)	1,514
Non-cash interest charges	1,110	764
Share-based payments	639	(79)
Unrealised (gain)/loss on derivatives	97	(342)
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(42,950)	(17,910)
(Increase)/decrease in inventories	5,808	(4,803)
(Increase)/decrease in deferred tax assets	2,477	10,130
(Increase)/decrease in prepayments	818	1,312
(Increase)/decrease in income tax receivable	(10,042)	–
Increase/(decrease) in trade and other payables	12,255	12,478
Increase/(decrease) in provision for income tax	(2,791)	(520)
Increase/(decrease) in employee benefits	(186)	71
Increase/(decrease) in other provisions	(248)	418
Net cash inflow/(outflow) from operating activities	**12,603**	**31,291**

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Note 35. Reconciliation of profit/(loss) after income tax to net cash flows from operating activities (continued)

Non-cash investing and financing activities	2012 $'000	2011 $'000
Acquisition of plant and equipment and motors vehicles by means of finance leases	2,688	–

Note 36. Earnings per share

	2012 $'000	2011 $'000
Profit from continuing operations	36,759	21,099
Loss/(profit) from continuing operations attributable to minority interests	98	66
Profit from continuing operations attributable to members of Norfolk Group Limited used in calculating earnings per share	36,857	21,165
Profit/(loss) from discontinued operations	–	(2,083)
Profit attributable to members of Norfolk Group Limited used in calculating earnings per share	36,857	19,082
Weighted average number of ordinary shares used in calculating basic earnings per share	158,890,730	158,890,730
Adjustments for calculation of diluted earnings per share:		
Options	4,648,399	117,573
Weighted average number of ordinary shares used in calculating diluted earnings per share	163,539,129	159,008,303
	Cents	Cents
Basic earnings per share from continuing operations	23.20	13.32
Diluted earnings per share from continuing operations	22.54	13.31
Basic earnings per share	23.20	12.01
Diluted earnings per share	22.54	12.00

NOTES TO THE FINANCIAL STATEMENTS

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Note 37. Share-based payments

The Company has adopted the following share plans to satisfy the various remuneration, incentive and retention demands on it as a contemporary public company. The various plans that the Company has adopted are summarised below:

Non-Executive Director Share Acquisition Plan (NEDSAP)

The Company has adopted the NEDSAP to facilitate the tax efficient acquisition of shares by Non-Executive Directors to further align their interests with those of shareholders. Under the NEDSAP, eligible Non-Executive Directors may sacrifice a portion of their annual Directors' fees and receive shares in lieu. The shares are issued or acquired at the market price of shares, at the time of issue or acquisition, determined in accordance with the NEDSAP rules. All Non-Executive Directors are eligible to participate in the NEDSAP at the invitation of the Board. Under the terms of the NEDSAP, the eligible Non-Executive Directors must not sell, transfer or create a security interest or otherwise deal in the shares until a withdrawal notice has been accepted by the Board, or its delegated authority. A withdrawal notice may only be lodged within a share trading window determined by the Board and may not be lodged until:

- The vesting conditions, if any, in respect of the share have been satisfied or waived
- The earlier of the expiration of any restriction period set by the board, the time when the eligible Non-Executive Director ceases to be a Non-Executive Director or an earlier time at the Board's discretion.

The legal title to shares issued or acquired under the NEDSAP will be held by a trust, for the benefit of the eligible Non-Executive Director, for this purpose.

No shares have been issued under this plan.

Long Term Incentive Plan (LTIP)

The Company has adopted the LTIP pursuant to which eligible participants may be granted sale bonus rights, performance rights (entitling the grantee to shares for no consideration) or performance options (entitling the grantee to shares for an exercise price determined by the Board), in each case exercisable on achievement of pre-set time or performance hurdles.

The performance options granted in prior years did not meet the specified performance hurdles and thus lapsed during the year.

In relation to performance rights granted during the 2012 financial year the LTIP is based on a combination of relative TSR (Total Shareholder Return) and EPS (Earnings Per Share) hurdles.

TSR Incentives may not be exercised unless:

- Norfolk achieves a TSR ranking at the 50th percentile relative to its peer group, then 50% of TSR incentives have been deemed to meet the vesting conditions
- Additional TSR incentives have been deemed to meet the vesting conditions, on a linear sliding scale, if the company achieves a TSR relative to its Peer Group of greater than median with all TSR Incentives meeting the Vesting Conditions if the Company achieves a TSR which ranks it in the top 25% of its Peer Group.

EPS incentives may be exercised:

- At 5% CAGR (compound annual growth rate), 50% of EPS incentives have been deemed to meet the vesting conditions
- Additional EPS incentives have been deemed to meet the vesting conditions, on a linear sliding scale, if the Company achieves a CAGR with all EPS incentives being exercisable if the Company achieves a CAGR of 12% for the 2011 plan.

The CAGR and the TSR relative to the Peer Group is tested on the third anniversary from the commencement of the financial year during which the incentives were offered to the employee. The 'peer group' refers to the companies determined by the ASX to form the "ASX Top 300" or such other group of companies as determined most appropriate by the Board from time to time.

The Board has discretion to set vesting conditions, determine other lapse events and set restrictions on the disposal of, or other dealings with, the performance incentives that are the subject of the LTIP or shares issued on exercise of a performance incentive.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Note 37. Share-based payments (continued)

Set out below are summaries of the number of options or rights granted under the plan for the current and previous financial years.

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted during the year	Exercised during the year	Forfeited/ Cancelled during the year	Balance at the end of the year
2012							
26 August 2008	26 August 2013	$1.24	1,741,828	–	–	1,741,828	–
6 May 2011	31 March 2014	$0. 00	–	2,954,726	–	691,907	2,262,819
31 December 2011	31 March 2015	$0.00	–	3,184,003	–	334,661	2,849,342
2011							
27 July 2007	27 July 2012	$0. 00	1,114,228	–	1,056,382	57,846	–
27 July 2007	27 July 2012	$1.95	952,702	–	–	952,702	–
26 August 2008	26 August 2013	$1.24	2,802,199	–	–	1,060,371	1,741,828

The weighted average share price at the date of exercise of rights exercised during the year ended 31 March 2012 was nil (2011: $0.99).

There were no exercisable options or rights at the end of the year.
The weighted average share price at date of forfeiture during the year ended 31 March 2012 was $1.15.
The weighted average remaining contractual life of share rights outstanding at the end of the period was 1.5 years (2011:2.24 years).
The total expenses arising from share based payment transactions recognised during the period as part of employee benefits was an expense of $639,000 (2011: credit of $79,186).

Note 38. Discontinued operations

(a) Description

There were no discontinued operations during the 2012 financial year. During the 2011 financial year, the Company undertook a review of the plumbing business. The outcome of that review was a decision to divest of the assets, which was completed prior to 31 March 2011. The plumbing business is reported in this financial report as discontinued operations.

Financial information relating to the discontinued operations is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the years ended 31 March 2012 and 31 March 2011.

	2012 $'000	2011 $'000
Revenue	–	8,731
Expenses	–	10,023
Loss on sale of business	–	1,514
Profit/(loss) before income tax	**–**	**(2,806)**
Income tax benefit	–	723
Profit/(loss) from discontinued operations	**–**	**(2,083)**
Net cash inflow/(outflow) from operating activities	–	(2,350)
Net cash inflow/(outflow) from investing activities	–	2,019
Net cash inflow/(outflow) from financing activities	–	–
Net increase/(decrease) in cash generated by the businesses	–	**(331)**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Note 39. Sale of businesses

Description

The Company sold the assets and liabilities that comprised the Ductclean filter business on 29 April 2011. This business was part of the Haden business segment.

During the 2011 financial year the company sold the assets and liabilities that comprised the plumbing businesses. These businesses are reported in this Financial Report as discontinued operations.

	2012 $'000	2011 $'000
Details of the sale of the businesses		
Consideration received:		
Cash	59	2,152
Total disposal consideration	59	2,152
Carrying amount of net assets sold	(4)	(3,666)
Transaction costs	(2)	–
Profit/(loss) on sale before income tax	53	(1,514)

The carrying amount of the assets and liabilities sold:

	2012 $'000	2011 $'000
Property, plant and equipment	16	870
Receivables	–	2,164
Deferred tax	13	256
Inventories	19	672
Goodwill	–	397
Total Assets	**48**	**4,359**
Provisions	(44)	(693)
Total liabilities	**(44)**	**(693)**
Net Asset sold	**4**	**3,666**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Note 40. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2012 $'000	2011 $'000
Current assets	60,074	66,285
Total assets	322,403	313,519
Current liabilities	137,975	135,319
Total liabilities	137,975	136,699
Shareholders' equity		
Issued capital	264,065	264,065
Reserves		
Share-based payments reserve	739	1,190
Accumulated losses	(80,376)	(88,435)
	184,428	176,820
Profit /(loss) for the year	12,583	(1,273)
Total comprehensive income/(expense)	12,583	(1,273)

(b) Guarantees entered into by parent entity

	2012 $'000	2011 $'000
Carrying amount included in current liabilities	–	–

(c) Contingent liabilities of the parent entity

	2012 $'000	2011 $'000
Contingent liabilities of the parent entity	–	–

(d) Contractual commitments for the acquisition of property, plant and equipment

The parent company has no contractual commitments for the acquisition of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2012

Directors’ declaration

In the Directors’ opinion:

(a) The financial statements and notes set out on pages 69 to 118 are in accordance with the corporations act 2001, including:

i. Complying with accounting standards, the corporations regulations 2001 and other mandatory professional reporting requirements

ii. Giving a true and fair view of the consolidated entity’s financial position as at 31 March 2012 and of its performance for the financial year ended on that date

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

(c) At the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 33 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 33.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Directors.

Rod Keller
Chairman
Norfolk Group Limited

5 June 2012
Sydney

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Norfolk Group Limited

Report on the financial report

We have audited the accompanying financial report of Norfolk Group Limited (the company), which comprises the balance sheet as at 31 March 2012, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Norfolk Group Limited group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
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INDEPENDENT AUDITOR'S REPORT

pwc

Auditor's opinion
In our opinion:

(a) the financial report of Norfolk Group Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 March 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 57 to 66 of the directors' report for the year ended 31 March 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion
In our opinion, the remuneration report of Norfolk Group Limited for the year ended 31 March 2012, complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report
This auditor's report relates to the financial report and remuneration report of Norfolk Group Limited (the company) for the year ended 31 March 2012 included on Norfolk Group Limited's web site. The company's directors are responsible for the integrity of the Norfolk Group Limited web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Eddie Wilkie

Eddie Wilkie
Partner

Sydney
5 June 2012

SHAREHOLDER INFORMATION

18 MAY 2012

The shareholder information set out below was applicable as at 18 May 2012.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares
1 to 1,000	315
1,001 to 5,000	537
5,001 to 10,000	598
10,001 to 100,000	876
100,001 and over	95
	2,421
Holding less than a marketable parcel	132

Equity security holders

Twenty largest quoted equity security holders.

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
RBC Dexia Investor Services Australia Nominees Pty Limited	19,180,899	12.07
MCIF Nominee Limited (NZ resident)	18,872,574	11.88
MCIF Nominee Limited (Australian resident)	12,886,853	8.11
National Nominees Limited	12,821,611	8.07
Cogent Nominees Limited	11,593,016	7.30
HSBC Custody Nominees (Australia) Limited	7,596,687	4.78
Masfen Securities Limited	6,361,521	4.00
J P Morgan Nominees Australia Limited	3,622,368	2.28
Citicorp Nominees Pty Limited	3,532,897	2.22
Selby Consulting (Aust) Pty Ltd	3,177,778	2.00
AMP Life Limted	2,750,749	1.73
Queensland Investment Corporation	1,734,079	1.09
Citicorp Nominees Pty Limited	1,364,276	0.86
Custodial Services Limited	1,233,369	0.78
PGA (Investments) Pty Ltd	1,000,000	0.63
RBC Dexia Investor Services Australia Nominees Pty Limited	919,916	0.58
Cogent Nominees Pty Ltd	913,790	0.58
PCKC Limited	896,496	0.56
Depofo Pty Ltd	750,000	0.47
JB Were (NZ) Nominees Limited	671,599	0.42
	111,880,478	**70.41%**

SHAREHOLDER INFORMATION

18 MAY 2012

Unquoted equity securities

	Number on issue
Options or rights over ordinary shares issued	5,112,161

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares		
	Number held	% of total shares issued	By notice dated
MCIF Nominee Limited	31,902,009	20.08	8 May 2010
Perpetual Limited and subsidiaries	21,274,124	13.39	29 March 2012

Voting rights

The voting rights attached to ordinary shares are set out below.

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

NOTES

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CORPORATE DIRECTORY

Norfolk Group Limited

ACN 125 709 971

Registered Office
Level 5, 50 Berry Street
North Sydney NSW 2060

Head Office

Level 5, 50 Berry Street
North Sydney NSW 2060

Norfolk Website
www.norfolkgl.com

Auditors

PricewaterhouseCoopers

Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

Banks

Westpac Banking Corporation

275 Kent Street
Sydney NSW 2000

Commonwealth Bank of Australia

Level 14, 385 Bourke Street
Melbourne VIC 3000

HSBC Bank Australia Limited

580 George Street
Sydney NSW 2001

Share Register

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
precinct.com.au

Notice of Annual General Meeting

The Annual General Meeting of
Norfolk Group Limited will be held at:

11.00am (AEST) on Wednesday 25 July 2012
Christie Conference Centre
56 Berry Street
North Sydney NSW 2060

NORFOLK
INTEGRATED ENGINEERING

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