

NORFOLK GROUP LIMITED
APPENDIX 4E – PRELIMINARY FINAL REPORT
YEAR ENDING 31 MARCH 2012

Results for announcement to the market

Financial Results	March 2012 \$'000	March 2011 \$'000	Change \$'000	Change %
Revenue from continuing operations	901,746	915,743	(13,997)	(1.5)%
Earnings before interest and tax from continuing operations excluding Indian goodwill impairment	30,765	32,345	(1,580)	(4.9)%
Net Profit from continuing operations excluding Indian goodwill impairment and tax consolidation adjustments	22,127	21,099	1,028	4.9%
Net Profit from continuing operations	36,759	21,099	15,660	74.2%
Net Profit attributable to members	36,857	19,082	17,775	93.2%

Dividends	Amount per Security	Franked Amount per Security
Final Dividend	2 cents	nil
Previous Corresponding Period	2 cents	nil
Record Date for Determining Entitlement:	16 July 2012	
The directors have declared a final dividend of 2 cents in relation to the year ending 31 March 2012.		
The dividend does not contain any conduit foreign income.		
There is currently no dividend reinvestment plan in operation.		

Explanation of Results
Earnings before interest and tax from continuing operations excluding Indian goodwill impairment for the year ending 31 March 2012 was \$30,765,000, representing a 4.9% decrease from the year ending 31 March 2011 (refer to note 16). Net Profit of \$36,759,000 includes a tax credit of \$16,771,000 relating to tax consolidation law amendments (refer note 17).
Please refer to the attached Consolidated Financial Statements and notes and the attached Results Announcement for the year ended 31 March 2012 for further explanation of results.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012 \$'000	Group 2011 \$'000
Revenue from continuing operating activities	3	901,746	915,743
Other income		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		(4,201)	(3,731)
Profit before income tax		24,580	29,019
Income tax credit / (expense)	17	12,179	(7,920)
Profit from continuing operations		36,759	21,099
Profit/(Loss) from discontinued operations		-	(2,083)
Profit for the year		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 for the year		37,478	18,415
Profit is attributable to:			
Minority interests		(98)	(66)
Equity holders of the company		36,857	19,082
		36,759	19,016
Total Comprehensive Income for the year is attributable to:			
Minority interests		(98)	(66)
Equity holders of the company		37,576	18,481
		37,478	18,415
		Cents	Cents
Basic earnings per share from continuing operations	10	23.20	13.32
Diluted earnings per share from continuing operations	10	22.54	13.31
Basic earnings per share	10	23.20	12.01
Diluted earnings per share	10	22.54	12.00

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

BALANCE SHEET

AS AT 31 MARCH 2012

		Group	Group
	Note	2012	2011
		\$'000	\$'000
Current assets			
Cash and cash equivalents		10,646	25,069
Trade and other receivables	4	222,977	180,158
Inventories	5	3,100	8,775
Derivative financial instruments		8	-
Income tax	17	10,042	-
Total current assets		246,773	214,002
Non-current assets			
Derivative financial instruments		-	-
Property, plant and equipment		19,590	13,543
Intangibles		46,074	48,303
Deferred tax		5,613	8,065
Total non-current assets		71,277	69,911
Total assets		318,050	283,913
Current liabilities			
Trade and other payables	7	180,040	167,176
Borrowings	8	6,063	10,982
Income tax		185	2,976
Derivative financial instruments		-	3
Provisions		6,494	6,714
Total current liabilities		192,782	187,851
Non-current liabilities			
Borrowings	8	979	4,087
Provisions		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	9	264,065	264,065
Reserves	11	(223,832)	(224,100)
Retained profits	12	82,240	49,907
Parent entity interest		122,473	89,872
Minority interest		(95)	3
Total equity		122,378	89,875

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

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
Group						
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/(expense) 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 paid	-	-	(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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2012 (continued)

	Contributed Equity	Reserves	Retained profits	Parent interest	Minority Interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group						
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 statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	Group 2012 \$'000	Group 2011 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		948,785	998,959
Payments to suppliers (inclusive of GST)		(937,097)	(968,011)
		11,688	30,948
Interest received		155	405
Other revenue		855	378
Interest and other finance costs paid		(3,091)	(2,921)
Income taxes refunded/(paid)		1,853	2,481
Net cash inflow/(outflow) from operating activities	15	11,460	31,291
Cash flows from investing activities			
Proceeds from sale of businesses		59	2,152
Payments for property, plant and equipment		(13,135)	(11,319)
Proceeds from sale of property, plant and equipment		604	796
Net cash inflow/(outflow) from investing activities		(12,472)	(8,371)
Cash flows from financing activities			
Payments for shares acquired by Norfolk Employee Share Trust to satisfy vested sales bonus rights		(53)	(1,202)
Payment of dividends		(5,561)	-
Repayment of borrowings		(10,893)	(10,244)
Repayment of finance lease liabilities (net)		2,898	(2,062)
Net cash inflow/(outflow) from financing activities		(13,609)	(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		10,646	25,069

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2012

Note 1. Basis of Preparation

This report is based on the consolidated financial statements of Norfolk Group Limited and its subsidiaries for the year ending 31 March 2012. These financial statements are in the process of being audited.

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

The principle accounting policies adopted in the preparation of this report are consistent with those disclosed in the Financial Report of Norfolk Group Limited and its subsidiaries for the year ending 31 March 2012.

Note 2. Segment information – continuing operations

2012	O'Donnell Griffin	Haden	Resolve	Corporate Services	Intersegment eliminations/ unallocated	Total continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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 credit						12,179
Profit after income tax expense						36,759
Segment assets						
Total assets	174,227	90,949	21,757	384,728	(353,611)	318,050
Segment liabilities						
Total liabilities	153,928	56,187	13,706	22,867	(51,016)	195,672
Depreciation and amortisation expense	4,122	1,039	231	1,605	-	6,997

* - Goodwill impairment relates to the Indian operations

Note 2. Segment information – continuing operations (continued)

	O'Donnell Griffin	Haden	Resolve	Corporate Services	Intersegment eliminations/ unallocated	Total continuing operations
2011	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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.

Geographical segment

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

	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

	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

Note 3. Revenue

	Group 2012 \$'000	Group 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 4. Current assets – trade and other receivables

	Group 2012 \$'000	Group 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

Bad and doubtful trade receivables

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

Note 5. Current assets – inventories

	Group 2012	Group 2011
	\$'000	\$'000
Finished goods – at cost	4,145	9,914
Less: Provision for obsolescence	(1,045)	(1,139)
	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 \$97,000 (2011: \$281,000).

Contracts in progress is made up as follows:

	Group 2012	Group 2011
	\$'000	\$'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	(23,147)	(40,840)
Unbilled contract works	98,615	58,962
	75,468	18,122

Note 6. Net Assets backing

	Group 2012 Cents	Group 2011 Cents
Net tangible asset backing per ordinary security	48.02	26.16
Net asset backing per ordinary security	77.02	56.56

Note 7. Current liabilities – trade and other payables

	Group 2012	Group 2011
	\$'000	\$'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

Note 8. Borrowings

	Group 2012	Group 2011
	\$'000	\$'000
Bank loans	5,018	10,000
Facility costs	(773)	(942)
Lease liabilities	1,818	804
Other borrowings	-	1,120
Total borrowings - current	6,063	10,982
Bank loans	-	4,791
Facility costs	-	(942)
Lease liabilities	979	238
Total borrowings - non current	979	4,087

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.

Note 9. Equity – contributed

	Group 2012 Shares	Group 2012 \$'000	Group 2011 Shares	Group 2011 \$'000
Ordinary shares – fully paid	158,890,730	264,065	158,890,730	264,065

Note 10. Earnings per share

	Group 2012	Group 2011
	\$'000	\$'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

Note 11. Equity – reserves

	Group		Group	
	2012		2011	
	\$'000		\$'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	Group \$'000
Balance at 1 April 2011	(1,047)	1,190	(50)	(224,193)	(224,100)
Currency translation differences	669	-	-	-	669
Changes in 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 at 1 April 2010	(456)	2,754	(40)	(224,193)	(221,935)
Currency translation differences	(591)	-	6	-	(585)
Changes in 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)

Note 12. Equity – retained profits

	Group 2012	Group 2011
	\$'000	\$'000
Retained profits at the beginning of the financial year	49,907	30,542
Profit/(loss) after income tax (expense)/benefit	36,857	19,082
Transfers from Share Based Payment Reserve	1,037	283
Dividends paid	(5,561)	-
Retained profits at the end of the financial year	82,240	49,907

Note 13. Contingent liabilities

	Group 2012	Group 2011
	\$'000	\$'000
Bank guarantees	59,209	50,438
Insurance bonds	5,015	2,207
	<u>64,224</u>	<u>52,645</u>

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).

Note 14. 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 facilities with its existing financiers. The agreement 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 million component for cash advances or bank guarantees.

Apart from the dividend and the re-financing update, 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 15. Reconciliation of profit(loss) after income tax to net cash flows from operating activities

	Group 2012	Group 2011
	\$'000	\$'000
Profit 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
Share-based payments	639	(79)
Non-cash interest charges	1,110	764
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	11,112	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	<u>11,460</u>	<u>31,291</u>

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

	Group
	2012
	\$'000
Profit before income tax	24,580
Finance costs	4,201
Interest received	(155)
Earnings before interest and tax from continuing operations	28,626
Indian goodwill impairment	2,139
Earnings before interest and tax from continuing operations excluding Indian goodwill impairment	30,765

Note 17. Tax consolidation

Norfolk Group Limited lodged amended tax returns 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.

The below table reconciles the tax expense reported in the Statement of Comprehensive Income at 31 March 2012.

	Group
	2012
	\$'000
Tax credit / (expense) attributable to profit before tax	(7,520)
Tax credit / (expense) attributable to prior period amendments	2,928
Tax credit / (expense) attributable to tax consolidation law amendments	16,771
Tax credit	12,179