ANNUAL REPORT 2011

NORFOLK
INTEGRATED ENGINEERING

CONTENTS

Registered Office

Norfolk Group Limited
ACN 125 709 971
Level 5, 50 Berry Street
North Sydney NSW 2060
PO Box 1417
North Sydney NSW 2059

Share Registry

Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000
Locked Bag A14
Sydney South NSW 1235

ASX Listing

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

Website

www.norfolkgl.com

Norfolk Shareholder Information Line

Telephone: 1300 881 079 (Australia)
+61 2 8280 7506 (outside Australia)
Open 8.30am to 5.30pm (AEDT) Monday to Friday

NORFOLK
INTEGRATED ENGINEERING

KEY HIGHLIGHTS

Highlights

- Record revenue[(1)] of $915.7m
- Record operating cash flow[(1)] of $33.6m
- Record NPAT[(1)] of $21.1m
- Record safety performance
- Positive net cash position

Market development

- Growth in key target markets
- Customer engagement strategies successful
- Increase in direct contracting alliances
- Renewed brand promise of expertise, commitment, results

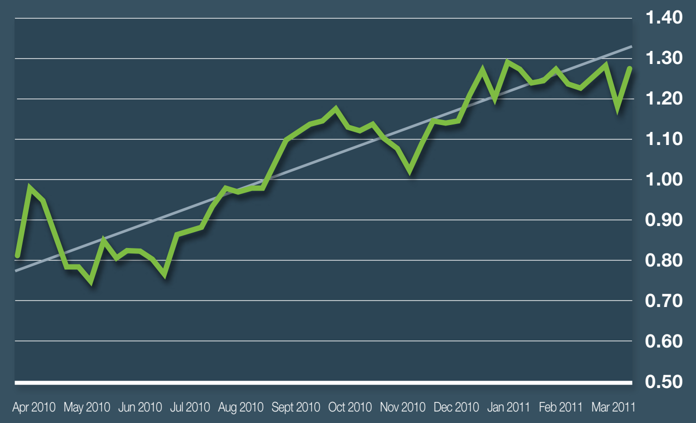
Health, safety and our people

- Infused ‘zero harm’ culture
- 42% improvement in Lost Time Injury Frequency Rate over the last year; a 70% reduction over the last 3 years
- Intensified focus on injury management and return to work
- Customer recognition of safety commitment

Operational

- Strong organic growth with existing customers
- Growth in cross business opportunities
- Bolstering of technical specialist resources
- Focus on margin retention
- Cost containment through business alignment

Share price



- 52 week low: $0.74
- 52-week high: $1.30

Strategy

- Implement strategies for sustainable growth
- Retain margins through selective tendering
- Grow recurring revenue and alliance partnering
- Refine specialist expertise
- Leaders in key growth markets

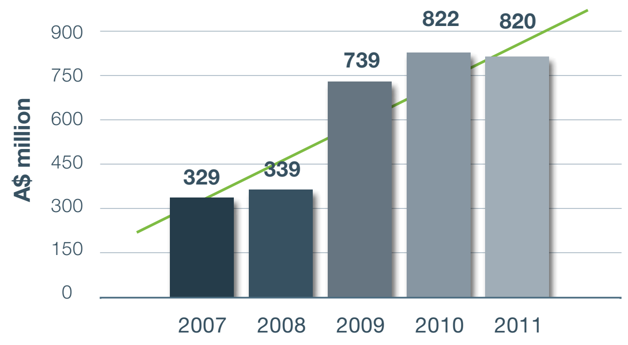
Outlook

- $685m of FY2012 revenue underpinned
- Strong order book of $820m
- Sustainable growth strategies
- Strong market support

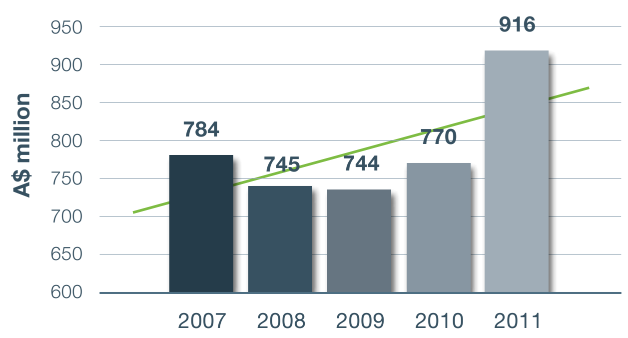
NORFOLK INTEGRATED ENGINEERING

(1) From continuing operations

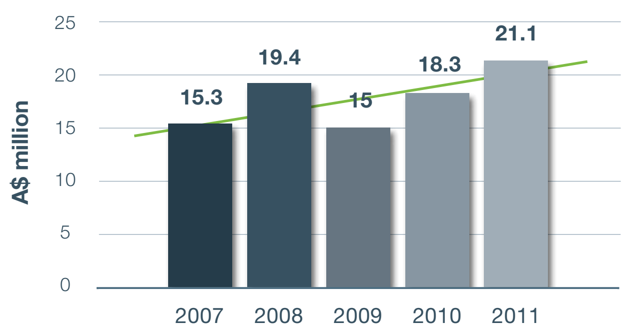
Order book



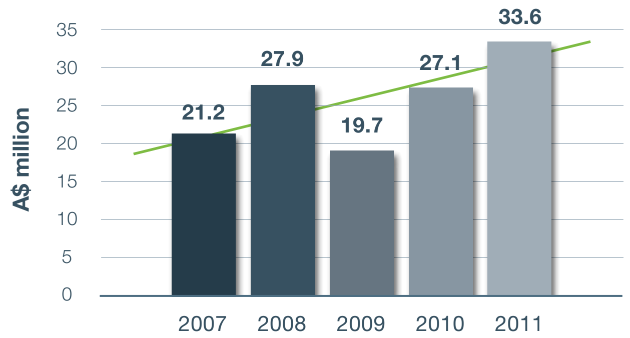
Revenues



NPAT



Operating cash flow

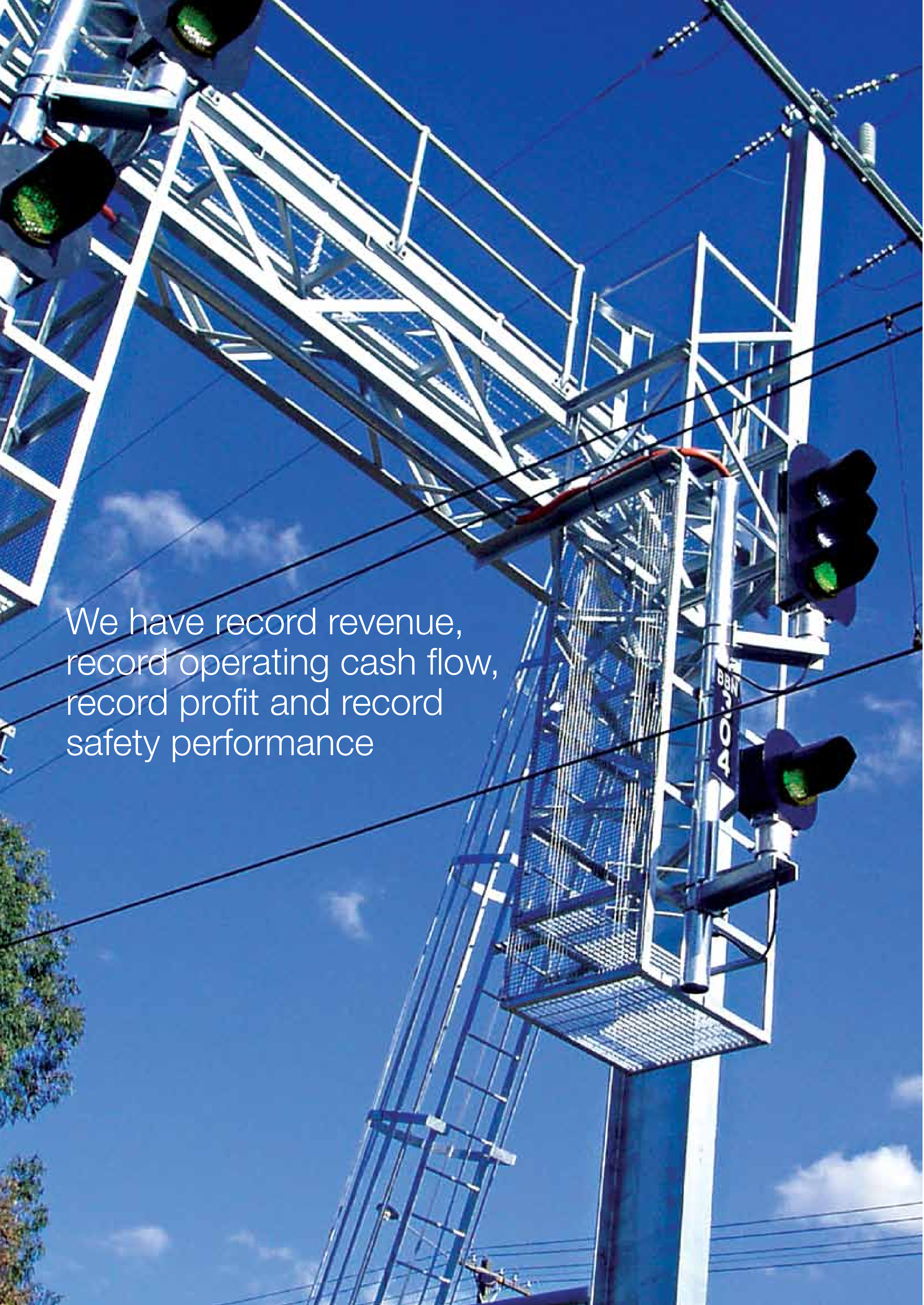


Financial performance [(1)]

		2011	2010	Change
Revenue	A$m	915.7	769.6	19.0%
EBITDA	A$m	40.9	36.4	12.3%
Operating Cash Flow	A$m	33.6	27.1	24.0%
EBIT	A$m	32.3	30.4	6.3%
EBIT Margin %	%	3.5	4.0	(0.5)
NPAT	A$m	21.1	18.3	15.3%
EPS (cents) [(2)]	cps	13.32	11.51[(2)]	15.7%

(1) From continuing operations
(2) Normalised to remove impact of share issue in FY2010

NORFOLK INTEGRATED ENGINEERING



CHAIRMAN'S REPORT

Dear shareholders,

It is with great pleasure that I present to you Norfolk's 2011 Annual Report.

The past year has been a challenging yet successful year for Norfolk as our businesses in Australia and New Zealand successfully navigated the trials imposed by the natural environment and the tight commercial property market to deliver excellent results.

The devastating effects of the floods and cyclones across eastern Australia and the tragedy of the Christchurch earthquakes affected many people within the Norfolk family. We applaud those technicians and employees who selflessly helped their customers and communities in the aftermath of these events and are thankful that our operations were spared any direct impact.

Although these challenges have impacted on the results of some of the businesses, we have been buoyed by our success in targeting key growth markets where our specialised expertise offers customers a real point of difference.

As a result of our success we have record revenue, record operating cash flow and record profit levels (NPAT) for Norfolk as a whole, and record profit for O'Donnell Griffin and Resolve FM. All of this has been achieved while adhering to our commitment to zero harm for our employees, our customers and our suppliers, delivering a reduction in our Total Recordable Injury Frequency Rate of 39% and a 42% improvement in Lost Time Injury Frequency Rate.

Our objective is to minimise debt with a bond facility to support future growth.

Prudent financial management

While much of the world's economy was still impacted adversely by the global financial crisis during the financial year to 31 March 2011, the board and the senior management team continued on the path of prudential financial management. We retain confidence that decisions made during this period to focus on cash flow generation and the reduction of debt were the right decisions.

To ensure that we retain the flexibility we need to continue to grow organically, we negotiated with our domestic and international lenders an increase in our bank guarantee facility from $60 million to $80 million. This decision was supported by our lenders, which we believe reflects the financial strength of Norfolk. Our objective is to minimise debt to ensure access to bond facilities sufficient to support our continued growth.

Positive returns for shareholders

We are proud to have delivered excellent results for our shareholders with our NPAT in line with guidance at $21.1m[1], earnings per share of 13.32[1] cents and strong operating cash flow of $33.6m[1].

Thanks to the efforts of the management teams within each of the businesses, we have been able to maintain our order book at high levels while delivering record revenues during the year.

In recognition of these results and acknowledging the achievement of Norfolk's objective of reducing debt, the board is very pleased to announce the recommencement of dividend payments with the declaration of a final unfranked dividend for the 2011 financial year of 2 cents per share.

Capitalising on future opportunities

I would like to thank all Norfolk employees for their outstanding commitment to the business. Our employees' commitment is the foundation of the positive results and growth that has been achieved.

I would also like to thank the Norfolk board for their continuing support and to Glenn Wallace and his senior management team for maintaining their focus and delivering these results.

Once again, I am excited about Norfolk's future and its ability to capitalise on the opportunities that are presenting themselves as we strive to achieve our goal of providing outstanding results to our customers, our shareholders and our employees.

Rod Keller
Chairman, Norfolk Group Limited

(1) From continuing operations

MANAGING DIRECTOR'S REPORT

Norfolk's record results in revenue, operating cash flow, profit and safety performance in the 2011 financial year are verification of our strategy to provide specialised expertise, commitment and results to our key customers in our target markets.

A record year

While market conditions eased slightly in the second half of the year competition was still very fierce. Regardless, we are extremely pleased to have achieved an increase in Norfolk's revenue from $769.6m[1] to $915.7m[1], representing an increase of 19%, while maintaining our order book at high levels.

Net profit after tax was in line with guidance and at record levels, growing from $18.3m[1] to $21.1m[1], an increase of 15.3%.

Operating cash flow grew from $27.1m[1] to $33.6m[1], an increase of 24.0%, allowing us to achieve zero net debt and report net positive cash for the first time since Norfolk was listed on the Australian Stock Exchange in 2007.

Debt reduction has enabled us to have greater control over the future of our business and to appropriately structure our funding. To that end, Norfolk negotiated an increase in its key bond facilities during the year from $60m to $80m to support growth in our contract revenues.

Continuing commitment to safety

One of the most enduring messages that we have driven throughout the business is 'Safety All Ways'. While we remain committed to achieving 'zero harm' I am proud to say that we have achieved a record safety level performance since 2004. This year we achieved a 42% improvement in our Lost Time Injury Frequency Rate and 30 of our branches within Australia alone recorded a zero Total Recordable Injury Frequency Rate. Our reduction in Total Recordable Injury Frequency Rate and Lost Time Injury Frequency rate have improved by 77% and 70% respectively over the last three years.

Safety is also important to our customers, and these results, and the systems that are implemented to support them, contribute to securing numerous contracts, particularly within the highly sensitive resource and infrastructure sectors.

Strategically positioned for sustainable growth

Although Norfolk consists of a number of individual businesses, we share a very clear vision of where we want to be in the near future. This year the management teams across Norfolk made a concentrated effort to ensure that every piece of work we tendered, every new or stream-lined process or system we implemented, and every new employee we brought into the business was going to help us meet that vision.

Our aim was, and continues to be, to strategically position ourselves for sustainable growth.

We recognised that to achieve sustainable growth we needed to ensure all of our businesses were aligned in their commitment to retaining margins, selective tendering, growing recurring revenue and increasing alliance style partnering. I am pleased to report that thanks to our management teams and all of our employees we have achieved this aim and are positioned for continued sustainable growth in 2012 and beyond.

Our aim was, and continues to be, to strategically position ourselves for sustainable growth.

Expertise, commitment, results

With a new year came fresh branding. We renewed our brand promise to reflect and grow our reputation in the market as a leader in offering specialist consultation, design, installation and maintenance to our key sectors. From a customer's first contact with us, to the completion of their project, they will know that we stand by our pledge to provide them with the expertise, commitment and results they need for a successful partnership.

Operational strength through diversity

Norfolk's diversity and considered financial and strategic management has enabled us to deliver record results. Record revenues and profit were delivered by O'Donnell Griffin and Resolve FM, however a decline in commercial construction and one of the coolest summers we have experienced in Australia combined to reduce Haden's results below those of the previous year.

Within Australia, O'Donnell Griffin continues to experience success in the rail, resources, power and water sectors, entering FY2012 with a strong order book and an expectation of further revenue growth. Growth strategies in the government, custodial and accommodation sectors have proven successful for Resolve FM. Haden has targeted the emerging retrofit market in response to subdued market conditions and remains positive about the future, particularly with signs of recovery starting to materialise in New South Wales and Queensland.

Economic activity remains weak in New Zealand and has had an impact on volumes, along with the Christchurch earthquakes and poor climatic conditions. However success in the agribusiness and rail sectors is very encouraging and strong growth is expected in Central and Southern New Zealand.

(1) From continuing operations

Also exciting is the market size and opportunities for Norfolk's businesses within India and Vietnam. Norfolk entered these markets via stable growth contracts with an internationally strong alliance. By targeting the 'mission critical' IT sector the opportunities for the Vietnam and India businesses are extensive.

Staying true to our strategy to focus on our core business and expertise, we made the decision to divest Smith Brothers Plumbing due to limited integration opportunities.

We continue to focus on building organisational capability throughout all areas of the business to ensure we maintain competitive advantage.

People remain our competitive advantage

As a provider of engineering services to an increasingly specialised market we recognise the value in continuing to invest in our people. Our investment in our people ensures we have a productive and successful future. We continue to focus on building organisational capability throughout all areas of the business, particularly within our specialist engineering resources, to ensure we maintain competitive advantage.

O'Donnell Griffin's training centre in Western Australia is training electricians in signalling to support our growth in the rail sector, while international training programmes are underway with Haden's Australian technicians upskilling their counterparts in India.

We are proud of the many employees and businesses who have been recognised by our industry for the high level of achievement and commitment that they provide. Haden was awarded the Ministers Award for Excellence for Employers of Apprentices in Northern Queensland, while numerous individual apprentices picked up industry and regional awards, recognising their skill and dedication to their trade.

We are also humbled by the efforts that employees went to in assisting customers and the greater community during the recent floods and earthquakes. Our branches throughout the region held fundraising events, while those closer to the centre of these tragedies dug in and helped with clean up and rescue efforts.

Norfolk's future looks bright

We are confident that we have positioned ourselves for continued sustainable growth through a combination of prudent financial management, selective tendering and sound strategy.

$685m of FY2012 revenue is underpinned by contracts, work orders and ongoing service commitments. In addition, the strong order book ($820m) positions Norfolk well for the future.

Norfolk remains in a strong position within the market and continues to enjoy a reputation for delivering expertise, commitment and results to customers, suppliers, investors and employees.

I am confident that our strategy to work closely with our key customers in growth sectors, providing them with innovative, specialised technological solutions and remaining focused on the sustainable growth of our business will be reflected in the results we deliver in the coming years.

Glenn Wallace
Managing Director, Norfolk Group Limited

MANAGEMENT PROFILES

Glenn Wallace
Managing Director

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

With many years experience in senior management roles both in New Zealand and Australia, Glenn works with other members of management to develop the strategy and business development tactics for Norfolk.

Prior to joining Norfolk, Glenn 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. Glenn is currently a non-executive director of Maui Capital Limited.

Glenn has a Diploma in Leadership Management from the Macquarie Business School, and has 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.

Stephen McDonald
Acting Chief Financial Officer

Stephen McDonald joined Norfolk in 2008 as Group Financial Controller and was appointed to the position of Acting Chief Financial Officer in February 2011.

As Acting Chief Financial Officer, Stephen is responsible for Norfolk's financial and management reporting, treasury, taxation, risk management and investor relations.

In a career spanning over 18 years in the accounting profession, Stephen has held a number of senior financial roles across a broad range of industries. Prior to joining Norfolk, Stephen has held the positions of Group Financial Controller at OceanaGold 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 Lovell
General Counsel and Company Secretary

Fiona Lovell 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.

David Rafter
Chief Executive, O'Donnell Griffin

David Rafter was appointed to the position of Chief Executive, O'Donnell Griffin in May 2009.

David is responsible for the strategic growth and profitability over O'Donnell Griffin, Norfolk's largest individual business.

David was appointed to the role of General Manager of Haden in 2005 and subsequently promoted to the position of Chief Executive, Haden before being promoted to his current role.

Prior to this, David was the National Manager of the Service Division for Tyco Australia's Electrical and Mechanical Business Unit and also held senior positions at Resolve FM and Telstra Corporation's Property Services business.

David holds a Master of Business Administration from Charles Sturt University, a Masters of Building Services Design Science from the University of Sydney and is a Member of the Australian Institute of Company Directors.

Mark Williamson
Chief Executive, Haden

Mark Williamson joined Haden in November 2010 as General Manager Haden Construction, and more recently Chief Executive, after a successful term with McAlpine Hussmann as General Manager and Director.

Mark is responsible for the strategic growth and profitability of Haden in Australia and has over 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.

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.

Keith Blind
General Manager, New Zealand

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

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
General Manager, O'Donnell Griffin – Rail

Peter Winder boasts over 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.

Whilst 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.

Rick Willmott
Director, Human Resources

Rick Willmott joined Norfolk in June 2010.

Rick is responsible for the strategic delivery of all human resources and health, safety and environment outcomes across the Norfolk Group.

Prior to joining Norfolk Rick held a number of senior human resources and change management roles with United Technologies Corporation a US Fortune 50 company and a Global Leader in Commercial Services and Aerospace. These roles included Director Organisational Development based in the Corporate Office in the United States, Human Resources Director Europe Middle East and Africa based in the United Kingdom and his most recent role Director Human Resources and Organisation based in Australia.

Rick has extensive international experience in Human Resources and Health Safety and Environment with key strengths in developing organisational capability and improving business performance through human resources.

Rick holds a Bachelor of Commerce from the University of Newcastle.

Tony Kutra
Director, Group Business Development

Tony Kutra joined Norfolk as Business Development Director in early 2010.

Tony is responsible for the development and implementation of strategies to grow the value of Norfolk through the development of market opportunities for Norfolk products and services and through merger and acquisition opportunities.

Prior to joining Norfolk, Tony held various roles with Dyno Nobel Limited, a global leader in mining services, his last being Group Executive, Strategy & Business Development. He started his career with AGL and later moved into the oil and gas sector with Bridge Oil Limited. Tony has extensive international experience in strategic planning, business development, mergers and acquisitions, investment projects and operations.

Tony holds a Bachelor of Economics (Hons) from the University of Sydney, a Masters of Business Administration from the University of Technology Sydney and is a Member of the Australian Institute of Company Directors.

NORFOLK INTEGRATED ENGINEERING

BOARD PROFILES

Rod Keller
Non-Executive Chairman

Rod Keller has a Bachelor of Engineering (Mechanical) from the University of Sydney and is a Fellow of the Institute of Engineers, Australia. Rod brings over 37 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.

Rod became Chairman of Norfolk on 7 April 2008.

Rod is currently Chairman of OSD Pipelines Limited and a Director of Redbank Energy Limited.

Rod was previously Non-Executive Director of Alinta Energy Limited, Macquarie Communications Infrastructure Limited, Macquarie Communications Infrastructure Management Limited, National Electricity Code Administrator and of Dyno Nobel Limited.

Glenn Wallace
Managing Director

Glenn 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.

With many years experience in senior management roles both in New Zealand and Australia, Glenn works with other members of management to develop the strategy and business development tactics for Norfolk.

Prior to joining Norfolk, Glenn 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. Glenn is currently a non-executive director of Maui Capital Limited.

Glenn has a Diploma in Leadership Management from the Macquarie Business School, and has 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.

Peter Lowe
Non-Executive Director

Peter 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. Peter's principal experience is in finance and corporate strategy in listed corporates.

Peter is currently Chairman of United Energy Distribution Holdings Pty Ltd, Western Australia Network Holdings Pty Ltd and Multinet Group Holdings Pty Ltd and a director of Citywide Solutions Pty Ltd, Snowy Hydro Limited, Aurora Energy Pty Ltd and Meridian Energy Australia Pty Ltd. In the last three years Mr Lowe was also a director of Clever Communications Limited (formerly Access Providers Limited).

Peter has previously held senior management positions with CPA Australia, UtiliCorp United Inc. United Energy Limited and Fosters Brewing Group Limited.

Paul Chrystall
Non-Executive Director

Paul Chrystall has been involved in the management of private equity funds for more than 10 years, previously as Head of Private Equity at Goldman Sachs JB Were (NZ) Limited, and since 2007, as Managing Director of Maui Capital Limited a private equity management company that runs funds actively invested in Australasian businesses across a variety of industries. Prior to his involvement in private equity he was involved in a wide range of roles across various industries in New Zealand, the United Kingdom and Australia.

He holds a Bachelor of Commerce from Auckland University during the completion of which he received various prizes including the Alfred P Foggarty Award for excellence in economics.

Paul is also a director of Insulpro Limited, Euro Corporation Limited and PagePak AU Pty Ltd and PagePak NZ Limited as well as Maui Capital Limited and its associated funds.

Peter Richards
Non-Executive Director

Peter Richards was appointed to the Board on 1st September 2010.

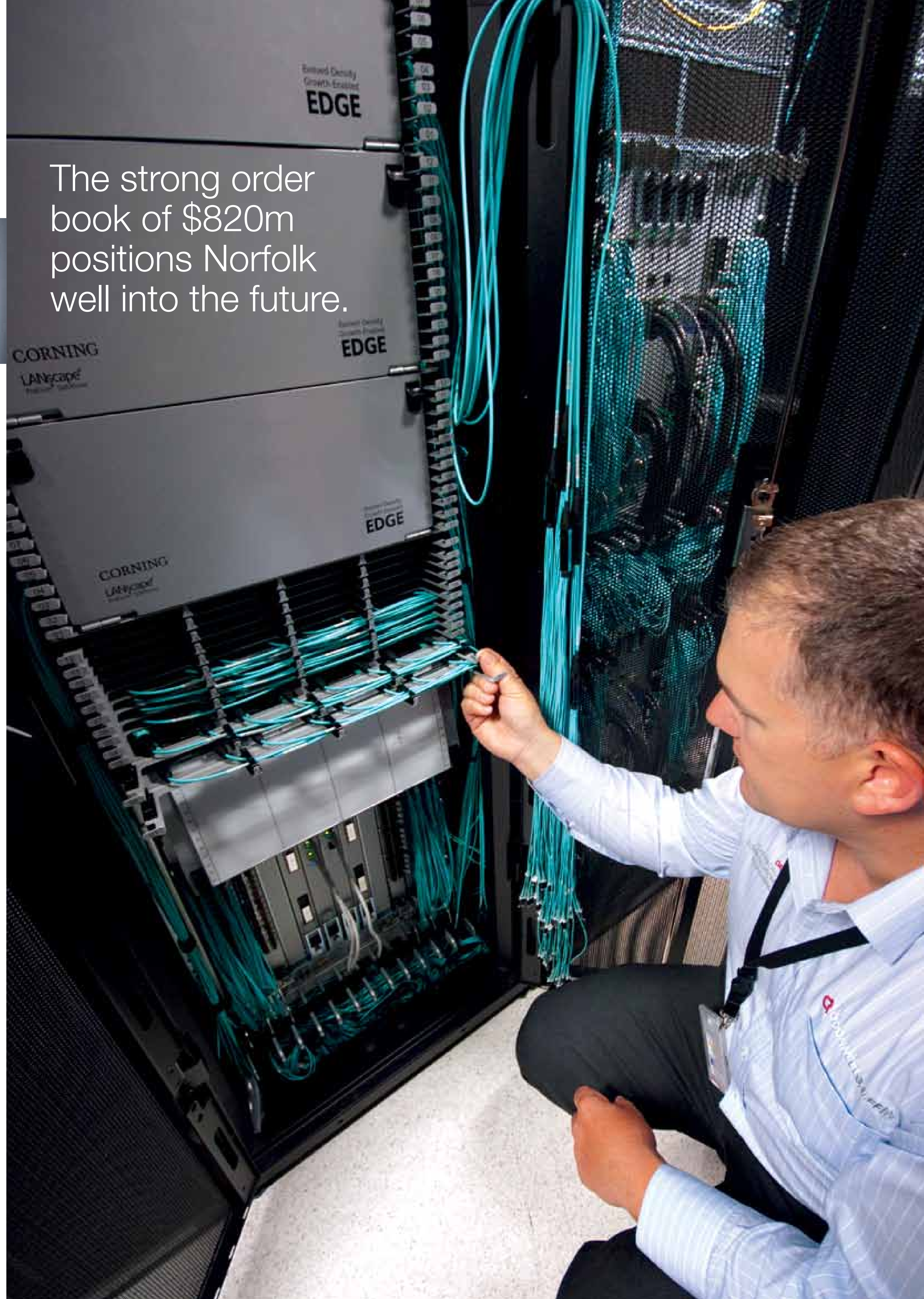
He has over 30 years of business and international experience with global companies including BP plc, Wesfarmers Ltd and Dyno Nobel Limited. He recently retired as CEO of Dyno Nobel following its takeover.

During his time with Dyno Nobel, Peter successfully led the Asia Pacific operation based in Sydney and then the North American business unit based in Utah, USA.

After becoming CEO, Peter expanded the business into China, Southern Africa and Europe while continuing to build upon its core Australian and North American operations.

Peter holds a Bachelor of Commerce Degree from the University of Western Australia.

Peter is also Chairman of Minbos Resources Limited and Kangaroo Resources Limited and non executive director of Emeco Holdings Limited, Sedgman Limited, Bradken Limited and NSL Consolidated Limited.



COMPANY PROFILE

Norfolk is a leading provider of integrated engineering solutions, delivering expertise, commitment and results

Norfolk is a leading provider of integrated engineering solutions.

The Norfolk Group consists of market leading engineering companies specialising in electrical, data, heating, ventilation and air conditioning services, facilities management and related building product manufacture.

We operate in Australia, New Zealand and Asia.

Norfolk operates through key brands

O'Donnell Griffin is number one in the Australian electrical services market and was established in Australia in 1906.

Haden is number one in the non-residential Australian heating, ventilation and air conditioning (HVAC) maintenance services market and has operated in Australia since 1969.

Haden also operates the specialist brands of Metalbilt Doors, the leading manufacturer of industrial doors in New Zealand, and Energy Products International, a manufacturer of specialised air handling equipment in New Zealand.

Resolve FM was established in 1962 and is a leader in technical facilities management services.

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

Norfolk draws on more than 100 years of experience, having worked on many 'landmark' projects with iconic blue chip organisations. With the ability to commit resources from over 120 branches across the region, we are known for our commitment to getting results for our customers – getting projects up and running and keeping them running.

Highly skilled, directly employed specialists teams

Norfolk directly employs approximately 3,300 people, including more than 1,500 highly skilled engineers, electricians, and technicians specialising in signalling, data and voice communications, fire, air conditioning and refrigeration.

Approximately 250 apprentices enable Norfolk to secure our future skills base and to inject new ideas and energy into the business.

Each of Norfolk's businesses is supported by a strong management team focused on building our capabilities to produce outstanding results for customers, creating a profitable and sustainable future for the business and promoting our health and safety culture throughout the organisation.

Focused on growing sectors

Norfolk maintains a focus on key growth sectors and stable traditional markets where our technical expertise and strong relationships provide a competitive advantage.

Norfolk is a leading provider of engineering services to the resources, infrastructure (rail, power, water), healthcare, agribusiness, industrial, commercial, retail, government and education sectors.

End-to-end solutions

Norfolk has a wide variety of engineering capabilities. We specialise in developing solutions that integrate practical design, construction, installation and maintenance, though we regularly work with customers who require only installation or maintenance services.

Working closely with customers

We seek to develop long term relationships with our customers and suppliers to deliver market leading solutions for demanding applications. We actively cultivate relationships with customers to work with them through alliance style contracting and a range of project delivery methods, from the more traditional design and construct contracting model, through to partnerships, joint ventures or multiservice solutions.

Disciplined project and service management means our teams deliver on-time and on-budget with transparent accountability.

Building recurring revenue

Norfolk continues to achieve sustainable organic growth year-on-year through a commitment to continuously building the service maintenance business to increase our recurring revenue stream.

Developing leading edge, technology-based, sustainable solutions

Norfolk 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.

Health and safety culture

At Norfolk our commitment to the effective implementation of our 'Safety All Ways' programme guides us to achieve a work environment of zero incidents and injuries for all our employees, contractors and visitors. Our safety performance is one of the strongest in the industry.

NORFOLK INTEGRATED ENGINEERING

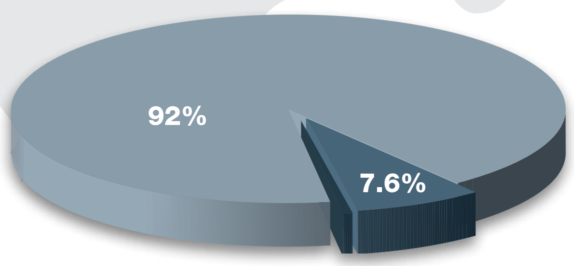
LOCATIONS

More than 120 locations across Australia, New Zealand & Asia

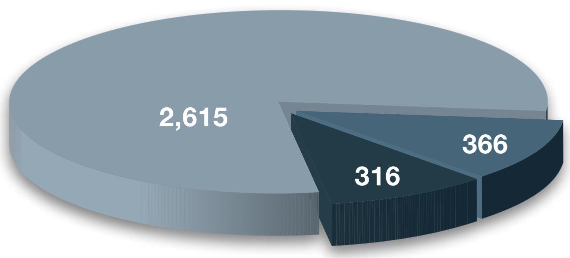
Network and scalability

Norfolk has a broad geographical reach across Australia, New Zealand, India, Vietnam and Hong Kong with more than 120 locations. Norfolk has the ability to scale-up to meet demand and the capacity to undertake and resource large, complex projects providing an important competitive edge.

Revenue split by region



Employee split by region



Australia New Zealand Asia

OUR PEOPLE

Norfolk is a people business... we recognise the importance of ensuring that as our business grows so do our people.

Building organisational capability

In the last twelve months Norfolk has further intensified its focus on building organisational capability. A number of key initiatives have been launched to increase our ability to identify, develop and manage talent. These initiatives build upon our existing frameworks and are already delivering results.

There has been a renewed focus on leadership development. The launch of the Norfolk Leadership Development Program and associated processes aimed at recognising and building on our existing talent base is part of this renewed focus. Participating employees may achieve national accreditation while completing materials customised to provide maximum benefit to Norfolk and our employees.

The attraction of new talent into the business has also been a high priority. Norfolk has benefited from the appointment of a number of key executives who have already contributed strongly to the performance of the business.

Prioritising technical development

Development of our technical employees is also a high priority with a renewed focus on building technical capability through the launch of technical training programs across the business. Norfolk recognises this focus will help make our organisation more effective and also help to retain and build on our existing technical capability.

Our focus on building technical capability is typified by our 250 person strong apprenticeship program and our annual Apprentice Challenge. Our focus in this area will be boosted in the coming months as Norfolk looks to support Generation 1 (Indigenous) initiatives.

Norfolk plans continued investment in these areas in the coming financial year.

Our Values – COSMIC

One of the strengths of the Norfolk business is our commitment and focus on our core values, referred to as our COSMIC values. These values underpin our leadership and ensure that we continue to take a balanced approach to managing our business.

Recognition of our capability

We continue to maintain a Norfolk wide NOVA employee recognition program that provides all employees with the opportunity to nominate a colleague to be recognised for outstanding performance. Winners of these awards are celebrated annually at the NOVA Awards dinner.

In addition, Norfolk employees continue to be recognised by external authorities for high achievement during the financial year:

- Haden was awarded the 2010 Minister's Award for Excellence in Apprenticeships – Northern Queensland
- Haden NZ received the Territorial Forces Employer Support Council (TFESC) National Employer of the Year award.
- James Pitt from O'Donnell Griffin won the Industrial Apprentice of the Year in the National Electrical and Communications Association (NECA) Apprentice Awards in Victoria, as well as NECA's inaugural overall state Apprentice of the Year award.
- Russell White from Haden was awarded RMIT Best 3rd Year Air Conditioning Apprentice award.

Norfolk places much value on this external recognition as an indication of the talent and expertise that we are developing within our organisation.

Apprenticeship Challenge

In June 2010, 23 of Haden's top performing apprentices from around Australia joined forces in Rockhampton for the inaugural State of Origin Apprentice Challenge. The event was run over 3 days where selected apprentices completed a series of theory and practical tests developed in conjunction with Rockhampton TAFE. Careers workshops and information sessions about the opportunities for Haden technicians once they had completed their apprenticeships also formed part of the event.

The Challenge was developed to:

- recognise and reward Haden's leading apprentices
- create initiatives to retain quality trades people after the apprenticeship has been completed and provide them with clear career paths and opportunities for the future
- attract high quality recruits
- evaluate apprentice training nationally to improve the overall approach to training
- identify areas for improvement in the Haden apprenticeship experience

The event was generously sponsored by MIGAS and was extremely rewarding for all those who attended. An awards dinner was held at the end of the Challenge announcing Damien Pitcher (QLD) as the 'Apprentice of the Year' and Russell White (VIC) as the 'Most Improved Apprentice'.

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. The Southern Sydney Freight Line – Enabling Works project is an example of how O'Donnell Griffin is capable of establishing and managing multi disciplined project teams. Tasked with relocating the essential services on the freight line, O'Donnell Griffin carried out the HV design and reticulation, signalling engineering and installation, water mains plumbing, fibre optic communications and civil engineering.

Rapid Growth Project Training Centre

Continuing on our theme of building capability O'Donnell Griffin has introduced a training centre for the RGP5 Project in Western Australia. This training centre is dedicated to enhancing our expertise and allowing our many talented employees to further their careers with O'Donnell Griffin and Norfolk. The main focus of the training centre is to provide qualified electricians with the opportunity to become qualified signal technicians.

Community contribution

Norfolk's commitment to our people extends to the communities and environments in which we operate.

While the 2011 financial year was marred by natural disasters across the region, the support provided by our people to those affected was uplifting. In addition our people maintained their focus on supporting their local environments.

Fiona Gregory is a Trade Assistant and has been with O'Donnell Griffin Port Hedland for 5 years.

Fiona says "Other women in town come up to me and tell me I'm doing a good job and it makes me feel proud."

HEALTH & SAFETY – ZERO HARM

Reduction in Lost Time Injury Frequency Rate and Total Recordable Injury Frequency Rate exceeded year on year targets.

Norfolk continues to show strong improvement in the area of health and safety.

During the 2011 financial year both the key injury statistics, Loss Time Injury Frequency Rate (LTIFR) and the Total Recordable Injury Frequency Rate (TRIFR), exceeded the year on year target reduction. This is due to our continued refinement and enhancement of our safety management systems and improved safety performance across the business.

Our overall goal is to achieve ZERO HARM for our employees.

During the 2011 financial year 30 of our locations recorded a zero TRIFR, a year on year improvement of 25%.

Measuring the effectiveness of safety programmes

As the core safety statistics continue to improve, Norfolk increasingly focuses on proactive safety management initiatives.

By analysing our safety statistics we are able to target improvements in the safety management systems. This will be further enhanced by the upgrading of our IT systems used to monitor performance and implement targeted safety strategies.

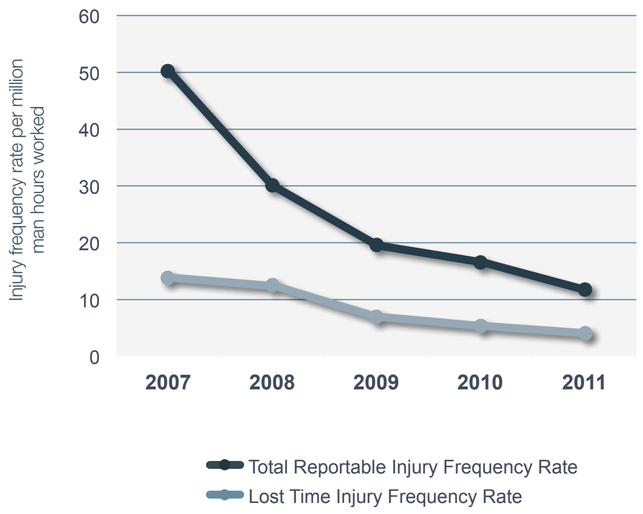
Proactive safety measurements including a site safety audit score and other lead indicators will continue to be enhanced in the coming year.

Injury Management and Return to Work

The 2011 financial year has seen an increased focus on Injury Management and Return to Work strategies. Norfolk has invested in new resources in this area of activity and in-sourced some services. The results of this increased focus have been significant both for the welfare of our employees and the business bottom line.

As with other areas this will continue to be a focus for the next financial year.

SAFETY ALL WAYS



Rewarding safety

Under the umbrella of our Nova employee recognition programme we have the Nova Safety Excellence Honour Roll and Award. This award rewards the locations in Norfolk which achieve 12 months without a Lost Time Injury (LTI). 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.

O'Donnell Griffin employees in Western Australia have worked for one million hours without a lost-time injury.

Customer appreciation of safety

Norfolk continues to work in partnership with our customers to improve safety systems and performance in a wide range of areas. Our proactive approach to safety has resulted in customer awards and also helped secure business for Norfolk in environments where a comprehensive focus on safety is a necessity.

- On the BHP Billiton Rapid Growth Project O'Donnell Griffin has been LTI free for 3 years
- O'Donnell Griffin WA has been one million man hours LTI free
- Haden inducted over 100 employees Australia wide into a new customer contract, meeting tight timeframes and exacting site and customer reporting requirements.

A sticky grids hazard faced by Resolve FM

Our customer faced a safety hazard in spray painting booths where there was a potential for muscle strain and trip/fall injuries.

Our 'Safety All Ways' Safety Committee developed a programme with the customer around engineered solutions and training programmes to reduce the risk of injury in this location.

Our customer was so delighted with the result that they asked for the training posters to carry their brand as well as the Resolve FM brand.

Safety management in extreme conditions

Our customer undertakes its operations in one of the most extreme environments on the planet and as such there can be absolutely no compromise on safety.

Haden worked closely with our customer to provide innovative and reliable safety processes to ensure that employees remained safe. This proved a key factor in resecuring this work for Haden.

Shipshape safety result

An OHS challenge emerged when O'Donnell Griffin was awarded a contract to install cables above a four-kilometre-long offshore conveyor, with no floor, that was 20 metres above sea level. "The task was daunting and would have posed risk of injury using conventional work methods," says Mark Rainsford, Technical Officer on the project. Mark Withers, Project Supervisor, with assistance from the rest of O'Donnell Griffin's engineering team in Mackay, solved the problem by designing a 'boat' to fit in the conveyor that the electricians could work out of safely.

SUSTAINABILITY AND COMMUNITY

Environmental Sustainability

We focus on continually improving our environmental performance to deliver environmentally sustainable solutions

Electrical equipment, lighting, air conditioning and heating are the main consumers of energy in most facilities.

As leading specialists in electrical, lighting, air conditioning and heating, Norfolk is able to bring practical, sustainable solutions to our customers. We are well placed to take advantage of these same solutions internally to reduce our own impact on the environment.

Change begins at home

Norfolk thoroughly understands the competitive advantage proactive environmental management provides to corporations and constantly champions this internally and with our many environmentally conscious customers.

Norfolk has in place comprehensive environmental policies and environmental management systems, strongly supported by the senior management team. We focus on continually improving our environmental performance and on identifying market opportunities to deliver environmentally sustainable products and solutions to our customers.

The Norfolk environmental sustainability team meets on a regular basis to drive our sustainability programmes. As a result of this drive a number of key achievements have been obtained in the last 12 months including:

- O'Donnell Griffin and Haden NSW headquarters achieved a 4 Star NABERS energy rating
- Executed a nationwide audit of our own greenhouse gas emissions
- Numerous audits and reports for our major customers
- Focus on finding sustainable solutions for our clients across a range of projects

Sustainability in action

Project	Details
76 Berry St, North Sydney	Targeting 5 Star NABERS. Recipient of Green Building funding
6 Mort Street, Canberra	Targeting 5 Star NABERS
140 William St, Perth	5 Star Green Star Office Design. Also aiming for a 5 Star Green Star As Built rating and a 4.5 NABERS energy rating
420 George St, Sydney	5 Star Green Star Office Design v2. Registered for Office As Built v2
William McCormack Stage 2 Building, Cairns	6 Star Green Star – Office As Built v2 and Green Star Office Interiors v1.1
Darwin International Airport, Darwin	Registered for Green Star Office Design V3
1 Bligh Street, Sydney	Co-generation power system installation
Perth Zoo, Perth	90kW solar PV installation
Origin Energy, Australia	A national solar PV installation program
Te Huka Contact Energy, Taupo	Geothermal power station, installation
Geyser Building, Auckland	6 Green Stars, NZGBC
Christchurch Civic Centre, Christchurch	6 Green Stars, NZGBC

Sustainable solutions for our customers

Our focus on sustainability has allowed us to play pivotal roles in a number of projects. For example Haden provided the technology and engineering for the William McCormack building in Cairns to help it become the first regional Australian building to achieve a 6 Star Green Star Office Design v2 rating. Haden engineers also improved efficiency and dramatically reduced the costs of heating, ventilation and air conditioning (HVAC) systems in Macquarie University's stunning new library.

Norfolk is also active in alternative energy solutions. O'Donnell Griffin completed all the electrical installation work on the Kawerau and Te Huka geothermal power stations in New Zealand. We are involved in fuel cell technology, wind farms and are one of the largest installers of solar PV systems.

We also work in sustainability solutions outside the energy area. O'Donnell Griffin is responsible for all the electrical installation associated with the process works in the Adelaide Desalination Plant.

Community

Norfolk is committed to supporting the communities in which we carry out our operations.

In 2010 and 2011 Norfolk has supported the communities devastatingly struck by natural disasters through corporate donations and employee donation programs. In addition we have provided donations and direct support to a number of worthwhile institutions during the last 12 months.

In the coming year Norfolk is planning to enhance its contributions to local communities and national charities by implementing a more coordinated approach. This will include supporting programmes like Generation 1 to ensure we support indigenous employment opportunities across Australia, and continuing to participate in The Property Industry Foundation.

green building council australia MEMBER

CITY SWITCH Green Office Signatory

Clean Energy Council

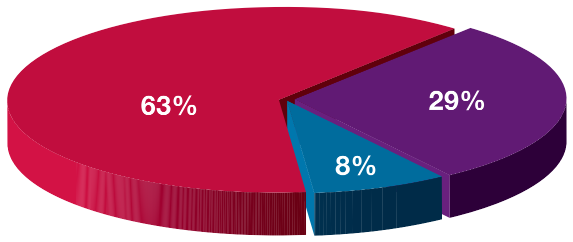
ARC

THE Warren CENTRE FOR ADVANCED ENGINEERING

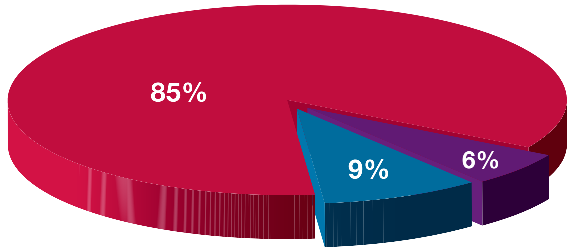
DIVISIONAL REVIEW

The diversity of Norfolk's businesses and strategic management enabled Norfolk to deliver record results

Sales contribution (1)



EBIT contribution (1)



O'Donnell Griffin Haden Resolve FM

(1) From continuing operations

Divisional performance (1)

	O'Donnell Griffin	Haden	Resolve FM
Total sales	$578.7m	$264.9m	$71.4m
EBIT Contribution	$36.3m	$2.6m	$4.0m
EBIT Margin	6.3%	1.0%	5.6%
Employees	1,501	1,452	278

(1) From continuing operations

O'DONNELL GRIFFIN

ELECTRICAL & COMMUNICATIONS ENGINEERING

O'DONNELLGRIFFIN EXPERTISE • COMMITMENT • RESULTS

- Record revenue of $578.7m and EBIT of $36.3m
- National rail group bolstered for growth
- Strong opportunities in mining and resources sector
- Enhanced management team to support growth
- Infrastructure investment in water, ports, power, telecommunications and rail to drive demand

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

We help our clients design, build and maintain 'mission critical' infrastructure including:

- railway signalling and overhead wiring systems
- power generation, transmission and distribution systems
- high voltage reticulation, switchboards and process control instrumentation
- data and telecommunications networks
- fire detection and suppression services

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, New Zealand and Hong Kong with revenue in excess of $575 million and 1,500 employees.

O'Donnell Griffin's strategy is to focus on high growth market sectors where we have strong capabilities and experience.

Financial results summary

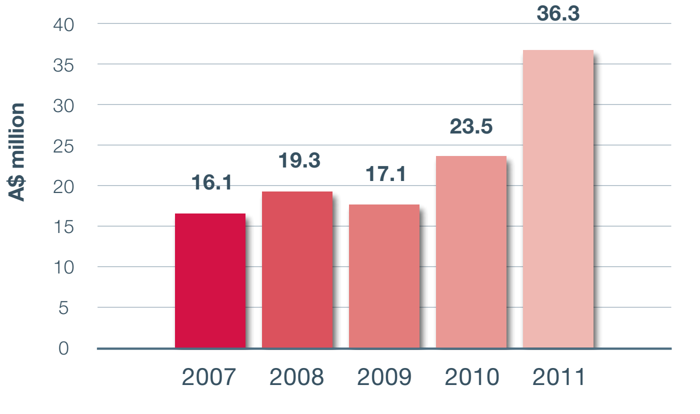
For the year ending 31 March 2011, O'Donnell Griffin contributed record revenue of $578.7m, an increase of 43.4%, with a record EBIT of $36.3m and an EBIT margin of 6.3%.

These results were accomplished due to our focus on stable market segments, strong customer partnerships and alliances and implementation of innovative technologies.

Some other notable achievements from O'Donnell Griffin in the 2011 financial year included:

- 1 million man hours LTI free in Western Australia
- National Electrical and Communications Association (NECA) Apprentice of the Year award in Victoria and runner – up nationally
- Establishment of a national rail group
- Opening of Gladstone branch, Queensland

EBIT contribution



		2011	2010	Change
Sales	A$m	578.7	403.5	43.4%
EBIT	A$m	36.3	23.5	54.5%
EBIT Margin	%	6.3	5.8	–
Order Book	A$m	612.0	657.8	(7%)
Employees		1,501	1,364	–

O'DONNELL GRIFFIN

ELECTRICAL & COMMUNICATIONS ENGINEERING

O'DONNELLGRIFFIN EXPERTISE • COMMITMENT • RESULTS

O'Donnell Griffin Australia

O'Donnell Griffin's rail business was a primary driver of the significant revenue and profit growth in the 2011 financial year. Major projects are being delivered by O'Donnell Griffin for Australian Rail Track Corporation (ARTC), RailCorp NSW, Department of Transport – Victoria and BHP Billiton. The Government projects are being performed under an alliance model whereby O'Donnell Griffin is collaborating with other industry experts to deliver large, multi-disciplined, complex projects. Our strong relationship with BHP Billiton continues to prosper with the rail group undertaking their 5th Rapid Growth Phase (RGP) project in Northwest Western Australia. A new signalling and communications technology being implemented for RGP5 and the Novo Rail Alliance is automatic train protection.

In the resources sector, O'Donnell Griffin's expertise in design engineering, on-time project delivery and safety management were key factors supporting the growth in the 2011 financial year. O'Donnell Griffin is engaged in long term maintenance contracts and large construction projects for some of Australia's largest mining companies. The positive results generated from these projects are achieved by our commitment to clearly understand the customer's requirements and offering innovative solutions. An example of this was our Newcastle based team who designed, manufactured and installed an IP66 stainless steel switchboard for outdoor application at Mount Arthur Coal Mine.

Other strong contributors to O'Donnell Griffin's revenue growth in 2011 were driven by the power, water and commercial sectors. Our national solar PV installation contract with Origin Energy, early contractor involvement scope of work for the Adelaide Desalination Plant and electrical upgrade to Warragamba Dam were a few key projects during the 2011 financial year. Additionally, the new Canberra International Airport Terminal was a highly successful project with the scope of works almost doubling in size as a result of O'Donnell Griffin's successful delivery of the initial contract.

Sector	Specialist areas of expertise	Major projects
Rail	• Signalling design, testing and installation • Overhead wiring systems • HV power systems • Automatic Train Protection	• Novo Rail Alliance • South Improvement Alliance • RGP5 • Sunbury Electrification Project • Southern Sydney Freight Line – Enabling Works
Power	• Engineering and control instrumentation • HV and LV electrical reticulation and switchgear • Transmission line design up to 500kV • Co- and trigeneration power systems • Solar PV power generation	• Perth Zoo 90kW Solar System • Kemps Creek 500kV / 330kV substation • Pilbara Underground Power Project • 1 Bligh Street, Sydney Co-generation power system • Te Huka Contact Energy Geothermal Power Station
Resources	• HV power generation and reticulation • Switchboard and motor control centre fabrication and installation • PLC / SCADA control systems • Fibre optic cable, communications and CCTV networks	• Mount Arthur Coal Mine • Dalrymple Bay Coal Terminal • BMA Coal Mine • RGP6A – Jimblebar HV Early Works
Agribusiness (New Zealand)	• Electrical systems for processing equipment • Electrical systems for electrical building and ancillary services	• Synlait Milk Processing Plant, Canterbury • Miraka Limited

O'Donnell Griffin New Zealand

As part of its rebrand from Newpower Electrical to O'Donnell Griffin, the New Zealand business has repositioned itself to focus on its core competencies as a leading industrial electrical provider and 'mission critical' maintenance provider. O'Donnell Griffin has also developed a number of opportunities in the the rail, agribusiness and power sectors.

O'Donnell Griffin strengthened its rail expertise in New Zealand through the refurbishment of the electrical overhead lines within the Wellington Electrified Rail Network for ONTRACK, the asset arm of KiwiRail Group. With a project value in excess of $33.5 million and the need to work in challenging conditions, O'Donnell Griffin demonstrated its expertise and commitment to deliver the project on time and within budget. O'Donnell Griffin will continue to investigate and pursue alliance opportunities for national and metropolitan upgrade projects, focussing on its core competency of overhead electrification and signalling.

Leveraging its longstanding experience in the agribusiness industry, O'Donnell Griffin secured and/or completed several key projects including the electrical systems for the processing equipment, building and ancillary services at Miraka Limited and the building electrical services for Stage 2 of the Synlait Milk processing facility located in Canterbury.

Opportunities continued to arise in the power sector as the industry works towards establishing alternative power solutions to service the New Zealand market. O'Donnell Griffin's experience in supporting geothermal power stations saw the completion of the Te Huka Contact Energy Geothermal Power Station in the Central North Island for Ormat Pacific.

Outlook

With clear strategies in place supported by a new organisational structure and standardised systems and processes, O'Donnell Griffin is well positioned 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.

The outlook for O'Donnell Griffin in New Zealand remains optimistic as it continues to build stronger relationships in its target sectors with existing customers such as Fonterra, IBM, GEA Engineering, KiwiRail, Ormat Pacific and Carter Holt Harvey.

O'Donnell Griffin enters the 2012 financial year with a strong order book of $612m and a budget for further revenue growth. The strong resources sector, driven by China's demand for coal and iron ore, coupled with strong investment by rail, water and power operators to upgrade aging assets and build new capacity to meet future demand are key drivers for O'Donnell Griffin's growth prospects.

CASE STUDY

Adelaide Desalination Plant

As part of the State's 'water for good' plan to secure water for the future, the South Australian Government is building a seawater desalination plant at Lonsdale, south of Adelaide, to ensure drinking water is available even in times of drought. The total project cost is $1.83 billion and the plant will deliver up to 100 billion litres of water each year (100GL) – about half of Adelaide's annual water supply.

Adelaide Aqua (a consortium of four companies: United Utilities, Acciona, Abigroup and McConnell Dowell) has been contracted to design, build, operate and maintain the plant for the next 20 years.

O'Donnell Griffin is engaged with Adelaide Aqua under an early contractor involvement agreement worth $35 million to deliver the following electrical services:

- Underground HV / LV reticulation
- HV/LV switchgear installation
- Process control power and cabling
- Cable management systems

Rick Cassab, Construction Director for Adelaide Aqua, paid tribute to O'Donnell Griffin's safety performance on the project. "A multi-disciplined project such as the desalination plant brings with it the challenge of blending different construction cultures in an accelerated and congested environment".

"O'Donnell Griffin has been a key subcontractor in developing the OHS culture on this project and actively participating in the Safety Improvement Program."

As well as coordinating many different sub-contractors, some of the key safety issues on the project were its sensitive environmental location; erosion and sediment control; work in confined spaces; and work at heights.

"As a head contractor we always want to align with subcontractors who believe in improving OHS cultures," adds Rick. "From the outset, it was evident that O'Donnell Griffin took safety seriously and lived by their principles. The company brings a mature, professional approach to OHS. They have the highly skilled and trained workforce required to deliver."

"Our focus on teamwork has been essential as we have confronted the challenge of delivering the project within the required time constraints, which has only been possible through the dedication and commitment of our people" said Matthew Lewis, O'Donnell Griffin – Project Manager.

The desalination plant will be completed in December 2012

CASE STUDY

1 Bligh Street

1 Bligh Street is a new flagship office development in Sydney. The 29 story tower will be iconic on the Sydney skyline combining striking and functional architecture with best practice sustainability. The double skin façade with external louvers is being utilised for the first time in Australia significantly reducing the heat load on the façade and thereby reducing the cooling and energy requirements internally. Co-generation, blackwater and mixed mode (chilled beam and VAV) air conditioning systems contribute to 1 Bligh's sustainable features. The building will be rated 6 Star Green Star and 5 Star NABERS Energy.

O'Donnell Griffin was contracted to design, install and commission the co-generation and emergency power systems. The works included the design and installation of 3 x 2250kVA diesel standby power generators, 1 x 750kVA gas co-generation power set and the air handling and exhaust systems. Facing a challenging requirement to install the power generators on the 29th floor, O'Donnell Griffin designed the power systems for optimal transport and energy efficiency. The installation of a 90,000 litre bulk fuel system, fill points, controls, pumps and stainless steel piping completed the scope of works carried out by O'Donnell Griffin.

CASE STUDY

Monash University

O'Donnell Griffin was recently awarded a 3 - year electrical maintenance contract for HV (High Voltage) power systems and generators for Monash University in Melbourne. The contract covers both the Clayton and Caulfield campuses of the University and the scope of the maintenance contract includes minor electrical works.

From a shortlist of 2 electrical engineering companies, Monash chose O'Donnell Griffin for their ability to clearly articulate a process and methodology for carrying out the highly technical work required for HV and power generator maintenance. Additionally, O'Donnell Griffin had established a good reputation with Monash University through the successful work completed by the Victorian installation team for several major HV projects.

CASE STUDY

New electrified rail network in Wellington region

O'Donnell Griffin Rail was awarded an initial contract in December 2008 for the refurbishment of the electrical overhead lines within the Wellington Electrified Rail Network.

The contract originally comprised approximately 160km of track and was subsequently extended to include new double tracking and electrification from McKays Crossing to Waikanae. During the project 8 crews worked evenings, weekends and public holidays to ensure minimum disruption to the rail network operations.

The upgrade project, in excess of $33.5m, was delivered on time, on budget and with a strong safety record. Trains were running on the new system in February. The project has resulted in a significant change to the way rail is delivered in New Zealand, putting the country among the leaders in modern, mainline electrification.

NORFOLK
INTEGRATED ENGINEERING

HADEN

AIR CONDITIONING & MECHANICAL ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

- Green building retrofit market booming
- Growth in strategic tendering and alliances
- Service works in Western Australia and South Australia increase despite challenging market conditions
- ‘Mission critical’ growth opportunities in all regions
- Expansion with existing customers base

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

We aim to be at the forefront of the design and delivery of sustainable, cost effective and energy efficient solutions for specialist ‘mission critical’ sites, particularly within the commercial, health, resources, government, infrastructure and industrial sectors, and agribusiness in New Zealand.

Haden remains number one in the commercial Australian heating, ventillation and air conditioning (HVAC) services market and operates through 70 branches across Australia, New Zealand, India (trading as Norfolk Mechanical India) and Vietnam.

Financial results summary

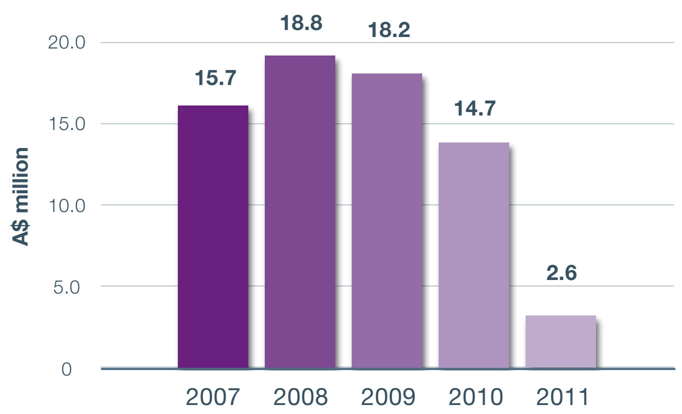
For the year ending 31 March 2011, Haden contributed revenue through continuing operations of $264.9m and EBIT of $2.6m.

Recognising the stagnation in new commercial building construction, Haden’s strategy during the financial year to target the growth markets of health, resources, agribusiness (in New Zealand), and the green retrofit market through alliances and leveraging of existing customer relationships led to success with a growing number of opportunities in contracting and alliancing.

A diligent and selective tendering strategy was aggressively pursued this year to reduce the risk of unsustainable margins targeting those projects and contracts where Haden’s specialist expertise was most highly valued.

A renewed focus on delivering core expertise in mechanical engineering and air conditioning led to the decision to divest Smith Brothers Plumbing due to limited integration opportunities and the integration of the Ductclean Australia business within Haden.

EBIT contribution (1)



		2011 (1)	2010 (1)	Change
Sales	A$m	264.9	304.3	(12.9%)
EBIT	A$m	2.6	14.7	(82.3%)
EBIT Margin	%	1.0	4.8	–
Order Book	A$m	86.8	73.3	18.4%
Employees		1,452	1,790	–

(1) From continuing operations (including New Zealand Building Products)

NORFOLK INTEGRATED ENGINEERING

HADEN

AIR CONDITIONING
& MECHANICAL
ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

Sector	Specialist areas of expertise	Current contracts
Commercial	• Green building design, construct, retrofit and refurbishment • Building management systems • Building fine tuning and energy management • Asset management reporting	• 420 George St • 76 Berry St retrofit • William McCormack • Perth Police Complex • Geyser Building • JLL / IBM • Stockland minor works
Health	• HVAC design, construct and maintenance • Medical gases • Fume cupboards • Ancillary services (compressed air, sterilizers, steam generation, mortuary equipment)	• WAIMR Hospital • Port Hedland Regional • Kalgoolie Hospital • Broome hospital
Resources	• Mine ventilation • Processing cooling plants • Power generation plants • Conveyor systems • Accommodation and office HVAC	• BHP Iron Ore Port Hedland • Esso Offshore Oil Rigs, Longford Gas Plant and Long Island Point • Loy Yang Power • Rio Tinto Yarwin Aluminium Refinery

Haden Australia

The 2011 financial year has been a year of consolidation in Australia with Haden's results reflecting a difficult landscape due to flat construction activity, poor climatic conditions, natural disasters and the delay in discretionary service/ maintenance spend in the commercial sector as the economy continues to recover.

Haden has capitalised on the growing markets in North Western Australia and the Gladstone region expanding branches in these areas to service our resource and health sector customers and allied services and winning construction contracts for the Broome and Kalgoorlie hospitals and airport infrastructure.

Haden continues to be a market leader in providing maintenance to 'mission critical' / sensitive sites, renewing and/ or expanding long standing, significant maintenance contracts including BHP in Port Hedland, Esso in Longford, Rio Tinto in Gladstone, Australian Antarctic Division in Hobart and national contracts with JLL for sites around Australia, New Zealand, India and Vietnam.

The 'green building retrofit' market, spurred on by increasing legislative requirements and access to government grants for building owners, is set to increase Haden's earnings over the coming years. This emerging market continues to be a strategic 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.

The construction division maintained margin discipline, focusing on niche install projects and design and construction opportunities where we have strong relationships with key builders and building owners. This led to growth in green building (NABERS and Green Star) upgrades throughout the country, including 76 Berry St (North Sydney) for Local Government Superannuation and upgrades for Dexus including the Zenith Centre in Chatswood and Southgate in Melbourne. Likewise, the service division secured maintenance contracts on an increasing number of green rated buildings including 420 George St, Sydney.

Overall Haden's service business suffered from a decrease in 'do and charge' or repair work due to a cooler summer and tight discretionary spending conditions. However, Western Australia and South Australia both recorded growth securing valuable contracts with quality customers.

Strategies to expand existing key national customers continue to broaden opportunities for growth. Haden will continue to drive collaborative customer alliances to increase market share in attractive sectors and enable greater selective strategic tendering.

A strengthening of the senior management team has reinvigorated the business and refocused operations on providing outstanding service delivery. Productivity improvements achieved through process redesign resulted in

a reduced administrative headcount and improved support for service delivery personnel. Operational closeness and alignment of construction and service divisions continues to secure service, contracting and upgrade opportunities.

Haden will be one of the few mechanical service providers in the industry with triple certification in safety, quality and environmental systems when national accreditation is completed in 2011. Haden continues to better its safety record year on year.

The outlook for Haden Australia remains positive with a sustainable construction pipeline and expansion of opportunities within its existing customer base, particularly within the resources, health and telecommunications sectors and the green building retrofit market.

Haden will continue driving its strategic business development approach, aligning with major builders and building owners in attractive sustainable sectors. Teams will continue working closely with customers to capitalise on new projects and offer expertise in design and consulting while increasing the opportunities for expanding cross Norfolk relationships and opportunities.

HADEN

Haden New Zealand

The 2011 financial year was a challenging year for Haden in New Zealand. Recession factors affecting the construction industry led to deteriorating margins due to intensive competition. Minor projects and service work was delayed due to cost saving initiatives and business confidence continued to decline.

As part of the rebrand from Climatech to Haden, Haden refocused its business to pursue targeted construction opportunities and strengthen its position as a 'mission critical' maintenance provider.

> *Haden refocused its business to strengthen its position as a 'mission critical' maintenance provider.*

Consistent with targeting construction opportunities in the agribusiness, resources, health and commercial sectors, Haden secured the following projects: Honey New Zealand (Hamilton), Yolla Rig accommodation facilities (New Plymouth), Caughey Preston Hospital (Auckland), Progressive Head Office Refurbishment (Auckland), Victory Church (Auckland), Les Mills Britomart (Auckland), the 6 Star Green Star Geyser Building (Auckland) and the Air New Zealand Regional Lounge (Christchurch), a joint mechanical/electrical contract with O'Donnell Griffin.

Over the course of the year, to strengthen the maintenance business, Haden focused on building and sustaining a number of national relationships, including Transfield, Fonterra, Wormald, Progressive Enterprises, National/ANZ Bank and the Royal New Zealand Navy. This led to increased preventative maintenance contracts, energy efficiency initiatives, minor works opportunities and new service contracts.

In the South Island, the two earthquakes in Christchurch have been unsettling for the region and the country as a whole. The business in Christchurch has been working with customers to ensure their mechanical services systems are operating safely and correctly. Thorough mechanical services inspections have been undertaken to check that systems are still fit for purpose and compliant.

The forward outlook continues to see subdued activity in the construction sector but regional and national maintenance opportunities remain positive.

Norfolk Mechanical India

The installation of an internationally experienced management team has laid the foundation for the strategic expansion of Norfolk Mechanical India in the highly specialised 'mission critical' IT and retail markets.

The appointment of a new managing director in India with extensive international HVAC industry experience and an Australian/Indian financial management team has sharpened the focus on managing a framework for growth. The technical training and development provided by Australian expat specialists will begin to ease as local technicians increasingly upskill their own mechanical engineering teams.

The strategic decision to optimise efficiencies and move closer to our key growth customers and attractive sectors resulted in the relocation of the corporate headquarters from Mumbai to Gurgon, the hub of India's capital city, and the replacement of some branches with satellite branches.

Our alliance with Jones Lang LaSalle continues to grow while we have had success with our targeted key customer growth plans on retail and IT 'mission critical' projects, including Abarchi Mall, Griffin Laboratories and Waves.

With these markets and forecast for double digit growth, the outlook for Norfolk Mechanical India remains positive.

Vietnam

Haden entered the Vietnam market in 2010 through a contract and strategic alliance with Jones Lang LaSalle. Haden has begun capitalising on this platform to deliver highly specialised mechanical and electrical services to 'mission critical' buildings in the emerging Asian economies. Vietnam is a fast growing market and is only now realising the benefits of outsourcing operations and maintenance services.

Haden's management team, consisting of permanently based expat and local specialists, has focused on consolidating the contract delivery team and business for sustained strategic growth. Operational efficiencies have been maintained by building on existing international customer relationships and continuing a business focus on Ho Chi Minh City.

A permanently based expat Country Manager is tasked with operational delivery of the Jones Lang LaSalle contract as well as targeted customer development. Approximately 20 new hires are planned over the next year to assist in the delivery of expanded services under contract and 24/7 operations.

Continuing Haden's emphasis on safety and employee welfare, all employees have undergone safety training. Specialist technical training continues to be delivered in areas such as scaffolding, scissor lift, infrared scanning, vibration analysis and associated skill development.

Energy Products International (EPI)

EPI continued to deliver exceptional growth over the course of the 2011 financial year. EPI's ongoing success is due to providing customers with strong technical advice for projects and delivery of equipment on time to meet critical construction timelines. EPI have long standing relationships with customers and specifiers.

AIR CONDITIONING
& MECHANICAL
ENGINEERING

HADEN
EXPERTISE • COMMITMENT • RESULTS

EPI supplied projects in the health, communication, education and entertainment sectors. These included Hutt Valley and Rotorua Hospitals, Telecom Nationwide, School of Medicine at Auckland University, Claudelands Event Centre Hamilton, Indoor Sports & Exhibition Centre Tauranga, Eden Park and the Museum in Rotorua.

> *EPI's ongoing success is due to providing customers with strong technical advice for projects and delivery of equipment on time.*

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 already awarded for the new financial year include Waikato Hospital, the New Zealand Defence Force Ohakea Airbase upgrade and the new Fisher & Paykel Healthcare complex. Growth opportunities also exist in supplying new and existing customers in Australia.

Metalbilt Doors

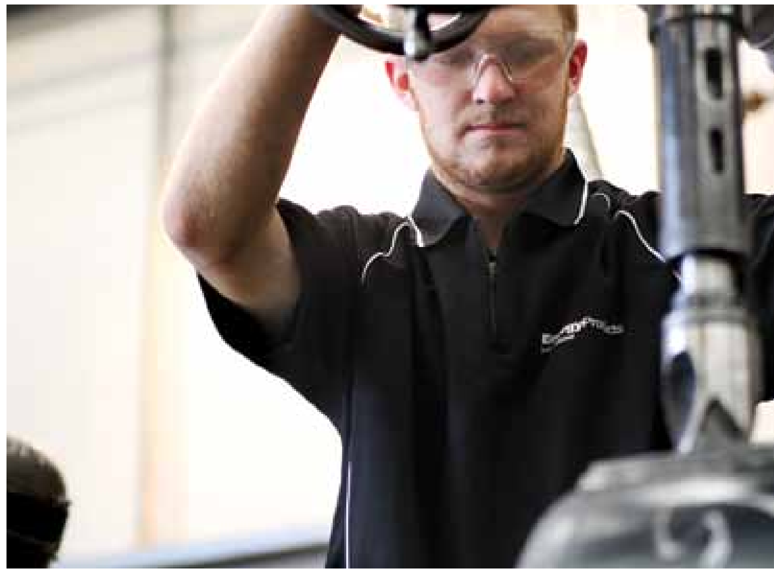
The industrial door market continues to be highly competitive and the declining construction market led to a tough trading environment for Metalbilt Doors. Many competitors broadened their product range to meet tender requirements and pressure on margins increased.

However, Metalbilt Doors continued to win substantial projects in key industry sectors. This saw the supply and installation of industrial doors solutions for NZ Defence Force Ohakea Hangar upgrade, The Base Retail Centre Hamilton, Wellington Indoor Community Sports Centre, Tauranga Indoor Sports and Exhibition Centre, Q Theatre Auckland, Claudelands Events Centre Hamilton, Auckland City Art Gallery, Air New Zealand Hangar 3 at the Auckland Airport and six fire and ambulance stations nationwide.

Metalbilt Doors' competitive advantage in this tight market has been its ability to provide a value added engineering support service.

To alleviate the pressure from the declining construction market, Metalbilt Doors continued to focus on driving its service revenue and margin, working with customers to provide 24/7 backup and technical expertise.

The outlook for the 2012 financial year is positive with Metalbilt Doors continuing to leverage its expertise in specialised industrial door solutions while strengthening its core competency of providing roller door solutions to the light commercial market.

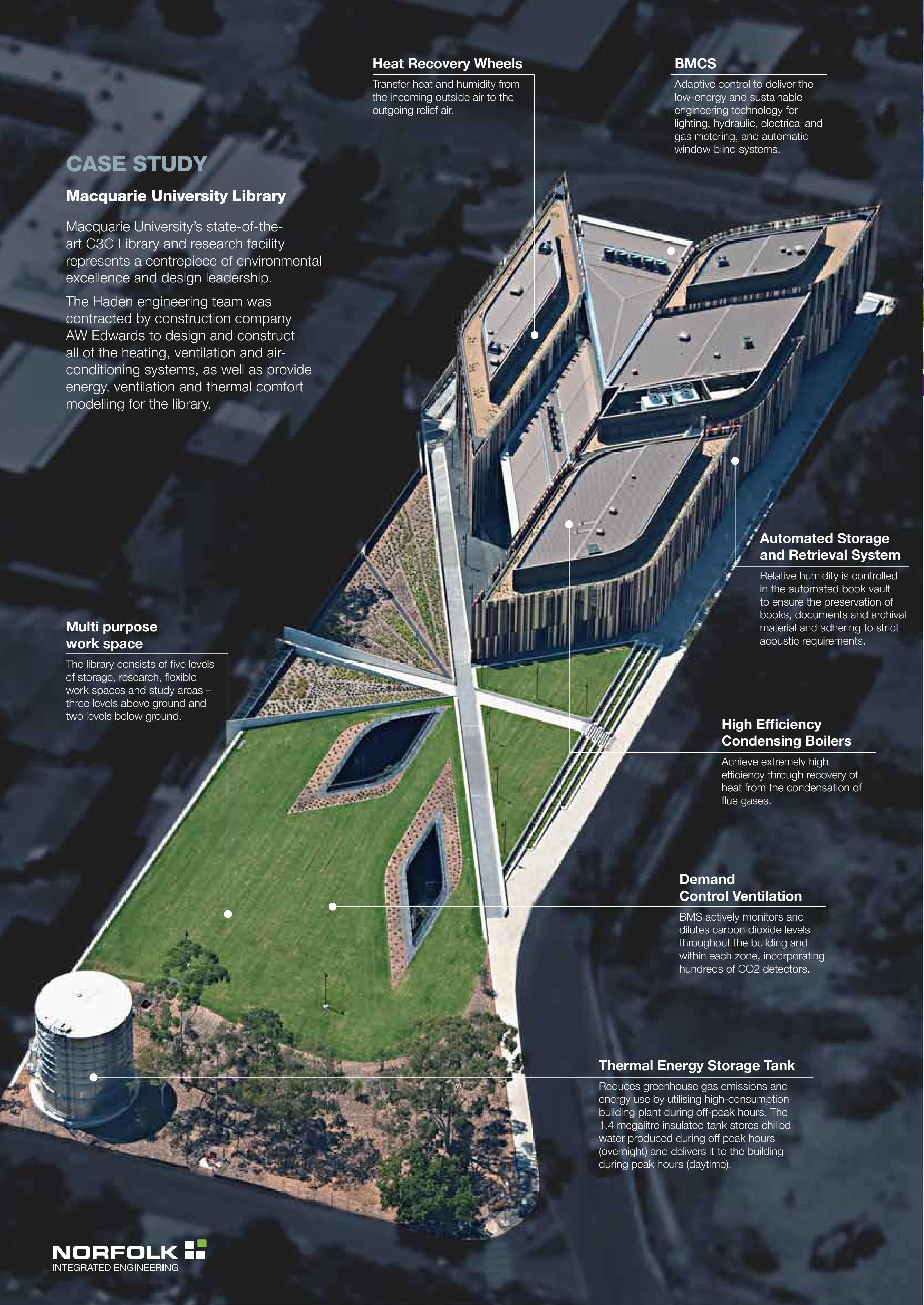


CASE STUDY

Macquarie University Library

Macquarie University's state-of-the-art C3C Library and research facility represents a centrepiece of environmental excellence and design leadership.

The Haden engineering team was contracted by construction company AW Edwards to design and construct all of the heating, ventilation and air-conditioning systems, as well as provide energy, ventilation and thermal comfort modelling for the library.



NORFOLK
INTEGRATED ENGINEERING

CASE STUDY

William McCormack

Cairns' William McCormack Place Stage 2 is the first regional Australian building to be awarded a 6 Star Green Star Office Design v2 rating.

Completed in September 2010, the complex accommodates a number of government agencies and is home to a significant collection of public art.

Haden's construction team utilised advanced technology and engineering principles to reduce both the energy consumption and CO_2 emission of the mechanical services system.

To achieve the efficiencies required, Haden installed a central building management system (BMS) integrating all mechanical, electrical, lift, security and access systems.

Standby diesel power generation and associated equipment was installed and commissioned by Haden's sister business, O'Donnell Griffin.

The project ran exceptionally well due to the great working relationship formed between builder Laing O'Rourke, design consultants and our installation team.

Haden was able to complete the work on time and within budget demonstrating our ability to deliver consistently on all our national construction projects.

CASE STUDY

Gladstone region

Opportunities for Haden within the Gladstone region have more than doubled in the last 12 months with new contracts and extensions to existing relationships with some of the largest companies in the region.

Having been active in the area for the past 17 years, Haden's Gladstone branch has doubled in size and is targeting major customers across all support industries including commercial, retail, aquaculture and health. Various long term contracts for maintenance, upgrades and replacements are in place with leading organisations associated with the social and built infrastructure including Gladstone Base Hospital and outlying health centres and Australian Cement.

Haden's Gladstone branch includes a shared workshop with O'Donnell Griffin and provides air conditioning preventative maintenance, reactive repairs and some minor works to all of the facilities in the region for one of the largest resource company's smelters, refineries and associated support facilities.

Haden's externally audited and accredited safety management system is frequently cited as a powerful differentiator, as is the capability of Haden's reporting system, 'In4mer', which provides customers with immediate access to certified service documentation.

CASE STUDY

Purpose designed industrial doors for New Zealand Defence Force

Following its success on stage one of the New Zealand Defence Force (NZDF) Ohakea Airbase upgrade, including the supply and installation of Renlita bi-folding doors for the Number 3 Squadron building, Metalbilt Doors has now secured stage two of the upgrade with Mainzeal Construction.

The NZDF is building a new maintenance support squadron which is primarily used to spray paint military aircraft. The Metalbilt Doors engineering support team worked with the architect providing design and technical expertise to develop a customised industrial door solution to meet the special requirements of the painting facility.

The contract includes the manufacture and installation of purpose designed steel roller shutter doors and vertical bi-folding doors. The purpose designed roller doors consist of individual steel slats that have a perforated surface which are joined together to make a 7m high door. The holes in the surface of the roller doors ensure there is controlled air movement through the building when the bi-fold doors are closed.

The Renlita bi-folding doors on the exterior of the building will withstand the high wind exposure at Ohakea base and will assist with controlling air movement when the door is closed by creating a positive air seal.

NORFOLK
INTEGRATED ENGINEERING

TECHNICAL FACILITIES MANAGEMENT SERVICES

Resolve FM

EXPERTISE • COMMITMENT • RESULTS

RESOLVE FM

- Resolve FM record EBIT of $4.0m
- Expansion across WA and ACT
- Continued growth in key sectors of government, custodial and accommodation
- Expansion of assessment audits and forecasting capability
- Accreditation in the Australian Government Building and Construction OHS Accreditation Scheme

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

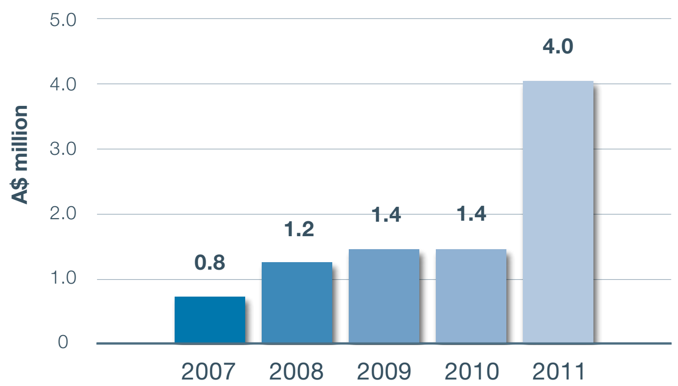
Financial highlights summary

Resolve FM's strategy to expand the delivery of innovative technical solutions to its targeted customer base within the key sectors of government, custodial and accommodation resulted in an increase in EBIT of 185.7% to $4.0m.

The government sector provided new opportunities for Resolve FM where an innovative approach to facility management solutions provided the main point of differentiation in securing three attractive contracts within Western Australia and the Australian Capital Territory.

Resolve FM expanded its capability by providing condition assessment audits and long term cost forecasting for clients in Victoria, South Australia and Western Australia. As a result of this capability numerous project works for maintenance were undertaken.

EBIT contribution (1)



		2011 (1)	2010 (1)	Change
Sales	A$m	71.4	60.9	17.2%
EBIT	A$m	4.0	1.4	185.7%
EBIT Margin	%	5.6	2.3	–
Order Book	A$m	121.3	90.8	33.6%
Employees		278	264	–

(1) From continuing operations (excluding New Zealand Building Products)

RESOLVE FM

Targeted sector growth

Within the custodial sector Resolve FM expanded on the Christmas Island contract to DIAC through Serco. Resolve FM's service delivery kept pace with the exceptional growth experienced at this location and cemented our ability to manage detention centre facilities. This subsequently led to securing the national contract to deliver facility management services to all detention centres throughout Australia.

Resolve FM grew in the accommodation sector also, winning the National Interim Transit Accommodation Facility Management contract as well as retaining its DIAC Humanitarian Settlement Services contract in New South Wales providing humanitarian settlement support for new arrivals to Australia.

Achieving customer recognition

Resolve FM achieved accreditation in the Australian Government Building and Construction OHS Accreditation Scheme. This accreditation was testament to the strong management systems maintained by Resolve FM.

Additionally, Resolve FM retained its triple certification in Quality ISO 9001:2008, OH&S AS/NZS 4801:2001 and Environmental AS/NZS ISO14001:2004.

Growth at The Norfolk Hub

The Norfolk HUB (Norfolk's customer support service centre) has achieved success this year through 85% growth in call volume resulting in 35% growth in staff levels. During the course of the year, the HUB initiated several strategies including the allocation of contract administration functions to dedicated consultants in the HUB which resulted in cost savings for its customers.

Outlook

Resolve FM's business development strategy has been developed to generate continued strategic growth in alignment with the other Norfolk businesses. These growth sectors include health and resources which have been identified as having strong growth potential and a high demand for specialised facility management services.

CASE STUDY

DIAC Detention Immigration Centres national mobilisation

Resolve FM successfully mobilised facility management services across all of the detention centres throughout Australia. The contract management team delivered various services throughout multiple geographic areas whilst simultaneously managing dynamic contract growth. Many of the centres are in remote and/or challenging environments.

This mobilisation involved recruiting and inducting a wide range of support, management and service delivery teams within corporate centres and on site at the detention centres. This included specialist maintenance planning, reporting, capital works management, 24/7 customer support services (Norfolk HUB) and development of specialist operating procedures.

CASE STUDY

Department of Foreign Affairs and Trade

Resolve FM recently expanded its resources in the Australian Capital Territory (ACT) with two additional government contracts within the Department of Foreign Affairs and Trade. This includes the high profile RG Casey Building in the parliamentary triangle of the ACT. The contract requires top secret security clearance for all staff and additional capability to provide essential back up services.

This building was purpose built for the Department. Resolve FM provides a help desk through The Norfolk HUB as well as equipment maintenance services. Delivering the contract includes a mixture of self performing and subcontracted services including fire, HVAC, building management systems and electrical services.

CASE STUDY

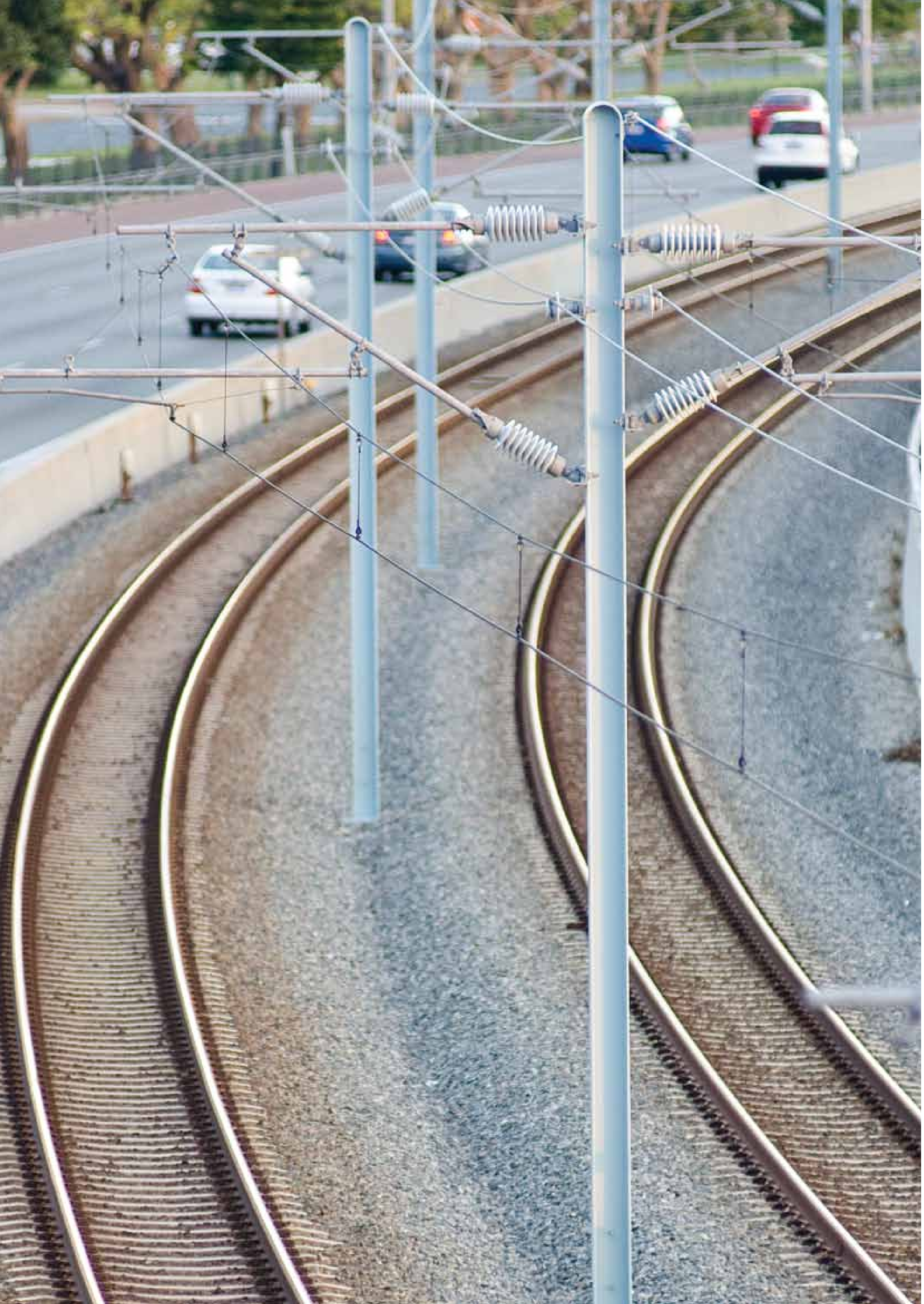
St George Hospital

St George Private Hospital is part of Ramsay Healthcare, offering a comprehensive range of inpatient and community-based health services. The 15 year old hospital recently underwent extensions and upgrades and is one of the largest in Sydney with approximately 600 beds and more than 2,500 staff.

Resolve FM provides management on a range of services, including reactive and preventative maintenance of systems and equipment to the main hospital and its satellite office. This includes pest control, waste, electrical, plumbing, carpentry, grounds maintenance, lifts, fire systems, mechanical / HVAC, water quality testing, medical gases, sterilisers, instrument washer, HEPA, kitchen and other filters.

Resolve FM's Contract Team is supported by the Norfolk HUB, Resolve FM's 24/7 service centre. The HUB is the first point of contact outside business hours and will adhere to service levels as agreed with St George Private Hospital. The team manages the systems and equipment of the hospital through its computerised maintenance management system and provides transparent service delivery reporting through Finestra, Resolve FM's service review system.

NORFOLK
INTEGRATED ENGINEERING



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 published August 2007) (the ASX Principles) and maintaining an effective system of corporate governance which is integrated into our culture and business practices. During 2010 the ASX Principles were amended. The amendments apply to a company's first financial year commencing on or after 1 January 2011. For Norfolk this would be the financial year commencing 1 April 2011 and ending on 31 March 2012. However in line with the ASX Corporate Governance Council's recommendations Norfolk has endeavoured to adopt the amendments early.

This Corporate Governance Statement reflects the corporate governance and other related policies and practices in place for Norfolk as at 31 March 2011 against the ASX Principles including the 2010 amendments unless stated otherwise.

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.

The foundation of Norfolk's approach to corporate governance is the adoption of 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

The board reviewed and updated these documents in November 2010. The board also adopted a Diversity Policy in April 2011. Each of these documents is 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 2011. 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.

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, whilst 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.

NORFOLK
INTEGRATED ENGINEERING

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE STATEMENT

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 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 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 2011. In addition a formal 360 degree performance review was undertaken in relation to each senior management team member during the year ended 31 March 2011.

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 receive board papers relevant to that item and 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, 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. On 1 September 2010 Norfolk restructured its committee membership to ensure that the committees continue to add value. The table below shows the committee memberships during the year ended 31 March 2011.

Committee	Prior to 1 September 2010	From 1 September 2010
Audit and Risk Committee	Peter Lowe (Chairman)	Peter Lowe (Chairman)
	Peter Abery[1]	Rodney Keller
	Paul Chrystall	Peter Richards[2]
Nomination and Remuneration Committee	Peter Abery[1] (Chairman)	Peter Richards[2] (Chairman)
	Peter Lowe	Rodney Keller
	Glenn Wallace	Peter Lowe

(1) Peter Abery ceased to be a director of Norfolk on 4 August 2010

(2) Peter Richards became a director of Norfolk on September 2010

Details of the frequency and attendance of members at the committee meetings are provided in the Directors' Report.

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 and the Nomination and Remuneration Committee, 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 had 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 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 prior to entry.

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
- diversity allows Norfolk to better represent its diverse geographical footprint
- diversity will improve Norfolk's corporate reputation.

The adoption of the Diversity Policy is part of the implementation of the amendments to the ASX Principles. Norfolk is in the process of performing a benchmarking analysis to understand the proportion of women employees in particular positions through out Norfolk so that measurable objectives for achieving gender diversity can be set and gender diversity reported on.

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.

NORFOLK INTEGRATED ENGINEERING

CORPORATE GOVERNANCE STATEMENT

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. During the year ended 31 March 2011 Norfolk has undertaken a review of its risk management procedures to achieve compliance with AS/NZS ISO 31000:2009 "Risk Management – Principles and Guidelines". The 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.

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 (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. As noted above a review of the risk management and internal control system has been undertaken during the year ended 31 March 2011 to ensure that Norfolk's risk management processes comply with the latest risk management standards. The Audit and Risk Committee and the external auditor form part of Norfolk risk management and internal control system.

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
  - 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 comprises only independent directors. 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.

The composition of the Nomination and Remuneration Committee is provided under Principle 2 above. The number of meetings and the attendances by each of the members of the Committee are set out in the Directors' Report.

The Remuneration Report (which forms part of the Directors' Report) sets out details of Norfolk's policy and practices for remunerating directors and key management personnel.

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 financial year ended 31 March 2011 (Norfolk).

Directors

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

Mr Rodney 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 a director of Redbank Energy Limited. Mr Keller was previously a non-executive director of Alinta Energy Ltd, Macquarie Communications Infrastructure Limited, Macquarie Communications Infrastructure Management 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 has been involved in the management of private equity funds for more than 10 years, previously as Head of Private Equity at Goldman Sachs JB Were (NZ) Limited, and since 2007, as Managing Director of Maui Capital Limited a private equity management company that runs funds actively invested in Australasian businesses across a variety of industries. Prior to his involvement in private equity he was involved in a wide range of roles across various industries in New Zealand, the United Kingdom and Australia.

Mr Chrystall is currently a director of Maui Capital Limited, Maui Capital Indigo Fund Limited and its subsidiaries, Maui Capital Indigo General Partnership Limited.

Mr Chrystall is also a director of Insulpro Limited, Euro Corporation Limited and PagePak AU Pty Ltd and PagePak NZ 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, Western Australia Network Holdings Pty Ltd and Multinet Group Holdings Pty Ltd and a director of Citywide Solutions Pty Ltd, Snowy Hydro Limited, Aurora Energy Pty Ltd and Meridan Energy Australia Pty Ltd. In last three years Mr Lowe was also a director of Clever Communications Limited (formerly Access Providers Limited).

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 over 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. In the last 3 years Mr Richards was also a director of Dyno Nobel Limited.

DIRECTORS' REPORT

Mr Peter Abery
(Former) Independent Non-Executive Director

Mr Abery chose not to stand for re-election at Norfolk's 2010 Annual General Meeting and therefore, pursuant to the Norfolk constitution ceased to be a director on 4 August 2010. Immediately prior to the Annual General Meeting Mr Abery was Chairman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee. Mr Abery holds a Bachelor and a Masters degree in Engineering (Electrical Engineering) from the University of Natal and a Masters of Business Administration from the University of South Africa. He is a Fellow of the Australian Institute of Company Directors, and a Member of the Institute of Engineering and Technology (London). He is also a graduate of the Harvard Business School's International Senior Managers Program.

Mr Abery is currently a director of Nomad Building Solutions, pieNetworks Limited and Salter Australia Holdings Pty Ltd and the not for profit Ear Science Institute of Australia. Mr Abery previously was a Director and Chairman of Digital Television Services (a joint venture in the United Kingdom between BSkyB, the BBC and Crown Castle), VEEM Limited and a Non Executive Director of National Grid Australia (Basslink 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
Rodney 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. Direct interest in 706,464 options issued pursuant to the 2008 Norfolk Long Term Incentive Plan
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 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 joint company secretary on 23 November 2010 and resigned from the position on 30 April 2011. He holds a Bachelor of Business Studies (Accounting) and is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors.

Dividends

On 25 May 2011 the directors of Norfolk declared an unfranked dividend of 2 cents on each of the issued ordinary shares of Norfolk. The dividend will be payable on 29 July 2011 to shareholders of record on 15 July 2011.

Principal activities

The principal activities of Norfolk during the financial year ended 31 March 2011 were to provide integrated electrical, communications, heating, ventilation and air-conditioning services and property services.

Norfolk has operations in Australia, New Zealand, India, Vietnam and Hong Kong.

Review of operations

The operating profit for Norfolk from continuing operations after providing for income tax was $21,099,000. 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 in this annual report.

Subsequent events

Apart from the dividend and the uncertain tax matter discussed in note 32 of the Financial Report, no matters or circumstances have arisen since 31 March 2011 that have 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.

DIRECTORS' REPORT

	Board of Directors		Audit & Risk Committee		Nomination & Remuneration Committee	
	Held	Attended	Held	Attended	Held	Attended
Rodney Keller	13	13	4	3	3	3
Glenn Wallace	13	13	-	-	-	-
Paul Chrystall (1)	13	11	4	1	-	-
Peter Lowe	13	13	4	4	3	3
Peter Richards (2)	13	7	4	3	3	3
Peter Abery (3)	13	2	4	1	-	-

(1) Paul Chrystall ceased to be a member of the Audit & Risk Committee on 1 September 2010 (2) Peter Richards became a director of Norfolk on 1 September 2010 and has attended all meetings since that date (3) Peter Abery ceased to be a director of Norfolk on 4 August 2010

Future developments and expected results of operations

The directors have not included any further information on the likely developments or expected future results of the operations of Norfolk as the directors have reasonable grounds to believe that the inclusion of such information 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' meetings

The table above sets out the number of meetings each director attended and the number of meetings held during the year. 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 63 and forms part of the Directors' Report for the financial year ended 31 March 2011.

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.

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 2011. Norfolk's key management personnel comprise the directors of Norfolk Group Limited and senior managers of Norfolk. Key management personnel have the 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 increasingly competitive labour market which Norfolk operates in.

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 considers the recommendations of the Nomination and Remuneration Committee and ensures that executive reward satisfies the following key criteria for good reward governance practices:

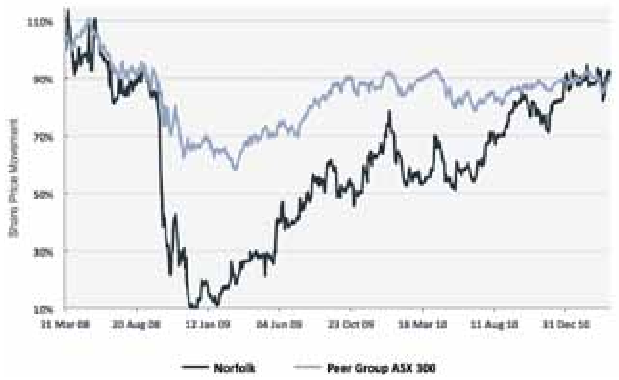
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency
- capital management.

Relationship between company performance and remuneration

Remuneration is aligned 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.

The following graph shows the company's performance compared to the peer group medium performance of the ASX 300 over the three year period to 31 March 2011.



Sourced from the Australian Stock Exchange website

DIRECTORS' REPORT

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
Revenue (2)	585,326	744,207	769,578	915,743
Net profit before tax (2)	26,526	8,626	24,857	29,019
Net profit after tax	18,915	4,367	17,339	19,016
Share price at the start of the year	$1.95	$1.356	$0.358	$0.78
Share price at the end of the year	$1.356	$0.358	$0.78	$1.28
Dividend (cents)	5.7	2.0	-	2.0
Franking credit level	100%	100%	-	0%
Basic earnings per share (cents) (3)	14.39	3.30	12.95	12.01
Diluted earnings per share (cents) (3)	14.12	3.27	12.85	12.00
Total Shareholder Return	(27.5%)	(72.1%)	117.9%	66.6%
Earnings Growth rate %	n/a	(77.1%)	292.1%	(7.3%)

(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

Norfolk is committed to ensuring the safety of its entire staff and providing a safe work environment. A reduction in Lost Time Injuries is a key performance hurdle for Norfolk's incentives. Since the introduction of the safety target hurdle as a remuneration performance measure Norfolk's overall Total Recordable Injury Frequency Rate has dropped by 77%.

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 the market. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external 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 the 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 are entitled to an additional amount of $3,000 and the chairmen of each committee are entitled to an additional amount of $6,000. There are no additional fees paid to non-executive directors.

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 NESSAP 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; and
- 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.

DIRECTORS' REPORT

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 incentives in the form of options subject to vesting conditions. For the year ended 31 March 2010 the Long Term Incentive Plan was suspended following changes to the taxation treatment of benefits received under the plan to enable Norfolk to consider and determine whether the Long Term Incentive Plan was appropriate and whether it aligned management goals with shareholder interests. The Long Term Incentive Plan has been revised, however no rights were granted during the year ended 31 March 2011.

The table below sets out the portion of fixed and "at risk" remuneration of KMP for the year ended 31 March 2011 based on maximum performance being achieved.

	% of total maximum remuneration	
KMP	Fixed Remuneration	'At-Risk' Performance Based
Glenn Wallace	74	26
Other Executives	74	26

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 contracts.

Short term incentives plan

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

- focus employees on achieving key financial performance, safety performance and operational performance targets; and
- 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 35% 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. Eighty percent of the incentive is directly linked to achievement of financial performance targets and 20% is linked to achievement of safety performance targets.

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 120% of the budgeted target (calculated on a sliding scale). 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.

The following table sets out the percentage of the STIs that were earned during the year ended 31 March 2011.

DIRECTORS' REPORT

DIRECTORS' REPORT

KMP	Short Term Incentive (in respect to the 2011 financial year and paid in 2012 financial year)	
	Paid %	Forfeited %
Glenn Wallace	40	60
Anthony O'Shannessy	0	100
Fiona Lovell	40	60
David Rafter	65	35
Richard Smith	0	100
Tony Kutra	40	60
Peter Winder	70	30
Mark Perryman	80	20
Rick Willmott	40	60
Mark Williamson	0	100
Keith Blind	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 the change in the taxation legislation around share ownership. The new plan which has been developed aligns management interests with shareholder value and encourages employment retention. No rights were granted under the plan for the year ended 31 March 2011. No rights were granted during the year ended 31 March 2010 due to the suspension of the plan.

For the financial year ending 31 March 2008 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. In relation to performance options granted in respect of listing:

a) 50% of options are exercisable if the Company achieves a total shareholder return Compounded Annual Growth Rate (CAGR) of 15%

b) Additional options are exercisable, on a linear sliding scale, if the Company achieves a total shareholder return CAGR of greater than 15%, with all options being exercisable if the Company achieves a total shareholder return CAGR of 20%.

Options which were granted under this plan in the year ended 31 March 2008 lapsed during the current year due to the set performance hurdles not being achieved.

The LTIP was reviewed and amended for the financial year ended 31 March 2009 to more closely reflect the changing market trend in executive remuneration and on advice from external remuneration consultants. The LTIP was based on a combination of relative TSR (Total Shareholder Return) and EPS (Earnings Per Share) hurdles.

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 8% CAGR (Compound annual growth rate), one third of EPS Incentives have been deemed to meet the vesting conditions; and

b) additional EPS Incentives have been deemed to meet the vesting conditions, on a linear sliding scale, if the Company achieves a CAGR of greater than 8% with all EPS incentives being exercisable if the Company achieves a CAGR of 15%.

The CAGR and the TSR relative to the peer group is tested on the third anniversary of the Grant Date. The 'peer group' refers to the 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 exercise price of performance options will be determined by the board, but typically will be the market price of the shares at the date of grant determined in accordance with the LTIP rules.

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 Norfolk (as defined in AASB 124 'Related Party Disclosures') and specific executives of Norfolk are set out in the following tables.

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

- Rodney Keller – Chairman (non-executive)
- Peter Abery – former Director (non-executive), resigned 4 August 2010
- Paul Chrystall – Director (non-executive)
- Peter Lowe – Director (non executive)
- Peter Richards – Director (non executive), appointed 1 September 2010
- Glenn Wallace – Managing Director

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

- Anthony O'Shannessy – Chief Financial Officer, resigned 30 April 2011
- Fiona Lovell – General Counsel and Company Secretary
- David Rafter – Chief Executive - O'Donnell Griffin
- Richard Smith – Chief Executive - Haden, resigned 31 March 2011
- Tony Kutra – Director Business Development, appointed 1 April 2010
- Rick Willmott – Director Group Human Resources, appointed 15 June 2010
- Mark Perryman – General Manager - Resolve FM
- Peter Winder – Executive General Manager – Rail
- Mark Williamson – Chief Executive - Haden, appointed 14 February 2011
- Keith Blind – General Manager New Zealand from 1 October 2010

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 & LTI Payments $	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 Lovell	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 (2)	234,497	45,976	22,170	24,238	31,166	-	-	358,047
Mark Perryman	240,000	47,339	-	23,611	15	-	-	310,965
Rick Willmott (2)	261,512	33,255	-	19,529	324	-	-	314,620
Mark Williamson (2)	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

DIRECTORS' REPORT

2010	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	131,330	-	-	8,670		-	-	140,000
Paul Chrystall	85,000	-	-	-		-	-	85,000
Peter Lowe	77,982	-	-	7,018		-	-	85,000
Peter Abery	77,982	-	-	7,018		-	-	85,000
Key management personnel								
Glenn Wallace	785,718	156,390	-	14,282	1,889	-	120,323	1,078,602
Anthony O'Shannessy	353,218	66,759	-	14,282	4,779	-	111,556	550,594
Fiona Lovell	229,923	40,947	-	17,432	490	-	-	288,792
David Rafter	352,127	89,898	43,781	28,014	13,336	-	111,556	638,712
Richard Smith	289,963	39,207	29,537	28,502	1,432	-	30,232	418,873
Paul Jeffares (2,3)	7,132	-	-	642	-	226,557	(9,722)	224,609
Darren Robinson (2,3)	166,760	-	-	25,527	-	214,577	(37,500)	369,364

(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

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 (inclusive of notice period)
Glenn Wallace	12 months	6 months	12 months
Anthony O'Shannessy (Resigned 30 April 2011)	6 months	6 months	9 months (excluding notice)
Other KMP	6 months	6 months	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 2011.

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

DIRECTORS' REPORT

As at 31 March 2011, the number of performance rights or options on issue was 1,741,829.

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

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

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 Granted	Plan LTI FY	Vested and exercised in year %	Value at exercise date $	Forfeited in year %	Value at forfeiture date $	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	706,464	2010	2008	-	-	-	-	2012	-	27,778
	476,351	2009	2007	-	-	100	438,242	2011	-	-
Anthony O'Shannessy	208,846	2008	Sale Bonus Rights (SBR)	100	245,046	-	-	2011	-	-
	238,175	2008	2007	-	-	100	219,121	2011	-	-
	353,232	2009	2008	-	-	100	455,669	2012	-	-
David Rafter(1)	208,846	2008	SBR	100	200,492	-	-	2011	-	-
	238,175	2008	2007	-	-	100	219,121	2011	-	-
	353,232	2009	2008	-	-	-	-	2012	-	13,889
Richard Smith	40,000	2008	SBR	100	53,778	-	-	2011	-	-
	176,616	2009	2008	-	-	100	162,486	2012	-	-

(1) During the year David Rafter exercised all of his options but due to the rights issue in the prior year there were still a number of shares owed to him by the group at year end.

None of the options 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 2011 was $1.01.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.24 years (2010: 2.85 years).

With the exception of the SBR, the option exercise price is based on market price at time of grant. The options vest after three years, provided the vesting conditions are met. 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.

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

DIRECTORS' REPORT

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.

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
26 August 2008 (LTI)	26 August 2013	$1.24	1,741,829

As a result of the rights issue in March 2010, each option is convertible into 1.22 ordinary shares.

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

On behalf of the directors

Rod Keller
Chairman
Norfolk Group Limited

15 June 2011
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the audit of Norfolk Group Limited for the year ended 31 March 2011, 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
Partner
PricewaterhouseCoopers

Sydney
15 June 2011

FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2011

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 15 June 2011. The directors have the power to amend and reissue the financial report.

NORFOLK
INTEGRATED ENGINEERING

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2011

	Note	2011 $'000	2010 $'000
Revenue from continuing operating activities	4	**915,743**	**769,578**
Other income	5	248	1,585
Expenses			
Cost of sales		(785,308)	(653,123)
Selling and distribution costs		(40,972)	(34,356)
Marketing expenses		(532)	(401)
Occupancy expenses		(8,185)	(8,376)
Administrative expenses		(48,244)	(44,003)
Finance costs	6	(3,731)	(6,047)
Profit before income tax	6	**29,019**	**24,857**
Income tax expense	7	(7,920)	(6,559)
Profit from continuing operations		**21,099**	**18,298**
Profit/(loss) from discontinued operations	38	**(2,083)**	**(959)**
Profit for the year		**19,016**	**17,339**
Other Comprehensive Income			
Translation of foreign operations		(585)	(500)
Changes in the fair value of cash flow hedges		(54)	1,188
Tax effect of changes in the fair value of cash flow hedges		38	(356)
Total other comprehensive income/(expense) for the year, net of tax		**(601)**	**332**
Total comprehensive income/(expense) for the year		**18,415**	**17,671**
Profit is attributable to:			
Minority equity holders interests		(66)	14
Owners of Norfolk Group Limited	23	19,082	17,325
		19,016	**17,339**
Total comprehensive income/(expense) for the year is attributable to:			
Minority equity holders interests		(66)	14
Owners of Norfolk Group Limited		18,481	17,657
		18,415	**17,671**
		Cents	Cents
Basic earnings per share from continuing operations	36	13.32	13.67
Diluted earnings per share from continuing operations	36	13.31	13.56
Basic earnings per share	36	12.01	12.95
Diluted earnings per share	36	12.00	12.85

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

BALANCE SHEET

AS AT 31 MARCH 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	8	25,069	15,877
Trade and other receivables	9	180,158	166,225
Inventories	10	8,775	4,769
Total current assets		**214,002**	**186,871**
Non-current assets			
Derivative financial instruments	11	–	67
Property, plant and equipment	12	13,543	15,897
Intangibles	13	48,303	46,140
Deferred tax	14	8,065	18,468
Total non-current assets		**69,911**	**80,572**
Total assets		**283,913**	**267,443**
Current liabilities			
Trade and other payables	15	167,176	155,862
Borrowings	16	10,982	11,269
Income tax	17	2,976	3,501
Derivative financial instruments	11	3	390
Provisions	18	6,714	6,204
Total current liabilities		**187,851**	**177,226**
Non-current liabilities			
Borrowings	19	4,087	15,337
Provisions	20	2,100	2,139
Total non-current liabilities		**6,187**	**17,476**
Total liabilities		**194,038**	**194,702**
Net assets		**89,875**	**72,741**
Equity			
Contributed equity	21	264,065	264,065
Reserves	22	(224,100)	(221,935)
Retained profits	23	49,907	30,542
Parent entity interest		89,872	72,672
Minority interest	24	3	69
Total equity		**89,875**	**72,741**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2011

	Contributed Equity $'000	Reserves $'000	Retained profits $'000	Parent interest $'000	Minority Interest $'000	Total equity $'000
Group						
Balance 1 April 2009	243,919	(222,994) (1)	13,217	34,142	55	34,197
Profit for the year	–	–	17,325	17,325	14	17,339
Other comprehensive income for the year	–	332	–	332	–	332
Total comprehensive income for the year	–	332	17,325	17,657	14	17,671
Transactions with owners in their capacity as owners						
Proceeds from the issue of shares	20,801	–	–	20,801	–	20,801
Share issue costs	(655)	–	–	(655)	–	(655)
Share-based payments	–	727	–	727	–	727
Balance 31 March 2010	**264,065**	**(221,935)**	**30,542**	**72,672**	**69**	**72,741**
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**

(1) Refer to note 22, Equity – reserves.

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 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		998,959	872,076
Payments to suppliers (inclusive of GST)		(968,011)	(835,976)
		30,948	36,100
Interest received		405	466
Other revenue		378	876
Interest and other finance costs paid		(2,921)	(5,486)
Income taxes paid		2,481	(5,863)
Net cash inflow/(outflow) from operating activities	35	**31,291**	**26,093**
Cash flows from investing activities			
Payments for property, plant, equipment, other intangibles and software		(11,319)	(9,059)
Proceeds from sale of property, plant and equipment		796	862
Proceeds from sale of businesses	39	2,152	3,133
Net cash inflow/(outflow) from investing activities		**(8,371)**	**(5,064)**
Cash flows from financing activities			
Proceeds from issue of shares	21	–	20,801
Payment of share issue costs	21	–	(936)
Payments for shares acquired by Norfolk Employee Share Trust to satisfy vested sales bonus rights		(1,202)	–
Repayment of borrowings (net)		(10,244)	(36,811)
Repayment of finance lease liabilities		(2,062)	(1,143)
Net cash inflow/(outflow) from financing activities		**(13,508)**	**(18,089)**
Net increase/(decrease) in cash and cash equivalents		9,412	2,940
Effect of exchange rate changes on cash and cash equivalents		(220)	(326)
Cash and cash equivalents at the beginning of the financial period		15,877	13,263
Cash and cash equivalents at the end of the financial period	8	**25,069**	**15,877**

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial report includes financial statements of 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 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.

Compliance with IFRS

The consolidated entity's report also conforms 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 2011 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 expense of 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 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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; and
- the amounts 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; and
- 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 amounts recoverable on contracts.

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 amounts due to customers from contract work.

Interest received

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

Other revenue

Other 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 have 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 statement of cash flow, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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.

The leased asset is depreciated on a straight line basis over the term of the lease, 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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 service 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 cost.

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 any 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 or shares granted under the plan and the fair value of rights granted to key executives under the Sale Bonus Rights Plan are each 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 or shares. In relation to options, 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.

Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options 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 accounts 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 2011 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 and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess its full impact. However, initial indications are that it may affect 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.

Revised AASB 124 Related Party Disclosures and AASB 2010 12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies and simplifies the definition of a related party. The group will apply the amended standard from 1 April 2011. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries. However, there will be no impact on any of the amounts recognised in the financial statements.

AASB 2009 14 Amendments to Australian Interpretation Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Group does not have a defined benefit scheme. The amendment is therefore not expected to have any impact on the Group's financial statements. The Group intends to apply the amendment from 1 April 2011.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

AASB 1053 Application of Tiers of Australian Accounting Standard and AAS 2012-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tiered differential reporting regime applies to all entities that prepare general purpose financial statements. Norfolk Group Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standard – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

AASB 2010-6 Amendments to Australian Accounting Standards – Disclosure on Transfer of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment will affect particularly entities that sell, factor, securities, lend or otherwise transfer financial assets to other parties. They are not expected to have any impact on the Group's disclosures. The Group intends to apply the amendment from 1 April 2012.

AASB 2010-8 Amendments to Australia Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective 1 January 2012)

In December 2010, the AASB amended AASB 112 Income Taxes to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 April 2012. It is currently evaluating the impact of the amendment.

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.

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 uncertain tax position as detailed 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.

NORFOLK INTEGRATED ENGINEERING

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 3. Segment information – continuing operations (continued)

2011	O'Donnell Griffin (formerly Electrical & Communications) $'000	Haden (1) (formerly Mechanical) $'000	Resolve FM (1) (formerly Fire & Property Services) $'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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

2010	O'Donnell Griffin (formerly Electrical & Communications) $'000	Haden (1) (formerly Mechanical) $'000	Resolve FM (1) (formerly Fire & Property Services) $'000	Corporate Services $'000	Intersegment eliminations/ unallocated $'000	Total continuing operations $'000
Sales to external customers	403,480	304,300	60,922	–	–	768,702
Intersegment sales	2,725	1,316	549	–	(4,590)	–
Other revenue	361	159	19	337	–	876
Total revenue	406,566	305,775	61,490	337	(4,590)	769,578
Other income	1,431	75	79	–	–	1,585
Total segment revenue	**407,997**	**305,850**	**61,569**	**337**	**(4,590)**	**771,163**
Segment result	23,496	14,748	1,421	(9,227)	–	30,438
Total segment result	**23,496**	**14,748**	**1,421**	**(9,227)**	–	**30,438**
Finance costs (net)						(5,581)
Profit before income tax expense						**24.857**
Income tax expense						(6,559)
Profit after income tax expense						**18,298**
Segment assets	123,382	98,190	22,220	326,990	(303,339)	267,443
Total assets						**267,443**
Segment liabilities	109,479	61,217	12,998	18,014	(7,006)	194,702
Total liabilities						**194,702**
Depreciation and amortisation expense	3,476	1,660	355	514	–	6,005

(1) The Building Products New Zealand business has been reclassified from Resolve FM to Haden in the 2011 financial year and is now included within the Haden segment. The prior year comparatives have been adjusted accordingly.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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

2011	Sales to external customers 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**

2010	Sales to external customers 2010 $'000	Segment non-current assets 2010 $'000
Australia	677,998	76,039
New Zealand	87,497	4,393
Other	4,083	140
	769,578	**80,572**

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

Note 4. Revenue

	2011 $'000	2010 $'000
From continuing operations		
Sales revenue	914,960	768,702
Interest received	405	466
Other revenue	378	410
Revenue from continuing operations	**915,743**	**769,578**

Note 5. Other income

	2011 $'000	2010 $'000
From continuing operations		
Net gain on sale of property, plant and equipment	248	271
Net gain on sale of businesses	–	1,314
Revenue from continuing operations	**248**	**1,585**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 6. Expenses
Profit before income tax from continuing operations includes the following specific expenses.

	2011 $'000	2010 $'000
Depreciation		
Leasehold improvements	1,154	664
Plant and equipment	2,347	2,110
Motor vehicles	2,421	2,755
Total depreciation	**5,922**	**5,529**
Amortisation		
Computer software	803	408
Other intangibles	1,868	68
Total amortisation	**2,671**	**476**
Finance costs		
Interest and finance charges paid/payable	3,731	5,954
(Gain)/loss on interest rate swaps and options	–	93
Finance costs expensed	**3,731**	**6,047**
Rental expense relating to operating leases		
Minimum lease payments	18,411	19,056
Defined contribution superannuation expense		
Defined contribution superannuation expense	17,947	16,661
Employee benefits expense		
Employee benefits expense	289,622	263,558
Impairment of intangibles		
Impairment of goodwill	900	–
Loss on sale of business		
Loss on sale of business	1,514	–
Net foreign exchange (gain) loss recognised in the statement of comprehensive income		
Net foreign exchange (gain)/loss	(1)	51
Impairment of receivables		
Reversal of impairment of SSRP receivable	–	(650)

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

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 7. Income tax expense

	Note	2011 $'000	2010 $'000
Income tax expense/(benefit)			
Current tax		5,154	9,518
Deferred tax		3,279	(2,030)
Adjustments for deferred tax of prior periods		7,162	2,262
Adjustments for current tax of prior periods		(8,398)	(3,602)
Aggregate income tax expense		**7,197**	**6,148**
Income tax expense/(benefit) attributable to:			
Profit/(loss) from continuing operations		7,920	6,559
Profit/(loss) from discontinued operations		(723)	(411)
Aggregate income tax expense		**7,197**	**6,148**
Deferred income tax expense/(benefit) included in income tax expense/(benefit) comprises:			
Decrease/(increase) in deferred tax assets	14	10,441	232
		10,441	**232**
Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable			
Profit/(loss) from continuing operations before income tax (expense)/benefit		29,019	24,857
Profit/(loss) from discontinued operations before income tax (expense)/benefit		(2,806)	(1,370)
		26,213	**23,487**
Tax at the Australian tax rate of 30% (2010: 30%)		7,864	7,046
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Sundry items		569	442
		8,433	7,488
Adjustments for deferred tax of prior periods		7,162	2,262
Adjustments for current tax of prior periods		(8,398)	(3,602)
Income tax expense/(benefit)		**7,197**	**6,148**

The prior period tax benefits mainly relate to additional tax deductions arising from research and development and investment allowances.

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 8. Current assets – cash and cash equivalents

	2011 $'000	2010 $'000
Cash on hand	42	147
Cash at bank	25,027	15,730
	25,069	**15,877**

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:

	2011 $'000	2010 $'000
Balance as above	25,069	15,877
Bank overdraft	–	–
Balance per cash flow statement	**25,069**	**15,877**

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

	2011 $'000	2010 $'000
Trade receivables	115,536	118,080
Less: Provision for impairment of receivables	(1,137)	(1,925)
	114,399	**116,155**
Other receivables	2,335	833
Unbilled contract works	58,962	43,463
Prepayments	4,462	5,774
	180,158	**166,225**

Trade receivables includes $2,573,000 (2010: $4,473,000) of customer retentions.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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

Bad and doubtful trade receivables

The consolidated entity has recognised an expense of $822,000 (2010: $1,019,000) in respect of bad and doubtful trade receivables during the year ended 31 March 2011. The expense has been included in 'administrative expenses' in the statement of comprehensive income.

Impairment of receivables

	2011 $'000	2010 $'000
Movements in the provision for impairment of receivables are as follows:		
Opening balance	1,925	14,980
Foreign exchange differences	(20)	(29)
Provision for impairment recognised during the year	822	1,669
Receivables written off during the period as uncollectible	(1,590)	(14,045)
Unused amounts reversed [(1)]	–	(650)
Closing balance	**1,137**	**1,925**

(1) This amount is an impairment reversal of $650,000 in relation to a receivable from the Southern Suburbs Rail Project in Western Australia.

Past due but not impaired

Customers with balances past due but without provision for doubtful debts at 31 March 2011 amount to $7,319,000 (2010: $9,997,000). 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:

	2011 $'000	2010 $'000
1 to 3 months	5,322	6,897
3 to 6 months	1,081	1,606
Over 6 months	916	1,494
	7,319	**9,997**

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 10. Current assets – inventories

	2011 $'000	2010 $'000
Finished goods – at cost	9,914	5,689
Less: Provision for obsolescence	(1,139)	(920)
Finished goods – at net realisable value	8,775	4,769

Write downs of inventory to net realisable value recognised as an expense during the year ended 31 March 2011 amounted to $281,000 (2010: $174,000).

Contracts in progress is made up as follows:

	Note	2011 $'000	2010 $'000
Contract costs incurred plus recognised profits less recognised losses		734,116	654,890
Less: Progress billings		(715,994)	(657,065)
		18,122	**(2,175)**
Contract work billed in advance	15	(40,840)	(45,638)
Unbilled contract works	9	58,962	43,463
		18,122	**(2,175)**

Note 11. Derivative financial instruments

	2011 $'000	2010 $'000
Non current assets		
Interest rate call options	–	67
Current liabilities		
Interest rate swap contracts	–	(390)
Interest rate call options	(3)	–
	(3)	**(390)**

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.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 11. Derivative financial instruments (continued)

Interest rate swaps

On 31 July 2007 Norfolk Group Holdings Pty Limited, a subsidiary, entered into an interest rate swap transaction with the ANZ Banking Group Limited hedging variable rate borrowings in Australian dollars. The contract fixed rate was 7.10% p.a. for $20 million and expired on 1 August 2010. The contract required settlement of payable or receivables every three months, commencing 3 November 2008. On 12 March 2010 this contract was novated to the Commonwealth Bank of Australia. At balance date the payable amount by Norfolk was $nil (2010: $263,000).

On 31 July 2007 Norfolk Building Products Limited, a subsidiary, entered into an interest rate swap transaction with the Westpac Banking Corporation hedging variable rate borrowings in New Zealand dollars. The contract fixed rate was 8.3475% p.a. for NZ$6 million and expired on 2 August 2010. The contract required settlement of payable or receivables every three months, commencing 1 November 2008. At balance date the payable amount by Norfolk was $nil (2010: $127,000).

Interest rate call options

On 31 July 2007 Norfolk Building Products Limited, a subsidiary, entered into an interest option contract with the Westpac Banking Corporation as its underlying interest security for a debt obligation. The purchase interest rate cap contract strike rate was 8.21% p.a. for NZ$6 million and expired on 2 August 2010. The contract required settlement of payable or receivables every three months, commencing 1 November 2008. At balance date the receivable amount due to Norfolk was $nil (2010: $nil).

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 $11.25 million and $3.75 million and expires on 3 December 2012. The contract requires settlement of payable or receivables every three months, commencing 3 September 2011. At balance date the payable by Norfolk was $3,000 (2010: $67,000 receivable).

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

	2011 $'000	2010 $'000
Leasehold improvements – at cost	6,877	5,638
Less: Accumulated depreciation	(3,981)	(3,208)
	2,896	2,430
Plant and equipment – at cost	20,338	18,891
Less: Accumulated depreciation	(12,320)	(10,556)
	8,018	8,335
Plant and equipment under lease	503	750
Less: Accumulated depreciation	(200)	(328)
	303	422
Motor vehicles – at cost	7,209	7,286
Less: Accumulated depreciation	(5,608)	(5,109)
	1,601	2,177
Motor vehicles under lease	3,535	6,190
Less: Accumulated depreciation	(2,810)	(3,657)
	725	2,533
	13,543	**15,897**

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
Group						
Balance 31 March 2009	**1,595**	**5,097**	**422**	**1,804**	**1,927**	**10,845**
Additions	1,523	5,312	278	2,206	2,036	11,355
Disposals	(8)	(70)	(118)	(256)	(252)	(704)
Foreign exchange differences	(16)	(54)	–	–	–	(70)
Depreciation expense	(644)	(1,950)	(160)	(1,577)	(1,178)	(5,529)
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**

Included in the carrying amount of plant and equipment disclosed above is $nil (2010: $2,911,000) of assets in the course of construction.

Note 13. Non-current assets – intangibles

	2011 $'000	2010 $'000
Goodwill – at cost	38,411	38,916
Less: Impairment	(900)	–
	37,511	38,916
Brands – at cost	6,068	6,103
Computer software – at cost	5,569	4,115
Less: Accumulated amortisation	(3,579)	(3,151)
	1,990	964
Other Intangibles – at cost	4,670	225
Less: Accumulated amortisation	(1,936)	(68)
	2,734	157
	48,303	**46,140**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 2009	**39,274**	**6,147**	**1,416**	**–**	**46,837**
Additions	–	–	18	–	18
Transfer of assets	(225)	–	–	225	–
Foreign exchange differences	(133)	(44)	(14)	–	(191)
Disposals	–	–	(48)	–	(48)
Amortisation expense	–	–	(408)	(68)	(476)
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**

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

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

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 2011 $'000	Brands 2011 $'000	Goodwill 2010 $'000	Brands 2010 $'000
O'Donnell Griffin	1,409	765	1,409	765
Haden	22,364	5,303	23,769	5,338
Resolve FM	13,738	–	13,738	–
	37,511	**6,068**	**38,916**	**6,103**

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 $2,671,000 (2010: $476,000) is included in administration and costs of sale expenses in the statement of comprehensive income.

An impairment charge of $900,000 was recognised during the year 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]	
	2011 %	2010 %	2011 %	2010 %	2011 %	2010 %
O'Donnell Griffin	5.6	5.7	5.0	3.0	16.4	14.1
Haden	5.5	6.1	5.0	3.2	16.4	14.1
Resolve FM	3.4	6.2	3.0	5.3	16.4	14.1

(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 pre tax discount rates to discount the forecast future attributable pre tax 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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 14. Non-current assets – deferred tax

	Note	2011 $'000	2010 $'000
The balance comprises temporary differences attributable to:			
Amounts recognised in profit or loss:			
Doubtful debts		353	534
Employee benefits		8,001	8,590
Accrued expenses		609	1,245
Losses recognised		1,749	1,513
Inventory provisions		266	194
Other provisions		1,754	1,933
Property, plant and equipment		(37)	3
Prepayments		(155)	(413)
Work in progress		(5,035)	2,624
Retentions		(40)	(158)
Other		(389)	217
		7,076	**16,282**
Amounts recognised in equity:			
Transaction costs on share issues		981	2,168
Cash flow hedges		8	18
		989	**2,186**
Deferred tax asset		**8,065**	**18,468**
Deferred tax asset to be recovered within 12 months		4,739	14,363
Deferred tax asset to be recovered after more than 12 months		3,326	4,105
		8,065	**18,468**
Movements:			
Opening balance		18,468	18,633
Foreign exchange differences		30	(59)
Transfer of tax losses		(30)	201
Credited/(charged) to the statement of comprehensive income	7	(10,441)	(232)
Credited/(charged) to equity		38	(75)
Closing balance		**8,065**	**18,468**

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 15. Current liabilities – trade and other payables

	2011 $'000	2010 $'000
Trade payables	73,736	70,909
Contract work billed in advance	40,840	45,638
Employee benefits	29,917	26,374
Other payables	22,683	12,941
	167,176	**155,862**

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:

	2011 $'000	2010 $'000
Annual leave obligation expected to be settled after 12 months	5,394	4,153

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

Note 16. Current liabilities – borrowings

	2011 $'000	2010 $'000
Bank loans	10,000	10,000
Facility costs	(942)	(874)
Lease liabilities	804	1,028
Other borrowings	1,120	1,115
	10,982	**11,269**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 16. Current liabilities – borrowings (continued)

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

	2011 $'000	2010 $'000
Total facilities		
Bank overdraft	10,000	10,000
Bank loans	35,000	45,000
	45,000	**55,000**
Used at balance date		
Bank overdraft	–	–
Bank loans	14,791	25,035
	14,791	**25,035**
Unused at balance date		
Bank overdraft	10,000	10,000
Bank loans	20,209	19,965
	30,209	**29,965**

The company's debt facilities comprise a $15m amortising term loan, a $30m 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.

Note 17. Current liabilities – income tax

	2011 $'000	2010 $'000
Balance at 1 April	2,976	6,827
Restatement(1)	–	(3,326)
As restated at 1 April	**2,976**	**3,501**

(1) Refer to note 22 for details of the restatement.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 18. Current liabilities – provisions

	2011 $'000	2010 $'000
Provisions – long service leave	4,812	4,817
Provisions – warranties	1,450	1,063
Provisions – other	452	324
	6,714	**6,204**

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
Group – 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**
Group – 2010		
Carrying amount at the start of the year	754	971
Foreign exchange movements	(24)	–
Additional provisions recognised	1,200	–
Amounts used during the year	(587)	(525)
Transfer from non current provisions	453	–
Unused amounts reversed	(733)	(122)
Carrying amount at the end of the year	**1,063**	**324**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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:

	2011 $'000	2010 $'000
Long service leave obligation expected to be settled after 12 months	2,961	3,428

Note 19. Non-current liabilities – borrowings

	2011 $'000	2010 $'000
Bank loans	4,791	15,035
Facility costs	(942)	(1,774)
Lease liabilities	238	2,076
	4,087	**15,337**

Total secured lease liabilities

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

	2011 $'000	2010 $'000
Lease liabilities	1,042	3,104

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
31 MARCH 2011

Note 20. Non-current liabilities – provisions

	2011 $'000	2010 $'000
Provisions – long service leave	2,100	2,139

Note 21. Equity – contributed

	2011 shares	2011 $'000	2010 shares	2010 $'000
Authorised and issued ordinary shares – fully paid	**158,890,730**	**264,065**	**158,890,730**	**264,065**

Movements in ordinary share capital				
Details	Date	No of shares	Price	$'000
Balance	1 April 2009	130,000,000		243,919
Rights Issue	9 March 2010	28,890,730	$0.72	20,801
Less Share issue costs				(936)
Add tax benefit of share issue costs				281
Balance	**31 March 2010**	**158,890,730**		**264,065**
Balance	**31 March 2011**	**158,890,730**		**264,065**

On 3 February 2010 the Company invited its shareholders to subscribe to a pro-rata renounceable rights issue of ordinary shares at an issue price of $0.72 per share on the basis of 2 shares for every 9 shares held, with such shares to be issued on and rank for dividends after 9 March 2010. The issue was fully subscribed.

The proceeds from the rights issue have been primarily used to strengthen the Company's balance sheet through the reduction in borrowings and to provide financial flexibility to pursue growth opportunities.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 22. Equity – reserves

	2011 $'000	2010 $'000
Foreign currency reserve	(1,047)	(456)
Share-based payments reserve	1,190	2,754
Hedging reserve – cash flow hedges	(50)	(40)
Common control reserve	(224,193)	(224,193)
	(224,100)	**(221,935)**

	Foreign currency $'000	Share-based payments $'000	Hedging reserve $'000	Common control $'000	$'000
Group					
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)**
Balance 1 April 2009	44	2,027	(872)	(227,519)	(226,320)
Restatement (1)	–	–	–	3,326	3,326
As restated at 1 April 2009	44	2,027	(872)	(224,193)	(222,994)
Currency translation differences	(500)	–	–	–	(500)
Changes in the fair value of cash flow hedges	–	–	1,188	–	1,188
Tax effect of changes in the fair value of cash flow hedges	–	–	(356)	–	(356)
Share-based payments	–	727	–	–	727
At 31 March 2010	**(456)**	**2,754**	**(40)**	**(224,193)**	**(221,935)**

(1) **Restatement adjustment** A tax matter relating to the Norfolk Group of Companies prior to their acquisition by Norfolk Group Limited on 21 June 2007 was identified during the year. The impact of this matter at both 1 April 2009 and 31 March 2010 was to reduce the income tax liability and the common control reserve by $3,326,000. This adjustment does not impact the results and earnings per share for years ended 31 March 2010 and 31 March 2011.

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

	2011 $'000	2010 $'000
Retained profits at the beginning of the financial year	30,542	13,217
Profit after income tax expense	19,082	17,325
Transfer from Share Based Payment Reserve	283	–
Retained profits at the end of the financial year	**49,907**	**30,542**

Note 24. Equity – minority interest

	2011 $'000	2010 $'000
Retained profits	3	69

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 25. Equity – dividends

No dividend was paid during the financial year. Refer note 34 for details of the dividend declared on 25 May 2011.

	2011 $'000	2010 $'000
Franking credits available for subsequent financial years based on a tax rate of 30%	2,841	3,784

The above amounts represent the balance of the franking account as at the end of the financial year adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

The uncertain tax position detailed in note 32 will eliminate the franking credits available if the group receives the benefits detailed in that note.

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 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 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.

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:

	2011 NZD A$'000	2011 Rupee A$'000	2011 Dong A$'000	2010 NZD A$'000	2010 Rupee A$'000	2010 Dong A$'000
Trade receivables	9,453	696	488	13,105	1,096	–
Bank loans	2,792	–	–	5,035	–	–
Trade payables	3,938	226	104	6,361	519	–
Other payables	3,928	358	–	4,263	235	–

Based on the financial instruments held at 31 March 2011, 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 2011, 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:

	2011 Weighted average interest rate %	2011 Balance $'000	2010 Weighted average interest rate %	2010 Balance $'000
Bank loans	8.72	14,791	8.18	25,035
Less interest rate swaps and options (notional principal amount)	5.59	11,250	6.74	48,068
Net exposure to cash flow interest rate risk		**3,541**		**(23,033)**

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 2011, 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 $106,000 (2010: $175,000) lower/higher for the Group. Accordingly the equity would have been lower/higher by $106,000 (2010: $175,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

Note 26. Financial risk management (continued)

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 $205,227,000 (2010: $182,169,000). 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

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 March 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 March 2012. The amortising loan facility may not be redrawn and must be repaid by March 2013.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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
Group						
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**

2010	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
Group						
Non-interest bearing						
Trade payables	–	70,909	–	–	–	70,909
Other payables	–	58,579	–	–	–	58,579
Derivatives						
Derivative financial instruments	–	390	–	–	–	390
Interest bearing – variable rate						
Bank loans	5.59	12,225	11,482	5,725	–	29,432
Interest bearing – fixed rate						
Lease liabilities	10.97	1,313	1,674	605	–	3,592
Other borrowings	8.90	1,138	–	–	–	1,138
		144,554	**13,156**	**6,330**	**–**	**164,040**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 27. Financial risk management (continued)

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.

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 Abery	Non-executive director, resigned 4 August 2010
Peter Richards	Non-executive director, appointed 1 September 2010
Glenn Wallace	Executive director
Paul Chrystall	Non-executive director
Peter Lowe	Non-executive director

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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:

Anthony O'Shannessy	Chief Financial Officer, resigned 30 April 2011
David Rafter	Chief Executive – O'Donnell Griffin
Richard Smith	Chief Executive – Haden, resigned 31 March 2011
Mark Perryman	General Manager – Resolve FM
Peter Winder	Executive General Manager – Rail
Fiona Lovell	General Counsel and Company Secretary
Tony Kutra	Director Business Development, appointed 1 April 2010
Rick Willmott	Human Resource Director, appointed 15 June 2010
Mark Williamson	Chief Executive – Haden, appointed 14 February 2011
Keith Blind	General Manager New Zealand from 1 October 2010

Compensation

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

	2011 $'000	2010 $'000
Short-term employee benefits	4,176,539	3,023,654
Post-employment benefits	216,252	151,387
Termination benefits	16,792	441,134
Long term employee benefits	217,928	21,926
Share-based payments	104,045	326, 445
	4,731,556	**3,964,546**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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:

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 Lovell	–	–	–	–
Richard Smith	–	40,000	8,889	48,889
Mark Perryman	–	–	–	–
Peter Winder	–	–	–	–
Tony Kutra	–	–	–	–
Rick Willmott	–	–	–	–
Mark Williamson	–	–	–	–
Keith Blind	–	–	–	–

2010	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	25,000	–	157,355	182,355
Glenn Wallace	2,600,000	–	577,778	3,177,778
Peter Abery	100,000	–	22,224	122,224
Paul Chrystall	–	–	896,496	896,496
Peter Lowe	44,237	–	9,831	54,068
Anthony O'Shannessy	844,173	–	310,928	1,155,101
David Rafter	2,504	–	557	3,061
Fiona Lovell	–	–	–	–
James Fletcher	6,000	–	1,765	7,765
Richard Smith	–	–	–	–

Peter Abery is not included in the 2011 key management personnel shareholdings as he resigned during the financial year. His holdings are disclosed in the comparative year.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

The number of performance options 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:

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 Lovell	–	–	–	–	–
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.

2010	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 Abery	–	–	–	–	–
Paul Chrystall	–	–	–	–	–
Peter Lowe	–	–	–	–	–
Glenn Wallace	476,351	706,464	–	–	1,182,815
Anthony O'Shannessy	800,253	–	–	–	800,253
Darren Robinson (1)	295,704	–	–	(295,704)	–
David Rafter	800,253	–	–	–	800,253
Paul Jeffares (1)	176,616	–	–	(176,616)	–
Fiona Lovell	–	–	–	–	–
Richard Smith	216,616	–	–	–	216,616
James Fletcher	–	–	–	–	–

(1) Darren Robinson's and Paul Jeffares' performance options and rights have been forfeited as they resigned during the year.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

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 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:

	2011 \$'000	2010 \$'000
Audit services – PricewaterhouseCoopers		
Audit or review of the financial report	558,450	530,935
	558,450	530,935
Other services – PricewaterhouseCoopers		
Other assurance services	7,000	162,688
Tax compliance advice	222,175	50,700
Other advisory services	19,870	333,800
	249,045	547,188
	807,495	1,078,123
Audit services – related practices		
Audit or review of the financial report	103,460	76,911
Other services – related practices		
Tax compliance advice	11,375	26,984
Audit services – Other practices		
Audit or review of the financial report	32,395	4,931
Other services – Other practices		
Tax compliance advice	–	4,315

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 29. Contingent liabilities

	2011 \$'000	2010 \$'000
Bank guarantees	50,438	51,195
Insurance bonds	2,207	1,114
	52,645	52,309

Total bank guarantee facilities as at 31 March 2011 were \$80,000,000 (2010: \$60,000,000) and the unused portion was \$29,562,000 (2010: \$8,805,000). The insurance facilities as at 31 March 2011 were \$10,000,000 (2010: \$10,000,000) and the unused portion was \$7,793,000 (2010: \$8,886,000).

Note 30. Commitments for expenditure

	Note	2011 \$'000	2010 \$'000
Lease commitments – operating			
Committed at reporting date but not recognised as liabilities, payable:			
Within one year		12,912	17,639
One to five years		17,948	23,922
More than five years		1,703	2,844
		32,563	**44,405**
Lease commitments – finance			
Committed at reporting date and recognised as liabilities, payable:			
Within one year		1,065	1,191
One to five years		185	2,401
Total commitment		1,250	3,592
Less: Future finance charges		(208)	(488)
Net commitment recognised as liabilities		1,042	3,104
Representing:			
Lease liabilities – current	16	804	1,028
Lease liabilities – non-current	19	238	2,076
		1,042	**3,104**

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.

NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2011

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 2011 (2010: 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 (2010: nil).

Note 32. Uncertain tax position

Norfolk Group Limited lodged a request with the Australian Tax Office on 21 April 2011 for amendments to historical tax returns that would result in tax refunds and benefits to the combined value of $30.8 million. The requests have been made as a result of 2010 tax law amendments relating to the treatment of certain assets when acquired entities become part of a tax consolidated group.

Norfolk expects to be eligible for up to $11.8 million in cash refunds and a further $19.0 million in current and future year's tax benefits.

The Board of Taxation has recently commenced a review of the tax law amendments. It is possible that this review and any consequent amendments made to the tax consolidation legislation could impact the claims made by Norfolk in the amended tax returns.

Due to the uncertainty created by the Board of Taxation review, the potential benefits have not been recognised at 31 March 2011.

NOTES TO THE FINANCIAL STATEMENTS

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 2011 %	Equity holding 2010 %
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	–

(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 (Vietnam) Engineering Co. Limited was incorporated in December 2010.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 34. Events occurring after balance date

On 25 May 2011 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 29 July 2011 to shareholders of record on 15 July 2011.

Apart from the dividend and the uncertain tax matter discussed in Note 32, no other matter or circumstance has arisen since 31 March 2011 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

	2011 $'000	2010 $'000
Profit/(loss) after income tax (expense)/benefit	19,016	17,339
Depreciation and amortisation	8,592	6,005
Impairment of goodwill	900	–
Net loss/(profit) on sale of non–current assets	(250)	(224)
Net loss/(profit) on sale of businesses	1,514	(1,314)
Non-cash interest charges	764	–
Share-based payments	(79)	727
Unrealised (gain)/loss on derivatives	(342)	93
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(17,910)	3,769
(Increase)/decrease in inventories	(4,803)	2,453
(Increase)/decrease in deferred tax assets	10,130	31
(Increase)/decrease in prepayments	1,312	(1,001)
Increase/(decrease) in trade and other payables	12,478	(643)
Increase/(decrease) in provision for income tax	(520)	148
Increase/(decrease) in employee benefits	71	70
Increase/(decrease) in other provisions	418	(1,360)
Net cash inflow/(outflow) from operating activities	**31,291**	**26,093**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 36. Earnings per share

	2011 $'000	2010 $'000
Profit from continuing operations	21,099	18,298
Loss/(profit) from continuing operations attributable to minority interests	66	(14)
Profit from continuing operations attributable to members of Norfolk Group Limited used in calculating earnings per share	21,165	18,284
Profit/(loss) from discontinued operations	(2,083)	(959)
Profit attributable to members of Norfolk Group Limited used in calculating earnings per share	19,082	17,325
Weighted average number of ordinary shares used in calculating basic earnings per share	158,890,730	133,754,578
Adjustments for calculation of diluted earnings per share:		
Options	117,573	1,114,228
Weighted average number of ordinary shares used in calculating diluted earnings per share	159,008,303	134,868,806
	Cents	Cents
Basic earnings per share from continuing operations	13.32	13.67
Diluted earnings per share from continuing operations	13.31	13.56
Basic earnings per share	12.01	12.95
Diluted earnings per share	12.00	12.85

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 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:

As a result of legislative changes impacting employee share and option plans and the uncertainty of existing and future share and option schemes, the board has endorsed a suspension of all plans until the position is clearer and revised plans can be put in place.

Exempt Employee Share Plan (ESP)

The Company has adopted the ESP pursuant to which eligible employees of Norfolk may take advantage of concessions embodied in the Australian tax legislation to encourage broad-based employee equity participation, a concept the board supports. Under current legislation eligible employees can acquire up to $1,000 worth of shares income tax-free each tax year by sacrificing a portion of their annual remuneration or bonus. The shares are issued or acquired at the market price of the shares, at the time of issue or acquisition, determined in accordance with the ESP rules. Under the ESP, the board also has the discretion to issue shares at a discount to the prevailing market price. All permanent employees of Norfolk with more than 12 months of service are eligible to participate in the ESP, at the invitation of the board.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 37. Share-based payments (continued)

Under the terms of the ESP, the eligible employee must not sell, transfer or create a security interest or otherwise deal in the shares until the earlier of:

- the end of three years after the time of issue or acquisition of the shares; and
- the time when the eligible employee ceases to be employed by Norfolk.

The shares issued or acquired under the ESP will be subject to an administrative holding lock for this purpose.

No shares have been issued under this plan

Deferred Employee Share Plan (DSP)

The Company has adopted the DSP to facilitate a range of remuneration and incentive purposes. Under the DSP, eligible employees of Norfolk may sacrifice a portion of their annual remuneration or bonus and receive shares in lieu. In addition, eligible employees may be granted free shares at the board's discretion. Any shares issued or acquired under the DSP may be subject to specific vesting and performance requirements. Where shares are issued or acquired by remuneration/bonus sacrifice, the shares are issued or acquired at the market price of the shares, at the time of issue or acquisition, determined in accordance with the DSP rules. All permanent employees of Norfolk with at least 12 months of service are eligible to participate in the DSP, at the invitation of the board. Under the terms of the DSP, the eligible employee 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; and
- the earlier of the expiration of any restriction period set by the board, the time when the eligible employee ceases to be employed by Norfolk or an earlier time at the board's discretion.

The legal title to shares issued or acquired under the DSP will be held by a trust, for the benefit of the eligible employee, for this purpose.

No shares have been issued under this plan

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; and
- 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 respect of listing did not meet the specified performance hurdles and thus lapsed during the years.

In relation to performance options granted during the 2009 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; and
- 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 8% CAGR (Compound annual growth rate), one third of EPS Incentives have been deemed to meet the Vesting Conditions; and
- additional EPS Incentives have been deemed to meet the Vesting Conditions, on a linear sliding scale, if the Company achieves a CAGR of greater than 8% with all EPS incentives being exercisable if the Company achieves a CAGR of 15%.

The CAGR and the TSR relative to the Peer Group is tested on the third anniversary of the Grant Date. 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.

Set out below are summaries of the number of options 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
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
2010							
27 July 2007	27 July 2012	$0. 00	1,239,536	–	–	125,308	1,114,228
27 July 2007	27 July 2012	$1.95	1,190,877	–	–	238,175	952,702
26 August 2008	26 August 2013	$1.24	3,012,811	706,464	–	917,076	2,802,199

The weighted average share price at the date of exercise of options exercised during the year ended 31 March 2011 was $0.99 (2010: not applicable).

None of the options 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 2011 was $1.01.

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.24 years (2010: 2.85 years).

The total expenses arising from share based payment transactions recognised during the period as part of employee benefits was a credit of $79,186 (2010: $727,000 expense).

As a result of the rights issue in March 2010, each option is convertible into 1.22 ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 38. Discontinued operations

(a) Description

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 plumbing assets, which was completed prior to 31 March 2011. The Plumbing business is reported in this financial report as discontinued operations.

During the 2009 financial year, the Company undertook a review of the Trafalgar fire business. The outcome of that review was a decision to restructure and ultimately divest Trafalgar's assets, which was completed post-31 March 2009. The Trafalgar business is reported in the prior period's financial report as a discontinued operation.

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 2011 and 31 March 2010.

	2011 $'000	2010 $'000
Revenue	8,731	22,553
Expenses	10,023	23,923
Loss on sale of business	1,514	–
Profit/(loss) before income tax	**(2,806)**	**(1,370)**
Income tax benefit	723	411
Profit/(loss) from discontinued operations	**(2,083)**	**(959)**
Net cash inflow/(outflow) from operating activities	(2,350)	(1,011)
Net cash inflow/(outflow) from investing activities	2,019	(133)
Net cash inflow/(outflow) from financing activities	–	–
Net increase/(decrease) in cash generated by the businesses	**(331)**	**(1,144)**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 39. Sale of businesses

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.

During the 2010 financial year, the company sold the assets and liabilities that comprised the WF Energy Controls and NZ Fire Doors businesses. Neither of these businesses is reported in this Financial report as discontinued operations.

	2011 $'000	2010 $'000
Details of the sale of the businesses		
Consideration received:		
Cash	2,152	3,133
Total disposal consideration	2,152	3,133
Carrying amount of net assets sold	(3,666)	(1,819)
Profit/(loss) on sale before income tax	(1,514)	1,314

The carrying amount of the assets and liabilities sold:

	2011 $'000	2010 $'000
Property, plant and equipment	870	115
Receivables	2,164	572
Deferred tax	256	–
Inventories	672	1,203
Goodwill	397	–
Total Assets	**4,359**	**1,890**
Provisions	(693)	(71)
Total liabilities	**(693)**	**(71)**
Net Asset sold	**3,666**	**1,819**

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Note 40. Parent entity financial information

(a) Summary financial information

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

	2011 $'000	2010 $'000
Current assets	66,285	54,211
Total assets	313,519	303,111
Current liabilities	135,319	114,944
Total liabilities	136,699	123,737
Shareholders' equity		
Issued capital	264,065	264,065
Reserves		
Share-based payments reserve	1,190	2,754
Retained Earnings	(88,435)	(87,445)
	176,820	179,374
Profit /(loss) for the year	(1,273)	(3,689)
Total comprehensive income/(expense)	(1,273)	(3,689)

(b) Guarantees entered into by parent entity

	2011 $'000	2010 $'000
Carrying amount included in current liabilities	–	–

(c) Contingent liabilities of the parent entity

	2011 $'000	2010 $'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 in 2011

NOTES TO THE FINANCIAL STATEMENTS
31 MARCH 2011

Directors' declaration

In the directors' opinion:

a. the financial statements and notes set out on pages 65 to 116 are in accordance with the Corporations Act 2001, including:

i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

ii. giving a true and fair view of the consolidated entity's financial position as at 31 March 2011 and of its performance for the financial year ended on that date; and

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; and

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
15 June 2011
Sydney

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999
www.pwc.com/au

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 2011, 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 (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year 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.

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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 2011 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 53 to 62 of the directors' report for the year ended 31 March 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Eddie Wilkie

Eddie Wilkie
Partner

Sydney
15 June 2011

SHAREHOLDER INFORMATION
25 MAY 2010

The shareholder information set out below was applicable as at 25 May 2010

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Ordinary shares
1 to 1,000	298
1,001 to 5,000	572
5,001 to 10,000	610
10,001 to 50,000	874
50,001 to 100,000	118
100,001 and over	94
	2,566
Holding less than a marketable parcel	109

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
MCIF Nominee Limited	31,570,348	19.87%
Monadelphous Group Limited	22,210,268	13.98%
National Nominees Limited	11,282,152	7.10%
Cogent Nominees Pty Limited	8,453,542	5.32%
RBC Dexia Investor Services Australia Nominees Pty Limited – MLCI	6,484,611	4.08%
HSBC Custody Nominees (Australia) Limited	4,654,474	2.93%
Masfen Securities Limited	3,401,342	2.14%
Selby Consulting (Aust) Pty Ltd	3,177,778	2.00%
J P Morgan Nominees Australia Limited	2,295,469	1.44%
Queensland Investment Corporation	2,267,966	1.43%
Argo Investments Limited	2,264,551	1.43%
Cogent Nominees Pty Limited	1,495,163	0.94%
Custodial Services Limited	1,457,748	0.92%
Citicorp Nominees Pty Limited	1,073,021	0.68%
Craig Heatley & David Tetro & Hayley Pyle	1,059,501	0.67%
PGA (Investments) Pty Ltd	1,000,000	0.63%
RBC Dexia Investor Services Australia Nominees Pty Limited	908,559	0.57%
Paul Chrystall & Christine Karen Chrystall & Christopher John Rolfe	896,496	0.56%
Depofo Pty Ltd	750,000	0.47%
Anthony O'Shannessy & Michelle O'Shannessy	684,443	0.43%
	107,360,432	**67.59%**

SHAREHOLDER INFORMATION
25 MAY 2011

Unquoted equity securities

	Number on issue
Options over ordinary shares issued	1,741,829

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	21,759,072	13.7%	8 March 2010
Monadelphous Group Limited	31,902,009	20.08%	12 March 2010
Perpetual Limited and subsidiaries	7,956,877	5.01%	11 March 2011

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

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

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 3 August 2011
Christie Conference Centre
56 Berry Street
North Sydney NSW 2060

NORFOLK
INTEGRATED ENGINEERING

www.norfolkgl.com

ECO
BLEACHING PROCESS
EMS
ENVIRONMENTAL
MANAGEMENT SYSTEMS
FOREST MANAGEMENT
RECYCLED CONTENT