

NORFOLK GROUP LIMITED
APPENDIX 4D - HALF YEAR REPORT
SIX MONTHS ENDED 30 SEPTEMBER 2011

Results for announcement to the market

Financial Results	September 2011 \$'000	September 2010 \$'000	Change \$'000	Change %
Revenue	443,484	445,217	(1,733)	Down 0.4%
Earnings before interest and tax from continuing operations	14,680	13,307	1,373	Up 10.3%
Net Profit from continuing operations	9,271	7,994	1,277	Up 16.0%
Net Profit	9,271	6,157	3,114	Up 50.6%

Dividends	Amount per Security	Franked Amount per Security
Interim Dividend	1.50 cents	NIL
Previous Period	2 cents	NIL
Record Date for Determining Entitlement	13 January 2012	
The directors have declared an unfranked interim dividend of \$1.5 cents in relation to the period ending 30 September 2011.		
There is currently no dividend reinvestment plan in operation.		

Net Tangible Asset Backing	September 2011	September 2010
Net tangible asset backing per ordinary security	\$ 0.30	\$ 0.18
Net asset backing per ordinary security	\$ 0.61	\$ 0.47

Explanation of Results
Earnings before interest and tax from continuing operations for the half year ending 30 September 2011 was \$14,680,000, representing a 10.3% increase from the half-year ending 30 September 2010.
Please refer to the attached Interim Consolidated Financial Statements and the attached Half Year Results Announcement for the period ended September 30, 2011 for further explanation of results.

The information required by listing rule 4.2A is contained in both this Appendix 4D, the attached Interim Consolidated Financial Statements and the attached Half Year Results Announcement for the period ended September 30, 2011.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2011 and any public announcements made by Norfolk Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

NORFOLK GROUP LIMITED
ACN: 125 709 971

CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 30 SEPTEMBER 2011

NORFOLK GROUP LIMITED

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NORFOLK GROUP LIMITED DIRECTORS' REPORT

The directors submit their interim financial report on the consolidated entity consisting of Norfolk Group Limited (Norfolk) and the entities it controlled during the half-year ended 30 September 2011 ("the period").

DIRECTORS

The following persons were directors of Norfolk during the whole of the period and up to the date of this report, unless otherwise stated:

Name

Paul Chrystall
Rod Keller
Peter Lowe
Peter Richards
Glenn Wallace

DIVIDENDS

The directors have declared an unfranked interim dividend of 1.50 cents in relation to the period ended 30 September 2011.

PRINCIPAL ACTIVITIES

The principal activities of Norfolk during the period ended 30 September 2011 were to provide integrated electrical, communications, heating, ventilation and air-conditioning services and property services.

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

REVIEW OF OPERATIONS

Overview

Norfolk was incorporated on 31 May 2007 and was listed on the Australian Securities Exchange on 27 July 2007.

Norfolk employed 2,981 people as at 30 September 2011 and operates through three divisions; O'Donnell Griffin; Haden; and Resolve FM.

Changes in state of affairs

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

No matters or circumstances have arisen since 30 September 2011 that have significantly affected, or may significantly affect, Norfolk operations, the results of those operations, or the state of affairs of Norfolk in future financial years.

Financial performance

The profit for the Norfolk Group after providing for income tax and minority interests amounted to \$9,295,000 (2010, \$6,168,000).

Demand for the Norfolk's services remained strong, particularly within Australia. Total revenue for this period was \$443,706,000 (2010: \$445,306,000) with the split between divisions being \$287,534,000 in O'Donnell Griffin (2010: \$273,093,000), \$125,279,000 in Haden (2010:\$140,797,000) and \$37,745,000 in Resolve FM (2010: \$32,678,000).

Net profit after tax from continuing operations for the period was \$9,271,000 (2010: \$7,994,000).

Earnings per share from continuing operations for the period were 5.85 cents. (2010: 5.03 cents)

Refer to the half year results announcement for further detail on the financial performance for the period.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 5 of the interim financial report.

ROUNDING OF AMOUNTS

The Norfolk Group is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report are rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

Signed in accordance with a resolution of the directors

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Glenn Wallace', written in a cursive style.

Glenn Wallace
Managing Director, Norfolk Group Limited
Sydney, 23 November 2011



Auditor's Independence Declaration

As lead auditor for the review of Norfolk Group Limited for the half year ended 30 September 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink that reads 'Eddie Wilkie'.

Eddie Wilkie
Partner
PricewaterhouseCoopers

Sydney
23 November 2011

NORFOLK GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
For the half-year ended 30 September 2011

	Notes	Half year ended 30 September 2011 \$000	Half year ended 30 September 2010 \$000
Revenue from continuing operating activities		443,484	445,217
Other income		222	89
Expenses			
Cost of sales		(383,393)	(383,008)
Selling and distribution costs		(20,545)	(21,003)
Marketing expenses		(213)	(382)
Occupancy expenses		(4,441)	(4,063)
Administrative expense		(20,322)	(23,341)
Finance costs		(2,061)	(2,039)
Profit before income tax expense		12,731	11,470
Income tax expense		(3,460)	(3,476)
Profit from continuing operations		9,271	7,994
Profit/(loss) from discontinued operations	10	-	(1,837)
Profit for the half year		9,271	6,157
Other comprehensive income			
Translation of foreign operations		601	(85)
Changes in the fair value of cash flow hedges		(33)	(25)
Tax effect of changes in the fair value of cash flow hedges		10	5
Total other comprehensive income/(expense) for the half year, net of tax		578	(105)
Total comprehensive income for the half year		9,849	6,052
Profit is attributable to:			
Minority interests		(24)	(11)
Owners of Norfolk Group Limited		9,295	6,168
		9,271	6,157
Total comprehensive income for the half year is attributable to:			
Minority interests		(24)	(11)
Owners of Norfolk Group Limited		9,873	6,063
		9,849	6,052
Earnings per share for profit attributable to the equity holders of the company		Cents	Cents
Basic earnings per share from continuing operations		5.85	5.03
Diluted earnings per share from continuing operations		5.74	5.03
Basic earnings per share		5.85	3.88
Diluted earnings per share		5.74	3.88

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

NORFOLK GROUP LIMITED
BALANCE SHEET
As at 30 September 2011

	Notes	30 September 2011 \$000	31 March 2011 \$000
Current assets			
Cash and cash equivalents		18,646	25,069
Trade and other receivables		190,083	180,158
Inventories		4,575	8,775
Income tax		269	-
Total current assets		213,573	214,002
Non-current assets			
Property plant and equipment		15,839	13,543
Intangibles		49,226	48,303
Deferred tax		4,986	8,065
Total non current assets		70,051	69,911
Total assets		283,624	283,913
Current liabilities			
Trade and other payables		164,084	167,176
Borrowings	6	5,942	10,982
Income tax		2,912	2,976
Derivative financial instruments		8	3
Provisions		6,399	6,714
Total current liabilities		179,345	187,851
Non current liabilities			
Borrowings	6	5,400	4,087
Provisions		2,094	2,100
Total non current liabilities		7,494	6,187
Total liabilities		186,839	194,038
Net Assets		96,785	89,875
Equity			
Contributed equity	4	264,065	264,065
Reserves	5	(223,530)	(224,100)
Retained profits		56,271	49,907
Parent entity interest		96,806	89,872
Minority interest		(21)	3
Total Equity		96,785	89,875

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

NORFOLK GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
For the half year ended 30 September 2011

	Contributed equity \$000	Reserves \$000	Retained profits \$000	Parent interest \$000	Minority interest \$000	Total equity \$000
Opening Balance at 31 March 2011	264,065	(224,100)	49,907	89,872	3	89,875
Profit for the period	-	-	9,295	9,295	(24)	9,271
Other comprehensive income	-	578	-	578	-	578
Total comprehensive income for the half year	-	578	9,295	9,873	(24)	9,849
Transactions with owners in their capacity as owners						
Dividend Paid	-	-	(3,178)	(3,178)	-	(3,178)
Transfer from other reserves	-	(247)	247	-	-	-
Share purchases to satisfy vested sales bonus rights	-	-	-	-	-	-
Share-based payments	-	239	-	239	-	239
Balance at 30 September 2011	264,065	(223,530)	56,271	96,806	(21)	96,785

	Contributed equity \$000	Reserves \$000	Retained profits \$000	Parent interest \$000	Minority interest \$000	Total equity \$000
Opening Balance at 31 March 2010	264,065	(225,261)	30,542	69,346	69	69,415
Profit for the period	-	-	6,168	6,168	(11)	6,157
Other comprehensive income	-	(105)	-	(105)	-	(105)
Total comprehensive income for the half year	-	(105)	6,168	6,063	(11)	6,052
Transactions with owners in their capacity as owners						
Transfer from other reserves	-	(283)	283	-	-	-
Share purchases to satisfy vested sales bonus rights	-	(1,054)	-	(1,054)	-	(1,054)
Share-based payments	-	245	-	245	-	245
Balance at 30 September 2010	264,065	(226,458)	36,993	74,600	58	74,658

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

NORFOLK GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half year ended 30 September 2011

	Half year ended 30 September 2011 \$000	Half year ended 30 September 2010 \$000
Cash flows from operating activities		
Gross receipts from customers	478,244	462,730
Gross payments for suppliers and employees	(469,644)	(444,676)
Interest and other costs of finance paid	(1,310)	(1,781)
Income tax paid	(426)	(7,825)
Net cash provided by operating activities	6,864	8,448
Cash flows from investing activities		
Payment for property, plant and equipment	(5,071)	(3,963)
Proceeds from sale of property, plant & equipment	358	337
Net cash used in investing activities	(4,713)	(3,626)
Cash flows from financing activities		
Repayment of finance lease liabilities	(216)	(869)
Payment of dividends	(3,178)	-
Repayments of borrowings	(5,355)	(1,115)
Payments for shares acquired by Norfolk Employee Share Trust to satisfy vested sales bonus rights	-	(1,054)
Net cash outflows from financing activities	(8,749)	(3,038)
Net increase/(decrease) in cash and cash equivalents	(6,598)	1,784
Cash and cash equivalents at beginning of period	25,069	15,877
Net foreign exchange differences	175	(80)
Cash and cash equivalents at end of period	18,646	17,581
Reconciliation of operating cash flows with net profit		
Profit for the period	9,271	6,157
Gain on disposal of assets	(222)	(89)
Depreciation and amortisation	3,218	4,298
Impairment of goodwill	-	1,297
Amortisation of facility costs	558	452
Non-cash derivative (income)/expenses	(31)	(378)
Share based payments	239	245
(Decrease)increase in current tax liability/receivable	(354)	(9,794)
Decrease(increase)decrease in deferred tax balances	3,177	4,830
(Increase)decrease in trade and other receivables	(9,312)	(34,795)
(Decrease)increase in trade and other payables	(3,681)	35,164
Decrease(increase) in inventories	4,346	642
Increase(decrease) in provisions	(345)	419
Net cash provided by operating activities	6,864	8,448

The above statement of cash flows should be read in conjunction with the accompanying notes

NORFOLK GROUP LIMITED
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the half year ended 30 September 2011

1. GENERAL INFORMATION

Norfolk Group Limited (Norfolk) is a Company incorporated and domiciled in Australia. These interim consolidated financial statements of the Group for the half year ended 30 September 2011 comprise the Company, Norfolk Group Limited and its subsidiaries. Norfolk is a leading provider of integrated engineering services in electrical, communications, heating ventilation and air conditioning, fire protection, and property services and products and has operations in Australia, New Zealand, Vietnam and India.

The consolidated interim financial statements were authorised for issue by the directors on 22 November 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These consolidated financial statements are for the half year ended 30 September 2011. They have been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards which include Australian Equivalents to International Financial Reporting Standards (AIFRS); AASB 134 "Interim Financial Reporting".

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 March 2011 and any public announcements made by Norfolk Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3. SEGMENT INFORMATION – Continuing Operations

Primary Segment

Half Year to 30 September 2011

	O'Donnell Griffin	Haden	Resolve FM	Corporate Services	Intersegment eliminations/ Unallocated	Total
	\$000	\$000	\$000	\$000	\$000	\$000
Half Year to 30 September 2011						
Total revenue	287,534	125,279	37,745	97	(6,949)	443,706
Segment profit before impairment, interest and tax	17,677	60	2,497	(5,554)	-	14,680
Impairment of goodwill	-	-	-	-	-	-
Segment profit/(loss) before interest and tax	17,677	60	2,497	(5,554)	-	14,680
Finance costs (net)						(1,949)
Profit before income tax expense						12,731
Income tax expense						(3,460)
Profit after interest and tax						9,271
Total segment assets (continuing & discontinued)	165,447	82,818	15,987	328,503	(309,131)	283,624
Half Year to 30 September 2010						
Total revenue	273,093	140,797	32,678	47	(1,309)	445,306
Segment profit before impairment, interest and tax	17,880	913	456	(5,042)	-	14,207
Impairment of goodwill	-	(900)	-	-	-	(900)
Segment profit before interest and tax	17,880	13	456	(5,042)	-	13,307
Finance costs (net)						(1,837)
Profit before income tax expense						11,470
Income tax expense						(3,476)
Profit after interest and tax						7,994
Total segment assets (continuing & discontinued)	160,326	84,629	18,066	330,604	(309,712)	283,913

3. SEGMENT INFORMATION – Continuing Operations (Continued)

<i>Geographic Segment</i>	Revenue 2011 \$000	Segment non- current assets 2011 \$000
Half Year to 30 September 2011		
Australia	411,356	59,656
New Zealand	30,216	8,369
Other	2,134	2,026
	443,706	70,051

Half Year to 30 September 2010

	Revenue 2010 \$000	Segment non- current assets 2010 \$000
Australia	402,837	61,013
New Zealand	41,017	6,862
Other	1,452	2,036
	445,306	69,911

4. SHARE CAPITAL

	No of shares on issue	30 September 2011 \$000	31 March 2011 \$000
Ordinary Shares – fully paid	158,890,730	264,065	264,065

5. RESERVES

	30 September 2011 \$000	31 March 2011 \$000
Foreign currency reserve	(446)	(1,047)
Share-based payments reserve	1,182	1,190
Hedging reserve	(73)	(50)
Common control reserve	(224,193)	(224,193)
	<u>(223,530)</u>	<u>(224,100)</u>

6. BORROWINGS

	30 September 2011 \$000	31 March 2011 \$000
Current Borrowings		
Bank loans	5,000	10,000
Facility costs	(972)	(942)
Lease liabilities	1,314	804
Other borrowings	600	1,120
	<u>5,942</u>	<u>10,982</u>
Non-current Borrowings		
Bank loans	4,957	4,791
Facility costs	(354)	(942)
Lease liabilities	797	238
	<u>5,400</u>	<u>4,087</u>

Bank loans

The company's debt facilities comprise of a \$10m amortising term loan, a \$30m revolving working capital facility, and a \$90 million facility consisting of an \$80m bank guarantee facility and a \$10m insurance bond 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.

7. CONTINGENT LIABILITIES

The group has issued guarantees as at 30 September 2011 of \$54,433,000 (31 March 2011: \$52,645,000)

The total guarantee facilities as at 30 September 2011 were \$90,000,000 consisting of \$80,000,000 bank guarantee facility and a \$10,000,000 insurance bond facility and the unused portion was \$35,567,000.

8. DIVIDEND

The directors have declared an unfranked interim dividend of 1.50 cents in relation to the period ended 30 September 2011.

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

An impact of the lodgement of the amended tax returns referred to in Note 9 below will be to offset all of the franking credits recorded by Norfolk in its franking account and as a consequence the dividends declared by Norfolk are unfranked.

9. 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 receive \$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 completed a review of the tax law amendments. It is possible that this review and any consequential 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 30 September 2011.

10. 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.

Financial information relating to the discontinued operation for the half year is set out below.

b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the half year ended 30 September 2011 and for the half year ended 30 September 2010.

	30 September 2011 \$000	30 September 2010 \$000
Revenue	-	8,617
Expenses	-	(11,071)
Profit/(loss) before income tax	-	(2,454)
Income tax benefit/(expenses)	-	617
Profit/(loss) from discontinued operations	-	(1,837)
Net cash inflow/(outflow) from operating activities	-	(2,014)
Net cash inflow/(outflow) from investing activities	-	115
Net cash inflow/(outflow) from financing activities	-	(28)
Net increase/(decrease) in cash generated by the business	-	(1,927)

NORFOLK GROUP LIMITED
DIRECTORS' DECLARATION
For the half-year ended 30 September 2011

Directors' declaration

In the directors' opinion:

- (a) The financial statements and notes set out on pages 6 to 14 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 30 September 2011 and of its performance for the half-year ended on that date: and
- (b) there are reasonable grounds to believe that Norfolk Group Limited will be able to pay its debts as and when they become due and payable.

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



Glenn Wallace
Managing Director, Norfolk Group Limited
23 November 2011



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Norfolk Group Limited, which comprises the balance sheet as at 30 September 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Norfolk Group (the consolidated entity). The consolidated entity comprises both Norfolk Group Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 September 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Norfolk Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Norfolk Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 September 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Eddie Wilkie

Eddie Wilkie
Partner

Sydney
23 November 2011