

**NORFOLK GROUP LIMITED**  
**APPENDIX 4E – PRELIMINARY FINAL REPORT**  
**YEAR ENDING 31 MARCH 2010**

**Results for announcement to the market**

<b>Financial Results</b>	<b>March 2010 \$'000</b>	<b>March 2009 \$'000</b>	<b>Change \$'000</b>	<b>Change %</b>
Revenue from continuing operations	791,814	744,207	47,607	6%
Earnings before interest and tax from continuing operations	30,237	15,457	14,780	96%
Net Profit from continuing operations	18,129	5,571	12,558	225%
Net Profit attributable to members	17,325	4,335	12,990	299%

<b>Dividends</b>	<b>Amount per Security</b>	<b>Franked Amount per Security</b>
Final Dividend	N/A	N/A
Previous Corresponding Period	N/A	N/A
Record Date for Determining Entitlement:	N/A	
There is currently no dividend reinvestment plan in operation		

**Explanation of Results**

Earnings before interest and tax from continuing operations for the year ending 31 March 2010 was \$30,237,000, representing a 96% increase from the year ending 31 March 2009. (refer to note 17)

Please refer to the attached Consolidated Financial Statements and notes and the attached Results Announcement for the period ended 31 March, 2010 for further explanation of results.

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2010

	Note	Group 2010 \$'000	Group 2009 \$'000
<b>Revenue from continuing operating activities</b>	3	791,814	744,207
Other income		1,585	164
<b>Expenses</b>			
Cost of sales		(672,551)	(624,996)
Selling and distribution costs		(35,122)	(38,949)
Marketing expenses		(684)	(704)
Occupancy expenses		(8,434)	(7,659)
Administrative expenses		(45,905)	(56,183)
Finance costs		(6,088)	(7,254)
<b>Profit before income tax</b>		<b>24,615</b>	<b>8,626</b>
Income tax expense		(6,486)	(3,055)
<b>Profit from continuing operations</b>		<b>18,129</b>	<b>5,571</b>
<b>Profit/(Loss) from discontinued operations</b>		<b>(790)</b>	<b>(1,204)</b>
<b>Profit for the year</b>		<b>17,339</b>	<b>4,367</b>
<b>Other Comprehensive Income</b>			
Translation of foreign operations		(500)	(190)
Changes in the fair value of cash flow hedges		1,188	(1,246)
Tax effect of changes in the fair value of cash flow hedges		(356)	374
<b>Total other comprehensive income/(expense) for the year, net of tax</b>		<b>332</b>	<b>(1,062)</b>
<b>Total comprehensive income for the year</b>		<b>17,671</b>	<b>3,305</b>
<b>Profit is attributable to:</b>			
Minority interests		14	32
Equity holders of the company		17,325	4,335
		17,339	4,367
<b>Total Comprehensive Income for the year is attributable to:</b>			
Minority interests		14	32
Equity holders of the company		17,657	3,273
		17,671	3,305
		Cents	Cents
Basic earnings per share from continuing operations	10	13.54	4.22
Diluted earnings per share from continuing operations	10	13.43	4.18
Basic earnings per share	10	12.95	3.30
Diluted earnings per share	10	12.85	3.27

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

## BALANCE SHEET

AS AT 31 MARCH 2010

	Note	Group 2010 \$'000	Group 2009 \$'000
<b>Current assets</b>			
Cash and cash equivalents		15,877	13,263
Trade and other receivables	4	166,225	170,369
Inventories	5	4,769	8,043
		186,871	191,675
Current assets classified as held for sale		–	688
<b>Total current assets</b>		<b>186,871</b>	<b>192,363</b>
<b>Non-current assets</b>			
Derivative financial instruments		67	–
Property, plant and equipment		15,897	10,845
Intangibles		46,140	46,837
Deferred tax		18,468	18,633
<b>Total non-current assets</b>		<b>80,572</b>	<b>76,315</b>
<b>Total assets</b>		<b>267,443</b>	<b>268,678</b>
<b>Current liabilities</b>			
Trade and other payables	7	155,862	157,131
Borrowings	8	11,269	61,821
Income tax		6,827	6,708
Derivative financial instruments		390	1,537
Provisions		6,204	6,929
<b>Total current liabilities</b>		<b>180,552</b>	<b>234,126</b>
<b>Non-current liabilities</b>			
Borrowings	8	15,337	942
Provisions		2,139	2,739
<b>Total non-current liabilities</b>		<b>17,476</b>	<b>3,681</b>
<b>Total liabilities</b>		<b>198,028</b>	<b>237,807</b>
<b>Net assets</b>		<b>69,415</b>	<b>30,871</b>
<b>Equity</b>			
Contributed equity	9	264,065	243,919
Reserves	11	(225,261)	(226,320)
Retained profits	12	30,542	13,217
Parent entity interest		69,346	30,816
Minority interest		69	55
<b>Total equity</b>		<b>69,415</b>	<b>30,871</b>

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

**STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 MARCH 2010

	Contributed Equity	Reserves	Retained profits	Parent interest	Minority Interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>						
Balance 1 April 2008	243,919	(225,208)	18,892	37,603	23	37,626
<b>Total comprehensive income for the year</b>	–	<b>(1,062)</b>	<b>4,335</b>	<b>3,273</b>	<b>32</b>	<b>3,305</b>
<b>Transactions with owners in their capacity as owners</b>						
Dividends	–	–	(10,010)	<b>(10,010)</b>	–	<b>(10,010)</b>
Share-based payments	–	(50)	–	<b>(50)</b>	–	<b>(50)</b>
<b>Balance 31 March 2009</b>	<b>243,919</b>	<b>(226,320)</b>	<b>13,217</b>	<b>30,816</b>	<b>55</b>	<b>30,871</b>
Balance 1 April 2009	243,919	(226,320)	13,217	30,816	55	30,871
<b>Total comprehensive income for the year</b>	–	<b>332</b>	<b>17,325</b>	<b>17,657</b>	<b>14</b>	<b>17,671</b>
<b>Transactions with owners in their capacity as owners</b>						
Proceeds from the issue of shares	20,801	–	–	<b>20,801</b>	–	<b>20,801</b>
Share issue costs	(655)	–	–	<b>(655)</b>	–	<b>(655)</b>
Share-based payments	–	727	–	<b>727</b>	–	<b>727</b>
<b>Balance 31 March 2010</b>	<b>264,065</b>	<b>(225,261)</b>	<b>30,542</b>	<b>69,346</b>	<b>69</b>	<b>69,415</b>

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 2010

	Note	Group 2010 \$'000	Group 2009 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		872,076	856,191
Payments to suppliers (inclusive of GST)		(835,976)	(825,914)
		36,100	30,277
Interest received		466	423
Other revenue		876	718
Interest and other finance costs paid		(5,486)	(7,422)
Income taxes paid		(5,863)	(4,253)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>16</b>	<b>26,093</b>	<b>19,743</b>
<b>Cash flows from investing activities</b>			
Payment for purchase of businesses, net of cash acquired	14	–	(1,161)
Payment for purchase of subsidiaries, net of cash acquired	14	–	(136)
Proceeds from sale of businesses		3,133	–
Payments for property, plant and equipment		(9,059)	(5,130)
Proceeds from sale of property, plant and equipment		862	1,197
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(5,064)</b>	<b>(5,230)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		20,801	–
Payment of share issue costs		(936)	–
Payment of dividends		–	(9,962)
Repayment of borrowings (net)		(36,811)	(1,450)
Repayment of finance lease liabilities		(1,143)	(1,805)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>(18,089)</b>	<b>(13,217)</b>
Net increase/(decrease) in cash and cash equivalents		2,940	1,296
Effect of exchange rate changes on cash and cash equivalents		(326)	(45)
Cash and cash equivalents at the beginning of the financial period		13,263	12,012
<b>Cash and cash equivalents at the end of the financial period</b>		<b>15,877</b>	<b>13,263</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

31 MARCH 2010

### Note 1. Basis of Preparation

This report is based on the consolidated financial statements of Norfolk Group Limited and its subsidiaries for the year ending 31 March 2010. These financial statements are in the process of being audited.

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

The principle accounting policies adopted in the preparation of this report are consistent with those disclosed in the Financial Report of Norfolk Group Limited and its subsidiaries for the year ending 31 March 2009.

### Note 2. Segment information – continuing operations

2010	Electrical & Communications	Mechanical	Fire & Property Services	Corporate Services	Intersegment eliminations/unallocated	Total continuing operations
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	403,480	302,946	84,512	-	-	790,938
Intersegment sales	2,725	250	1,615	-	(4,590)	-
Other revenue	361	108	70	337	-	876
<b>Total revenue</b>	<b>406,566</b>	<b>303,304</b>	<b>86,197</b>	<b>337</b>	<b>(4,590)</b>	<b>791,814</b>
Other income	1,431	75	79	-	-	1,585
<b>Total segment revenue</b>	<b>407,997</b>	<b>303,379</b>	<b>86,276</b>	<b>337</b>	<b>(4,590)</b>	<b>793,399</b>
Segment result	22,846	12,702	3,266	(9,227)	-	29,587
Reversal of impairment of SSRP receivable	650	-	-	-	-	650
<b>Total segment result</b>	<b>23,496</b>	<b>12,702</b>	<b>3,266</b>	<b>(9,227)</b>	<b>-</b>	<b>30,237</b>
Finance costs						(5,622)
<b>Profit before income tax expense</b>						<b>24,615</b>
Income tax expense						<b>(6,486)</b>
<b>Profit after income tax expense</b>						<b>18,129</b>
Segment assets	123,382	98,190	22,220	326,990	(303,339)	267,443
<b>Total assets</b>						<b>267,443</b>
Segment liabilities	109,481	61,217	12,998	21,338	(7,006)	198,028
<b>Total liabilities</b>						<b>198,028</b>
Depreciation and amortisation expense	3,476	1,660	355	514	-	6,005

**Note 2. Segment information – continuing operations (continued)**

2009	Electrical & Communications \$'000	Mechanical \$'000	Fire & Property Services \$'000	Corporate Services \$'000	Intersegment eliminations/ unallocated \$'000	Total continuing operations \$'000
Sales to external customers	349,235	306,748	87,089	-	-	743,072
Intersegment sales	653	369	586	-	(1,608)	-
Other revenue	470	153	107	405	-	1,135
<b>Total revenue</b>	<b>350,358</b>	<b>307,270</b>	<b>87,782</b>	<b>405</b>	<b>(1,608)</b>	<b>744,207</b>
Other income	84	95	(15)	-	-	164
<b>Total segment revenue</b>	<b>350,442</b>	<b>307,365</b>	<b>87,767</b>	<b>405</b>	<b>(1,608)</b>	<b>744,371</b>
Segment result - other	19,958	13,298	3,952	(8,264)	-	28,944
Impairment of SSRP receivable	(13,487)	-	-	-	-	(13,487)
<b>Total segment result</b>	<b>6,471</b>	<b>13,298</b>	<b>3,952</b>	<b>(8,264)</b>	<b>-</b>	<b>15,457</b>
Finance costs						(6,831)
<b>Profit before income tax expense</b>						<b>8,626</b>
Income tax expense						<b>(3,055)</b>
<b>Profit after income tax expense</b>						<b>5,571</b>
Segment assets	141,710	117,396	32,736	323,286	(346,451)	268,677
<b>Total assets</b>						<b>268,677</b>
Segment liabilities	99,442	78,758	21,421	79,794	(41,611)	237,804
<b>Total liabilities</b>						<b>237,804</b>
Depreciation and amortisation expense	1,925	1,690	481	651	-	4,747

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

### Geographical segments

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

	Sales to external customers 2010	Segment non current assets 2010
	\$'000	\$'000
Australia	750,586	75,972
New Zealand	36,268	4,393
Other	4,084	140
	<b>790,938</b>	<b>80,505</b>

	Sales to external customers 2009	Segment non current assets 2009
	\$'000	\$'000
Australia	639,166	71,607
New Zealand	100,762	4,563
Other	3,144	145
	<b>743,072</b>	<b>76,315</b>

### Note 3. Revenue

	Group 2010	Group 2009
	\$'000	\$'000
<b>From continuing operations</b>		
Sales revenue	790,938	743,072
Interest received	466	423
Other revenue	410	712
<b>Revenue from continuing operations</b>	<b>791,814</b>	<b>744,207</b>

### Note 4. Current assets – trade and other receivables

	Group 2010	Group 2009
	\$'000	\$'000
Trade receivables	118,080	131,831
Less: Provision for impairment of receivables	(1,925)	(14,980)
	<b>116,155</b>	<b>116,851</b>
Other receivables	833	1,566
Unbilled contract works	43,463	47,179
Prepayments	5,774	4,773
	<b>166,225</b>	<b>170,369</b>

### Bad and doubtful trade receivables

The consolidated entity has recognised a loss of \$1,019,000 (2009: \$13,743,000 loss) in respect of bad and doubtful trade receivables during the period ended 31 March 2010. The loss has been included in 'administrative expenses' in the statement of comprehensive income.

**Note 5. Current assets – inventories**

	Group 2010	Group 2009
	\$'000	\$'000
Finished goods – at cost	5,689	8,964
Less: Provision for obsolescence	(920)	(921)
	<b>4,769</b>	<b>8,043</b>

Write downs of inventory to net realisable value recognised as an expense during the period ended 31 March 2010 amounted to \$174,000 (2009: \$211,000).

Contracts in progress:

Made up as follows:

	Group 2010	Group 2009
	\$'000	\$'000
Contract costs incurred plus recognised profits less recognised losses	654,890	690,566
Less: Progress billings	(657,065)	(681,661)
	<b>(2,175)</b>	<b>8,905</b>
Contract work billed in advance	(45,638)	(38,274)
Unbilled contract works	43,463	47,179
	<b>(2,175)</b>	<b>8,905</b>

**Note 6. Net Assets backing**

	Group 2010 Cents	Group 2009 Cents
Net tangible asset backing per ordinary security	14.65	(12.28)
Net asset backing per ordinary security	<b>43.69</b>	<b>23.75</b>

**Note 7. Current liabilities – trade and other payables**

	Group 2010	Group 2009
	\$'000	\$'000
Trade Payables	70,909	77,079
Contract work billed in advance	45,638	38,274
Employee benefits	26,374	27,125
Other payables	12,941	14,653
	<b>155,862</b>	<b>157,131</b>

## Note 8. Borrowings

Bank loans	10,000	60,833
Facility costs	(874)	–
Lease liabilities	1,028	988
Other borrowings	1,115	–
Total borrowings - current	<b>11,269</b>	<b>61,821</b>
Bank loans	15,035	–
Facility costs	(1,774)	–
Lease liabilities	2,076	942
Total borrowings - non current	<b>15,337</b>	<b>942</b>

On 12 March 2010 the company refinanced its bank debt facilities and entered into new facilities comprised of a \$25m 3 year amortising term loan, a \$30m 2 year revolving working capital facility and a \$60m 3 year 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.

## Note 9. Equity – contributed

	Group 2010 Shares	Group 2010 \$'000	Group 2009 Shares	Group 2009 \$'000
<b>Ordinary shares – fully paid</b>	<b>158,890,730</b>	<b>264,065</b>	<b>130,000,000</b>	<b>243,919</b>

### Movements in ordinary share capital

Date	Details	Number of shares	Issue Price	\$'000
1 April 2009	Opening balance	130,000,000		243,919
9 March 2010	Rights Issue	28,890,730	\$0.72	20,801
	Less Share issue costs			(936)
	Add Tax Effect of Share issue costs			281
31 March 2010	Balance	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, to provide financial flexibility to pursue growth opportunities.

**Note 10. Earnings per share**

	Group 2010	Group 2009
	\$'000	\$'000
Profit from continuing operations	18,129	5,571
Profit from continuing operations attributable to minority interests	(14)	(32)
Profit from continuing operations attributable to members of Norfolk Group Limited used in calculating earnings per share	18,115	5,539
Profit/(loss) from discontinued operations	(790)	(1,204)
Profit attributable to members of Norfolk Group Limited used in calculating earnings per share	17,325	4,335
Weighted average number of ordinary shares used in calculating basic earnings per share	133,754,578	131,256,105
<b>Adjustments for calculation of diluted earnings per share:</b>		
Options	1,114,228	1,239,538
Weighted average number of ordinary shares used in calculating diluted earnings per share	134,868,806	132,495,105
	Cents	Cents
Basic earnings per share from continuing operations	13.54	4.22
Diluted earnings per share from continuing operations	13.43	4.18
Basic earnings per share	12.95	3.30
Diluted earnings per share	12.85	3.27

**Note 11. Equity – reserves**

	Group 2010	Group 2009
	\$'000	\$'000
Foreign currency reserve	(456)	44
Share-based payments reserve	2,754	2,027
Hedging reserve – cash flow hedges	(40)	(872)
Common control reserve	(227,519)	(227,519)
	<b>(225,261)</b>	<b>(226,320)</b>

**Note 12. Equity – retained profits**

	Group 2010	Group 2009
	\$'000	\$'000
Retained profits at the beginning of the financial period	13,217	18,892
Profit/(loss) after income tax (expense)/benefit	17,325	4,335
Dividends	–	(10,010)
<b>Retained profits at the end of the financial period</b>	<b>30,542</b>	<b>13,217</b>

**Note 13. Contingent liabilities**

	Group 2010	Group 2009
	\$'000	\$'000
Bank guarantees	51,195	28,930
Insurance bonds	1,114	–
	<u>52,309</u>	<u>28,930</u>

Total bank guarantee facilities as at 31 March 2010 were \$60,000,000 and the unused portion was \$8,805,000. The insurance facilities as at 31 March 2010 were \$10,000,000 and the unused portion was \$8,886,000.

**Note 14. Business combinations**

	2010	2009
	\$'000	\$'000
Outflow of cash to acquire business, net of cash acquired:		
Total purchase consideration	–	1,161
Purchase consideration in respect of prior acquisitions	–	136
<b>Outflow of cash</b>	<u>–</u>	<u>1,297</u>

(a) On 1 May 2008 Haden Engineering Pty Ltd, a subsidiary of the company, acquired the business of Central Refrigeration and Air-Conditioning for \$1,161,000. This is a commercial and residential refrigeration and air-conditioning service business and operates in the Mechanical division of the consolidated entity. The acquired business contributed revenues of \$2,533,000 and net profit of \$355,000 to the consolidated entity for the year ended 31 March 2009.

	Acquiree's carrying amount	Fair value
	\$'000	\$'000
Plant & Machinery	5	5
Motor vehicles	68	68
Employee benefits	(71)	(71)
Net assets acquired	<u>2</u>	<u>2</u>
Goodwill		1,159
<b>Total purchase consideration</b>		<u>1,161</u>
Representing:		
Cash paid to vendor		<u>1,161</u>

**Note 15. Events occurring after balance date**

No matter or circumstance has arisen since 31 March 2010 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 16. Reconciliation of profit(loss) after income tax to net cash flows from operating activities**

	Group	Group
	2010	2009
	\$'000	\$'000
Profit after income tax (expense)/benefit	17,339	4,367
Depreciation and amortisation	6,005	4,747
Net loss/(profit) on sale of non-current assets	(224)	(209)
Net loss/(profit) on sale of businesses	(1,314)	–
Share-based payments	727	(50)
Unrealised (gain)/loss on derivatives	93	851
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	3,769	27,638
(Increase)/decrease in inventories	2,453	1,359
(Increase)/decrease in deferred tax assets	31	(8,244)
(Increase)/decrease in prepayments	(1,001)	(153)
Increase/(decrease) in trade and other payables	(643)	(16,731)
Increase/(decrease) in provision for income tax	148	6,529
Increase/(decrease) in employee benefits	70	(618)
Increase/(decrease) in other provisions	(1,360)	257
<b>Net cash inflow/(outflow) from operating activities</b>	<b>26,093</b>	<b>19,743</b>

**Note 17. Reconciliation of earnings before interest and tax from continuing operations**

	Group	Group
	2010	2009
	\$'000	\$'000
<b>Profit before income tax</b>	<b>24,615</b>	<b>8,626</b>
Finance costs	6,088	7,254
Interest received	(466)	(423)
<b>Earnings before interest and tax from continuing operations</b>	<b>30,237</b>	<b>15,457</b>
Administrative expenses - Impairment of SSRP receivable	(650)	13,487
<b>Earnings before interest and tax from continuing operations (excluding SSRP receivable impairment)</b>	<b>29,587</b>	<b>28,944</b>