OLDFIELDS HOLDINGS LIMITED
ANNUAL GENERAL MEETING
25th NOVEMBER 2013
Australian Institute of Company Directors
20 Bond Street Sydney NSW 2000

CHAIRMAN'S ADDRESS

As you are aware, we are in the process of transforming the Company, bringing greater focus and efficiency into our operations and improving Oldfield's financial performance.   I would like to make some comments regarding our outgoing CEO Chris Giles and the recent announcement of the appointment of our new CEO Tony Grima.

Chris has been a well-respected CEO. Among his achievements was negotiating a buyback of senior debt from Oldfields primary lender which generated one off income of $5.5million. Chris has agreed to stay on as a non-executive director.

Tony comes to Oldfields Holdings Limited after many years with Avery Dennison Corporation, a large US listed company. His previous role was General Manager – Central Europe, and prior to that he was the General Manager – Australia & New Zealand. Tony holds a Master of Commerce, majoring in Marketing.

Better positioned in a Tough market

For the 2013 financial year Oldfields reported a net profit for the year of $4.6 million. This is the first reported net profit since June 2008. Net debt has reduced substantially over the past 12 months as a result of the debt buy-back completed in December 2012. Cash interest bearing debt reduced from $14.6 million as at 30 June 2012 to $4.8 million as at 30 June 2013.

Lower interest rates, the full year impact of reductions in debt from previous asset sales and the debt buy back has resulted in a decrease of $813 thousand in borrowing costs for the year. Overhead cost savings of $1.1 million were achieved during 2013.

Adding Shareholder Value

Over the long term, our goal remains to build shareholder value.
The Board is committed to resuming dividends when it is appropriate to do so.
Net assets per share has increased from 1 cent to 9 cents.

Economic Outlook

The current Global economic conditions are still uncertain.
We are beginning to see a rise in business confidence following the recent election although the tough conditions that we faced in 2013 are likely to continue in the short term. We must remain focused on costs and increasing sales. There is much hard work ahead. Tony Grima and his team are establishing a clear vision for the future. The company has made a good start to the 2013/14 financial year and in the four months to October the unaudited trading result was an EBITDA of $874 thousand, which is 55% above the corresponding period in 2013. We are expecting further expansion from our scaffolding and paint application customers in 2014. Tony will elaborate further.

As Chairman and the major shareholder I am passionate about the future of the business. Our ambition is to turn our company into the market leading paint applications business in Australia, and dominate the aluminium scaffolding hire market in Australia.

I would like to acknowledge the contribution and dedication of Oldfield's employees over the past 12 months. I will know hand you over to Tony Grima.

CEO ADDRESS

Thank you Lewis.

I am very honoured to have been appointed as the CEO of Oldfields, a 97 year old company. I very much look forward to taking the company on its next stage of its journey. I would also like to acknowledge the contribution to the business made by Chris Giles during his leadership of Oldfields.

Last year Oldfields outlined the company strategy which involved fixing the business fundamentals, finalising the debt restructuring, and investing once again in our product and brands. The first two have been completed and we are now executing the third leg of the strategy. Investment in our brands and products has commenced and more innovation and investment will be made in the coming months, particularly in the Paint Applications category as we work with our customers and grow our business.

Despite a promising start to the year, the financial performance of the business did not meet our expectations last year. Whilst the business generated a profit of nearly $4.6 million, excluding the gain on the debt buyback the business had an underlying loss of $860 thousand, and whilst this is a significant improvement on prior years, the result was still unsatisfactory. The construction market remained constrained for much of the year, but contracted in the second half, and even though the building and construction market remains patchy, there are signs that this sector is starting to recover after many years of decline.

A highlight of the business performance was the cash generated from operations which was nearly $1.1 million compared to just over $100 thousand in the prior reporting period, and many years of operating cash outflows prior to this. This cash generation was driven by improved working capital management, slightly improved trading performance and lower interest payments.

As Lewis mentioned, last year the company achieved further cost savings of $1.1 million, these savings have been used to offset cost increases, invest in our people, our brands and our categories.

I will now discuss each of the business in more detail.

Paint Applications

Paint Applications revenue was flat compared to the previous year. Whilst revenue growth was achieved in the DIY market, through the company's significant presence in the Masters Hardware chain, the business lost some low margin private label business which impacted top line revenue but had minimal impact on profitability.

The rollout of a clearly differentiated product offering in the paint brush category for Masters commenced in April 2013 and has been very successful. This provides a unique range of products for the DIY market, with clear consumer communication on the packaging, including product quality ratings and QR codes linked to DIY video on our website. Early next year will be a range of differentiated paint rollers and painting kits for this segment of the market.

During the year we also obtained exclusive distribution of the CoverGrip Painters Drop cloth from CoverGrip Corporation Inc. This product provides significantly improved safety than a conventional drop cloth, and won the best new product of the year at the 2012 Las Vegas Hardware Show, and is ideal for both the professional and DIY markets, it was launched in April 2013 and continues to increase distribution and is selling well in the marketplace and is a sign of Oldfields re-emergence as an innovator in the paint applications market.

Investment is now being made in a range of paint brushes for the paint specialist market to be sold predominantly in the professional market. This investment is being supported by unique point of sale material and will be available in early 2014.

The paint applications business is in a strong position to continue to benefit from the changing landscape in the hardware market, with modern consumer friendly packaging, more relevant and innovative products for todays' consumers, along with investment in store promotional material and product displays, providing a strong base for future growth.

I am pleased to report that after four months of trading, revenue in this category is up 5% on the previous year.

Scaffolding Division

This business was impacted once again by declining building approvals. Whilst there were patches of activity in some states, the second half of the year was a difficult trading period, uncertainty around the federal election contributed to many projects being deferred.

Revenue was down 9.4% on prior year however margins remained strong. The revenue decline was mainly attributable to a large order in 2011/12 supplying a major national hire company in NSW which has not been repeated. Whilst revenue declined, the cost reductions made during the year and in prior years', resulted in a significant increase in profitability in this division, despite incurring a bad debt charge of approximately $90K during the year.

I am pleased to advise that after 4 months of trading, revenue is up 8% on the same period last year.

The business has made good progress on improving customer service levels providing a seamless service making Oldfields the scaffolding company of choice, and we continue to increase our customer base with new accounts being consistently obtained.

Working capital management was well maintained during the year with good controls on inventory and receivables.

After a number of years of modest investment in the scaffolding hire fleet, which has been in line with demand, we have recently started to invest in the hire fleet, this follows an uplift in activity, particularly in NSW and Queensland, further investments will be made as required.

A renewed focus on scaffolding sales utilising our customer base from the Paint Applications customers, particularly in country areas, has been undertaken. Our manufacturing facility in China was successfully relocated to a more suitable location during the year, with no disruption to production and continues to perform well producing high quality low cost scaffolding for both the domestic and international markets. Recent changes in the WH&S guidelines for scaffolding in NSW and Queensland, has not provided the sales uplift expected, due to the subdued nature of the construction market, however as activity increases it can be expected to provide a lift in sales to meet the new WH&S requirements, which requires additional scaffolding components to comply with the new guidelines.

Outdoor Storage

This business had a difficult year with a revenue decline of 14%. The European export business declined marginally which was a reasonable result considering the high Australian dollar and the depressed European economy. The business continues to remain profitable, despite the lower sales base. Work continues to obtain additional distribution both domestically and internationally.

A marketing focus is being undertaken with a new promotional program for our distributors, a stronger emphasis in online marketing, and renewed efforts to gain distribution into the DIY hardware market.

Outlook

In my brief time at Oldfields, I feel very confident the business has a strong future, our unaudited revenue for the four months to October is 2% ahead of the same period last year and our EBITDA is 55% ahead, and cash generated from operating activities is ahead of plan.

Whilst these results are an improvement on prior years there is more hard work ahead of us, and we continue to face headwinds from uncertainty in the construction sector, particularly in Victoria, but I feel confident that with the team we have in place and the products and services we offer we will succeed in completing the turnaround for Oldfields that we all want to see.

The business has had some significant financial constraints over the past few years, following the debt refinancing announced in December last year, much of this is in the past and we can now actively fund growth initiatives.

Thank you.

Tony Grima
CEO Oldfields Holdings Limited