# OLDFIELDS HOLDINGS LIMITED AND CONTROLLED ENTITIES

**ABN: 92 000 307 988**

**Annual Financial Report For The Year Ended 30 June 2009**

# OLDFIELDS HOLDINGS LIMITED
**ABN 92 000 307 988**

| | |
|---|---|
| **Directors:** | J. R. Westwood<br>Chairman |
| | A. Mankarios<br>Chief Executive Officer |
| | C. C. Hext |
| | T. D. J. Love |
| **Secretary:** | G. J. Guild |
| **Auditors:** | Hall Chadwick<br>Chartered Accountants |
| **Bankers:** | Westpac Banking Corporation |
| **Registered Office:** | 8 Farrow Road<br>Campbelltown NSW 2560<br>Telephone: (02) 4627 0777 |
| **Share Register:** | Registries Limited<br>Level 7<br>207 Kent Street<br>Sydney NSW 2000<br>Telephone: (02) 9290 9600<br>Facsimile: (02) 9279 0664<br>www.registriesltd.com.au |

# OLDFIELDS HOLDINGS LIMITED

# AND CONTROLLED ENTITIES

## 30 June 2009

**ABN: 92 000 307 988**

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Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the financial year ended 30 June 2009.

**Directors**

The name of the directors in office at any time during or since the end of the year are:

John R Westwood

Anthony Mankarios

Thomas D J Love

Christopher C Hext

Directors have been in office since the start of the financial year to the date of this report.

**Company Secretary**

The following person held the position of company secretary at the end of the financial year Gary J. Guild.

Mr Guild is a member of the Australian Institute of Management, Professional Fellow National Institute of Accountants, Fellow of the Taxation Institute of Australia and Certified Finance and Treasury Professional.

Mr Guild held a Senior Accounting and Management position with a top tier Chartered Accountant Firm for 18 years and has extensive experience with various public companies as a senior executive.

### Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the financial year were:
• manufacturing and marketing of paint brushes, paint rollers, painter's tools and spray guns,
• manufacture, marketing and exporting of Treco Garden Sheds, outdoor storage systems, avaries and pet homes,
• manufacture and marketing of scaffolding and related equipment,
• operation of a hire division, hiring scaffolding and related products to the building and construction industry, and
• manufacture and marketing of cleaning and personnel care products.

### Operating Results and Review of Operations for the year

### Operating Results

The Company's Consolidated Groups total Revenue to 30 June 2009 is $46.1M, up 12.3% from $41.1M in 2008. The Consolidated Net Loss after tax attributable to members for the year 30th June 2009 was $6,266,411 down from $1,718,487profit for the corresponding period to 30th June 2008.

The Company incurred one-off non recurring costs and charges to the accounts in this financial year of $6.3M. This was primarily caused by impairment of goodwill and intangibles of $4.0M in accordance with International Financial Reporting Standards.

The Company was affected by the World Financial Crisis (WFC) in a few key areas.

(i) The Company's business units operate mostly superior vertically integrated business models and import the vast majority of its goods from Asia. The Australian dollar dropped from its highs of $0.98 AUD/USD to $0.65 AUD/USD during the middle of this financial year and for most of the later part of the year bottomed out at levels close to this figure. This affected our consolidated profit margins as many of the company's customers were not in a position to absorb an immediate 33% increase in price.

(ii) In the first half of the year, the Company's revenue showed consistently strong growth. This was adversely affected toward the second half of the year by weakening demand in the construction industry, particularly in the NSW market. This is consistent with HIA data.

(iii) The Company decided to reduce operational costs by reducing staff numbers and as a result redundancy payments were made during the year. This was a direct result of the WFC as the Company looked to align its costs with current market conditions. This affected our reported earnings. In the coming year, these redundancies are expected to save in excess of $1.0M in 2010 salaries.

(iv) The Company's inventory values rose from $8.3M to $9.6M during this period despite a significant increase in stock turn ratios in most divisions. This adversely affected cash as we replenished units at the lower AUD rates during this period. As a result, the Company's Board and major shareholders loaned the Company $1,000,000 in May for a 2 year interest only period to assist with its capital management strategy.

(v) Consistent with current accounting standards the Board decided that the Intangible Assets associated with recent business acquisitions should be impaired. This caused a one-off non recurring charge to our accounts of $4,027,937.

The table below summarises the expenses adversely affecting this year's results.

| | | |
|---|---|---|
| Redundancy | $246,865 | |
| Total Impairments | $4,137,337 | (Includes Intangibles and Property) |
| FX Effects | $1,415,861 | |
| Bad Debts | $181,161 | |
| Loss of Rent | $110,700 | |
| Relocation of Factory | $55,700 | |
| Others | $306,208 | |
| Total | $6,453,832 | |

### Review of Operations

**(i) Scaffold Division**

We have grown to become the market leader sales and hire of Aluminium Scaffold.

The Aluminium Scaffold Division performed reasonably well despite the WFC and Building slump, picking up market share as some of its competitors ceased or condensed their operations.

Our Chinese manufacturing operations in Foshan, China continue to win worldwide business and remain a real asset to the Group.

Most states performed within expectations except for NSW where a significant drop in construction and building activity affected revenues.

We have since received steady increases in enquiry levels and orders for Scaffold from our China factory and follow up to these enquiries is in progress.

**(ii) Paint Applications**

Business earnings performed well below expectations due to non-recurring factors outlined above in the Directors overview.

We anticipate that with a stabilising Australian Dollar, these will bounce back to normal earning patterns.

Our Brand name is over 91 years old and our business enjoys consistent superior brand and distribution performance recognition.

**(iii) Garden Sheds Storage**

This business has strong distribution channels and manufactures and sells an aestheically strong and superior product to the worldwide market.

Softer than expected Building activity in NSW affected local revenues within some key customers group.

The divison has made a contribution to the group and continues to win export business.

**(iv) PT Ace Oldfields**

This business is a 49% owned Associate in Indonesia. This business experienced strong double digit gains in local sales, thereby improving our market share in Indonesia. However, it was affected adversely by the WFC with lower than anticipated exports to the USA. This is currently stabilising. Australia and New Zealand exports remained solid during the year.

The Board feels that once world activities stabilise, this division will return to normalised trading.

**(v) H & O Products**

This is a 75% owned subsidiary of the group which acquired the business from H & O Pharmaceutical on the 4th August 2008. This currently operates at Fairfield, NSW.

This division will become part of our consumer goods division. It manufactures many of the large generic brands in the cleaning product category for larger supermarkets and grocery outlets. The generic Brands Market is expected to continue to increase as a percentage of total Australian supermarket sales. It also owns trademarks such as Tornado and Helena Products. The division has budgeted to increase sales this coming year.

The complex nature of its integration into our ERP system and the lower than anticipated sales resulted in a disappointing performance well below initial expectations.

The Board has instigated a review of this business which included significant cost cutting and management changes.

The Company manufactures about 50% of all its bottle requirements. The bottle factory was recently moved to our 8 Farrow Road, Campbelltown site in mid August 2009. The business is budgeting an improved trading result in 2010.

Our plans for this business are further explained in the Future Prospects section of this Report, set out below.

**(vi) Property**

The Company owns significant property assets.

This includes a 47.5% share in a property in Tangshan, China, along with 100% of its Australian property portfolio.

We have just leased the Prestons property and this property will continue to remain on our books as an Investment Property.

The Company will review the potential to sell some or all of its unused property assets in the coming year with a view to retire debt.

### Capital Management

As forshadowed above, the Company needs to raise further working capital in order to refocus and recapitalise the H & O Business, to replenish its working capital and retire some debt. The Board is currently considering a range of options,which include a share placement and or a Rights Issue.

### Company Going Forward

The Directors are keen to improve shareholder value and undertake to maintain continuing good Corporate Governance. We will keep the market regularly informed. Whilst our earnings results signal a deterioration of the traditional previous five years improvements, without doubt significant widely published world events contributed to this one-off adverse effect. The Company continues its record of strong revenue growth.

The Board recognises that ultimately this company needs to grow from a small public company. We have resolved to continue to explore any potential to gain synergistic possibilities through mergers or acquisitions of suitable entities, both private or public, into the future, with companies operating similar or diverse businesses in order to add critical mass to the organisation and add shareholder value and improve the liquidity of our traded shares.

The Directors feel that whilst every care has been taken in providing shareholders an accurate insight as to our future prospects, as stated in this report, circumstances may change and results may vary depending on uncontrollable current economic and unforseen circumstances in prevailing economic conditions and do not factor in any such unforeseen circumstances in this Report.

The Company's activities will now forcus mainly on integration of the existing new business activities and their organic growth, with a short consolidation period expected in the next few months.

The Board will also oversee a formal review of the Company's assets and determine the necessary strategy and controls to maximise the profits in the coming year.

### Dividends Paid or Recommended

The Company declared an interim fully franked dividend of 1.0 cent and will defer declaration of any final dividend for the year 2009 until November's AGM and after capital raising is finalised. The Dividend Policy will remain on hold until further notice.

The total number of ordinary shares on issue in the Company was 14,320,868 shares as at 30 June 2009.

### After Balance Date Events

The Company paid a tranche 3 payment of $985,711 on the 1st September 2009 to the vendors of Advance Scaffolds. A partial payment was made on the 6th July 2009 to the vendors by the issue of 1,233,451 shares in Oldfields Holdings Limited.

The Company also issued 200,000 shares on the 14th August 2009 in Oldfields Holdings Limited to the vendors of the H & O business as final settlement of that acquisition.

The Company's total shares on issue rose to 15,744,319 as at 30th August 2009.

### Future Developments, Prospects and Business Strategies

To further improve the consolidated group's profit and maximise shareholder wealth, the following developments are intended to be implemented in the near future:

Revenue and profits are forecast to increase in the current year, particularly in the second half of the year. This growth in revenue and profit will be driven by two factors:

(i) Organic growth is anticipated to resume and to follow the growth trends evident in the years prior the WFC.

(ii) We intend to refocus the H & O Business by significantly adding to capacity by making capital investments in machinery and technology. We plan to inject more working capital into this business enabling higher levels of "on time and full production" to be achieved. This in turn will generate better profits by winning more business and achieving greater levels of customer satisfaction. The lack of working capital in the past was identified as the main constraint of the business prior to our acquisition and had still not properly been addressed by us due to unexpected availablity and constraints of working capital caused by the WFC.

### Environmental Issues

The economic entity's manufacturing operations are not subject to significant environmental regulations under the law of the Commonwealth and State. The economic entity has established a process whereby compliance with existing environmental regulations and new regulations is monitored continually. This process includes procedures to be followed should an incident adversely impact the environment. The Directors are not aware of any significant breaches during the period covered by this report.

### Information on Directors

| | | |
|---|---|---|
| John Roy Westwood | — | Chairman (Non Executive), Age 58. |
| Qualifications | — | Accountant. |
| Experience | — | Appointed Chairman 12 August 2002. Board member since 2001. Mr. Westwood has 27 years experience in the Building Materials Industry holding many senior accounting positions and is an experienced administrator of both small and medium sized companies. |
| Interest in Shares and Options | — | 3,460,000 Ordinary Shares in Oldfields Holdings Limited and options to acquire a further 150,000 Ordinary Shares. |
| Special Responsibilities | — | Mr. Westwood is a member of the Remuneration Committee. |
| Directorships held in other listed entities during the three years prior to the current year | — | Nil |
| Anthony Mankarios | — | Chief Executive Officer. Age 42. |
| Qualifications | — | Fellow of the Australian Institute of Company Directors, Master of Business Administration (SGSM), Certified Finance and Treasury Professional. |
| Experience | — | Appointed Chief Executive Officer 10 October 2002. Board member since 2001. Mr. Mankarios was previously involved for 13 years in all aspects of running and administration of a group of companies in the paint industry and has extensive experience in manufacturing and retail business. |
| Interest in Shares and Options | — | 2,088,030 Ordinary Shares in Oldfields Holdings Limited and options to acquire a further 500,000 Ordinary Shares. |
| Special Responsibilities | — | Mr. Mankarios is a member of the Remuneration Committee. |
| Directorships held in other listed entities during the three years prior to the current year | — | Joyce Coporation Limited. |
| Thomas D J Love | — | Director (Non Executive). Age 78. |
| Qualifications | — | Fellow of the Institute of Chartered Accountants. |
| Experience | — | Mr. Love was a partner in firms of Chartered Accountants for 40 years and has been a director since 1964. Mr. Love has also been a director of a number of Australian and overseas public and private companies. |
| Interest in Shares and Options | — | 94,800 Ordinary Shares in Oldfields Holdings Limited and options to acquire a further 50,000 Ordinary Shares. |
| Special Responsibilities | — | Mr. Love is a member of the Audit Committee. |
| Directorships held in other listed entities during the three years prior to the current year | — | Nil. |
| Christopher C Hext | — | Director (Non Executive). Age 57. |
| Qualifications | — | Bachelor of Business (Accounting), Registered Tax Agent, Justice of Peace. |
| Experience | — | Board member since 2001. Mr. Hext was a Certified Practicng Accountant and has held senior accounting and management positions in companies of all sizes. |
| Interest in Shares and Options | — | 830,000 Ordinary Shares in Oldfields Holdings Limited and options to acquire a further 50,000 Ordinary Shares. |
| Special Responsibilities | — | Mr. Hext is Chairman of the Audit Committee. |

| | | |
|---|---|---|
| Directorships held in other listed entities during the three years prior to the current year | — | Nil |

### Company Secretary

The following person held the position of company secretary at the end of the financial year: Gary J Guild.
Mr. Guild is a Member of the Australian Institute of Management, Professional Fellow National Institute of Accountants, Fellow of the Taxation Institute of Australia and Certified Finance and Treasury Professional.

### Meetings of Directors

During the financial year, 9 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

| | Directors' Meetings | | Audit Committee | | Remuneration | |
|---|---|---|---|---|---|---|
| | Number eligible to attend | Number attended | Number eligible to attend | Number attended | Number eligible to attend | Number attended |
| John Roy Westwood | 9 | 9 | - | - | 1 | 1 |
| Anthony Mankarios | 9 | 9 | 2 | 2 | 1 | 1 |
| Thomas D J Love | 9 | 7 | 2 | 2 | - | - |
| Christopher C Hext | 9 | 8 | 2 | 2 | - | - |

### Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

The company has paid premiums to insure each of above directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The Insurance Policy prohibits disclosure of the amount of the premium.

### Options

At the date of this report, the unissued ordinary shares of Oldfields Holdings Limited under option are as follows

| Grant Date | Date of expiry | Exercise price | Number under option |
|---|---|---|---|
| 30-Jun-07 | 30-Jun-10 | $1.20 | 1,275,000 |
| 24-Nov-08 | 24-Nov-11 | $1.20 | 350,000 |
| | | | 1,625,000 |

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

### Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

### Non-audit Services

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to Hall Chadwick for non-audit services provided during the year ended June 2009.

| | $ |
|---|---|
| Accounting advisory services | 60,555 |
| Taxation services | 46,400 |
| Due diligence investigations | 19,000 |
| | 125,955 |

### Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2009 has been received and can be found in the pages that follow this report.

## REMUNERATION REPORT

### Remuneration policy

The remuneration policy of Oldfields Holdings Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Oldfields Holdings Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for key management personnel of the consolidated group is as follows:

- The remuneration policy is required to be developed by the remuneration committee and approved by the board after seeking professional advice from independent external consultants.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The remuneration committee reviews key management personnel packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of key management personnel is measured against criteria agreed with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Key management personnel are also entitled to participate in the employee share and option arrangements.

The Key management personnel receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to key management personnel is valued at the cost to the company and expensed. Shares given to key management personnel are valued as the difference between the market price of those shares and the amount paid by key management personnel. Options are valued using the Black-Scholes methodology.

| | 2005 | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Revenue | 26,720,072 | 29,121,120 | 34,025,465 | 41,562,933 | 47,289,262 |
| Net Profit | 1,189,631 | 1,150,296 | 1,563,790 | 1,718,487 | (6,266,411) |
| Share Price at Year-end | 0.90 | 1.00 | 1.10 | 0.80 | 0.49 |
| Dividends Paid | 515,234.00 | 702,431.00 | 704,184.00 | 879,009.00 | 772,335.00 |

### Remuneration Details for the Year Ended 30 June 2009

The following table of payments and benefits details, in respect to the financial year, the components of remuneration for each member of the key management personnel for the consolidated group and the eight group executives receiving the highest remuneration:-

### Table of Benefits and Payments for the year ended 30 June 2009

| | Short-term benefits | | Post Employment Benefits | Share - Based Payment | Total |
|---|---|---|---|---|---|
| | Salary, Fees and Leave | Non-cash benefits | Pension and superannuation | Options | |
| **2009** | $ | $ | $ | $ | $ |
| **Group Key Management Personnel** | | | | | |
| John Roy Westwood | 46,930 | 38,245 | 4,224 | 6,854 | 96,253 |
| Anthony Mankarios | 211,135 | 40,137 | 19,002 | 22,847 | 293,121 |
| Thomas D J Love | 29,702 | - | - | 2,285 | 31,987 |
| Christopher C Hext | 37,740 | - | 3,397 | 2,285 | 43,422 |
| Maurie W Abbott | 135,333 | 12,955 | 12,180 | - | 160,468 |
| Kenneth E Holloway | 59,137 | 23,268 | - | 2,285 | 84,690 |
| Raymond J Titman | 79,640 | 35,843 | 7,168 | 6,854 | 129,505 |
| Gary J Guild | 81,940 | 5,217 | 7,375 | 2,285 | 96,817 |
| | 681,557 | 155,665 | 53,346 | 45,695 | 936,263 |

| | Short-term benefits | | Post Employment Benefits | Share - Based Payment | Total |
|---|---|---|---|---|---|
| **2008** | Salary, Fees and Leave $ | Non-cash benefits $ | Pension and superannuation $ | Options $ | $ |
| **Group Key Management Personnel** | | | | | |
| John Roy Westwood | 45,687 | 23,084 | 4,112 | 6,133 | 79,016 |
| Anthony Mankarios | 206,856 | 34,423 | 18,617 | 20,442 | 280,338 |
| Thomas D J Love | 29,362 | - | - | 2,044 | 31,406 |
| Christopher C Hext | 39,540 | - | 3,559 | 2,044 | 45,143 |
| Maurie W Abbott | 121,301 | 4,263 | 10,917 | - | 136,481 |
| Kenneth E Holloway | 60,108 | 14,611 | - | 2,044 | 76,763 |
| Raymond J Titman | 80,999 | 21,130 | 7,290 | 6,133 | 115,552 |
| Gary J Guild | 86,619 | 5,757 | 7,687 | 2,044 | 102,107 |
| | 670,472 | 103,268 | 52,182 | 40,884 | 866,806 |

### Options issued as part of remuneration for the year ended 30 June 2009.

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of Oldfields Holdings Limited and its subsidiaries to increase goal congruence between executives, directors and shareholders.

### Options Granted As Remuneration

| | Grant Details | | For the financial year ended 30 June 2009 | | |
|---|---|---|---|---|---|
| | Date | No. | Value per Option at Grant Date $ | Exercise Price $ | Last Exercise Date |
| **Group Key Management Personnel** | | | | | |
| John Roy Westwood | 30-Jun-07 | 150,000 | 1.40 | 1.20 | 30-Jun-10 |
| Anthony Mankarios | 30-Jun-07 | 500,000 | 1.40 | 1.20 | 30-Jun-10 |
| Thomas D J Love | 30-Jun-07 | 50,000 | 1.40 | 1.20 | 30-Jun-10 |
| Christopher C Hext | 30-Jun-07 | 50,000 | 1.40 | 1.20 | 30-Jun-10 |
| Maurie W Abbott | 24-Nov-08 | 250,000 | 1.40 | 1.20 | 24-Nov-11 |
| Braden Murrin | 24-Nov-08 | 100,000 | 1.40 | 1.20 | 24-Nov-11 |
| Kenneth E Holloway | 30-Jun-07 | 50,000 | 1.40 | 1.20 | 30-Jun-10 |
| Raymond J Titman | 30-Jun-07 | 150,000 | 1.40 | 1.20 | 30-Jun-10 |
| Gary J Guild | 30-Jun-07 | 50,000 | 1.40 | 1.20 | 30-Jun-10 |
| | | 1,350,000 | | | |

All options vest within 1 year of grant date and expire within 3 years of vesting.

The service and performance criteria set to determine remuneration are included in this remuneration report.

All options were granted fo nil consideration.

### Employment contracts of directors and senior executives

The employment conditions of specified executives are formalised in contracts of employment.

The employment contracts stipulate a range of one to three months resignation periods. The Company may terminate an employment contract without cause by providing a 12 months written notice or making payment in lieu based on the individual's annual salary component, together with a redundancy payment between 5% and 10% of the individual's fixed salary component. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate at any time. Any options not exercised before that date will lapse.

This Report of the Directors', incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Director ___________ *Anthony Mankarios*

Hall Chadwick
Chartered Accountants & Business Advisers

**OLDFIELDS HOLDINGS LIMITED**
**ABN 92 000 307 988**
**AND CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION**
**UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**
**TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED**
**AND CONTROLLED ENTITIES**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2009 there have been:

i. no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
ii. no contraventions of any applicable code of professional conduct in relation to the audit.

Hall Chadwick
Level 29, 31 Market Street
Sydney NSW 2000

**DREW TOWNSEND**
Partner
Date: 30 September 2009


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**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988 AND CONTROLLED ENTITIES**
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | | $ | $ | $ | $ |
| Revenue | 2 | 31,455,278 | 24,361,804 | 148,194 | 1,390,000 |
| Cost of Sales | | (26,697,123) | (18,241,560) | - | - |
| Gross Profit | | 4,758,155 | 6,120,244 | | |
| Other Income | 2 | 15,833,984 | 17,201,129 | | |
| Distribution expenses | | (15,686,904) | (13,778,910) | - | - |
| Marketing expense | | (1,270,250) | (1,242,473) | - | - |
| Occupancy expenses | | (1,515,456) | (1,038,232) | - | - |
| Administrative expenses | | (2,306,428) | (2,633,290) | (56,736) | (58,261) |
| Share of loss of associates | | (131,136) | (26,576) | - | - |
| Intangibles Impairment | | (4,027,937) | - | - | - |
| Impairment of Loans to Subsidaries | | - | - | (3,502,513) | - |
| Finance costs | | (1,985,323) | (1,795,725) | (8,155) | - |
| (Loss)/Profit before income tax | 3 | (6,331,295) | 2,806,167 | (3,419,210) | 1,331,739 |
| Income tax expense | 4 | (334,805) | (817,102) | | - |
| Profit from continuing operations | | (6,666,100) | 1,989,065 | (3,419,210) | 1,331,739 |
| (Loss)/Profit from Discontinued Operations | | 276,752 | (170,623) | | |
| (Loss)/Profit for the Year | | (6,389,348) | 1,818,442 | (3,419,210) | 1,331,739 |
| Profit attributable to minority equity interest | | 122,937 | (99,955) | - | - |
| Profit attributable to members of the parent entity | | (6,266,411) | 1,718,487 | (3,419,210) | 1,331,739 |
| | | | | | |
| **Overal Operations** | | | | | |
| Basic earnings per share (cents per share) | 8 | (44.22) | 13.64 | | |
| Diluted earnings per share (cents per share) | 8 | (44.22) | 13.64 | | |
| | | | | | |
| **Continuing Operations** | | | | | |
| Basic earnings per share (cents per share) | 8 | (47.04) | 15.78 | | |
| Diluted earnings per share (cents per share) | 8 | (47.04) | 15.78 | | |
| | | | | | |
| **Discontinued Operations** | | | | | |
| Basic earnings/(loss) per share (cents per share) | 8 | 1.95 | (1.35) | | |
| | | | | | |
| Dividends per share (cents) | | 5.45 | 6.97 | | |

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988 AND CONTROLLED ENTITIES**
**BALANCE SHEET AS AT 30 JUNE 2009**

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | **Note** | 2009 | 2008 | 2009 | 2008 |
| | | $ | $ | $ | $ |
| **ASSETS** | | | | | |
| **CURRENT ASSETS** | | | | | |
| Cash and cash equivalents | 9 | 588,917 | 295,567 | 19,307 | 34,315 |
| Trade and other receivables | 10 | 6,093,202 | 6,345,604 | 3,831,893 | 5,264,483 |
| Inventories | 11 | 9,638,136 | 8,306,548 | - | - |
| Other assets | 20 | 599,776 | 670,122 | - | - |
| **TOTAL CURRENT ASSETS** | | 16,920,031 | 15,617,841 | 3,851,200 | 5,298,798 |
| **NON-CURRENT ASSETS** | | | | | |
| Trade and other receivables | 10 | 125,000 | - | - | - |
| Investments accounted for using the equity method | 12 | 2,094,525 | 1,885,803 | - | - |
| Other financial assets | 15 | 313,314 | 83,115 | 7,209,276 | 7,209,176 |
| Property, plant and equipment | 17 | 16,468,398 | 17,213,887 | - | - |
| Investment property | 18 | 4,316,900 | 2,694,336 | - | - |
| Deferred tax assets | 23 | - | - | 4,924 | 4,924 |
| Intangible assets | 19 | 1,260,988 | 5,025,254 | - | - |
| **TOTAL NON-CURRENT ASSETS** | | 24,579,125 | 26,902,395 | 7,214,200 | 7,214,100 |
| **TOTAL ASSETS** | | 41,499,156 | 42,520,236 | 11,065,400 | 12,512,898 |
| **CURRENT LIABILITIES** | | | | | |
| Trade and other payables | 21 | 6,651,727 | 8,847,013 | 935,082 | 432,441 |
| Borrowings | 22 | 7,003,806 | 4,244,136 | - | - |
| Current tax liabilities | 23 | 370,015 | 474,037 | 134,450 | 166,809 |
| Short-term provisions | 24 | 1,955,342 | 2,014,758 | - | - |
| Derivatives | 17 | 60,812 | - | 60,812 | - |
| **TOTAL CURRENT LIABILITIES** | | 16,041,702 | 15,579,944 | 1,130,344 | 599,250 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Borrowings | 22 | 16,378,938 | 11,697,385 | 1,000,000 | - |
| Deferred tax liabilities | 23 | - | 22,632 | - | - |
| Other long-term provisions | 24 | 143,460 | 154,866 | - | - |
| **TOTAL NON-CURRENT LIABILITIES** | | 16,522,398 | 11,874,883 | 1,000,000 | - |
| **TOTAL LIABILITIES** | | 32,564,100 | 27,454,827 | 2,130,344 | 599,250 |
| **NET ASSETS** | | 8,935,056 | 15,065,409 | 8,935,056 | 11,913,648 |
| **EQUITY** | | | | | |
| Issued capital | 25 | 12,141,959 | 10,921,391 | 12,141,959 | 10,921,391 |
| Reserves | 33 | (958,953) | (917,090) | 51,965 | 59,580 |
| Retained earnings | | (2,058,866) | 4,979,880 | (3,258,868) | 932,677 |
| Parent interest | | 9,124,140 | 14,984,181 | 8,935,056 | 11,913,648 |
| Minority equity interest | | (189,084) | 81,228 | - | - |
| **TOTAL EQUITY** | | 8,935,056 | 15,065,409 | 8,935,056 | 11,913,648 |

The accompanying notes form part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

| | Note | Share Capital Ordinary | Retained Earnings | Cash Flow Hedge Reserve | Asset Revaluation Reserve | Foreign Currency Translation Reserve | General Reserves | Option Reserve | Minority Equity Interests | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Consolidated Group** | | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2007** | | 9,927,730 | 4,140,402 | - | - | (507,269) | - | 1,319 | 90,023 | 13,652,205 |
| Shares issued during the year | | 993,661 | - | - | - | - | - | - | - | 993,661 |
| Profit attributable to members of parent entity | | - | 1,718,487 | - | - | - | - | - | - | 1,718,487 |
| Profit attributable to minority shareholders | | - | - | - | - | - | - | - | 99,955 | 99,955 |
| Revaluation increment | | - | - | - | - | (469,401) | - | 58,261 | - | (411,140) |
| Sub-total | | 10,921,391 | 5,858,889 | | - | (976,670) | - | 59,580 | 189,978 | 16,053,168 |
| Dividends paid or provided for | 7 | - | (879,009) | - | - | - | - | - | (108,750) | (987,759) |
| **Balance at 30 June 2008** | | 10,921,391 | 4,979,880 | | - | (976,670) | - | 59,580 | 81,228 | 15,065,409 |
| Shares issued during the year | | 1,220,568 | - | - | - | - | - | - | 125 | 1,220,693 |
| Loss attributable to members of parent entity | | - | (6,266,411) | - | - | - | - | - | - | (6,266,411) |
| Loss attributable to minority shareholders | | - | - | - | - | - | - | - | (122,937) | (122,937) |
| Revaluation increment | | - | - | (60,812) | 180,911 | (215,159) | - | 53,197 | - | (41,863) |
| Sub-total | | 12,141,959 | (1,286,531) | (60,812) | 180,911 | (1,191,829) | - | 112,777 | (41,584) | 9,854,891 |
| Dividends paid or provided for | 7 | - | (772,335) | - | - | - | - | - | (147,500) | (919,835) |
| **Balance at 30 June 2009** | | 12,141,959 | (2,058,866) | (60,812) | 180,911 | (1,191,829) | - | 112,777 | (189,084) | 8,935,056 |

The accompanying notes form part of these financial statements.

| | Note | Share Capital Ordinary | Retained Earnings | Cash Flow Hedge Reserve | Asset Revaluation Reserve | Foreign Currency Translation Reserve | General Reserves | Option Reserve | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Parent Entity** | | $ | $ | $ | $ | $ | $ | $ | $ |
| **Balance at 1 July 2007** | | 9,927,730 | 479,947 | - | - | - | - | 1,319 | 10,408,996 |
| Shares issued during the year | | 993,661 | - | - | - | - | - | - | 993,661 |
| Profit attributable to members of parent entity | | - | 1,331,739 | - | - | - | - | - | 1,331,739 |
| Revaluation increment | | - | - | - | - | - | - | 58,261 | 58,261 |
| Sub-total | | 10,921,391 | 1,811,686 | - | - | - | - | 59,580 | 12,792,657 |
| Dividends paid or provided for | 7 | - | (879,009) | - | - | - | - | - | (879,009) |
| **Balance at 30 June 2008** | | 10,921,391 | 932,677 | | - | - | - | 59,580 | 11,913,648 |
| Shares issued during the year | | 1,220,568 | - | - | - | - | - | - | 1,220,568 |
| Loss attributable to members of parent entity | | - | (3,419,210) | - | - | - | - | - | (3,419,210) |
| Revaluation increment | | - | - | (60,812) | | | | 53,197 | (7,615) |
| Sub-total | | 12,141,959 | (2,486,533) | (60,812) | - | - | - | 112,777 | 9,707,391 |
| Dividends paid or provided for | 7 | - | (772,335) | - | - | - | - | - | (772,335) |
| **Balance at 30 June 2009** | | 12,141,959 | (3,258,868) | (60,812) | - | - | - | 112,777 | 8,935,056 |

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988 AND CONTROLLED ENTITIES**
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | |
| Receipts from customers | | 53,586,056 | 49,736,481 | - | - |
| Interest received | | 528 | 2,344 | 206 | 656 |
| Payments to suppliers and employees | | (53,742,449) | (46,996,499) | (6,099) | (1,009) |
| Finance costs | | (1,985,323) | (1,731,493) | (8,155) | - |
| Income tax paid | | (255,991) | (193,712) | (48,537) | - |
| Interest paid to Director's Loan | | (8,217) | - | (8,217) | - |
| Net cash provided by (used in) operating activities | Note 28 | (2,405,396) | 817,121 | (70,802) | (353) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | |
| Proceeds from sale of property, plant and equipment | | 712,807 | 83,433 | - | - |
| Payment for Businesses Acquired | | (3,266,070) | - | - | - |
| Sale of Shares | | 348,200 | - | - | - |
| Purchase of property, plant and equipment | | (1,729,583) | (5,231,562) | - | - |
| Net cash provided by (used in) investing activities | | (3,934,646) | (5,148,129) | - | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | |
| Proceeds from borrowings | | 9,185,000 | 4,225,000 | - | - |
| Director's Loan | | 1,000,000 | - | 1,000,000 | - |
| Advances from controlled entities | | - | - | (198,339) | 797,743 |
| Repayment of borrowings | | (1,471,521) | (681,044) | - | - |
| Dividends paid by parent entity | | (745,867) | (796,321) | (745,867) | (796,321) |
| Net cash provided by (used in) financing activities | | 7,967,612 | 2,747,635 | 55,794 | 1,422 |
| Net increase in cash held | | 1,627,570 | (1,583,373) | (15,008) | 1,069 |
| Cash at beginning of financial year | 9 | (2,581,449) | (998,076) | 34,315 | 33,246 |
| Effect of exchange rates on cash holdings in foreign currencies | | - | - | - | - |
| Cash at end of financial year | 9 | (953,879) | (2,581,449) | 19,307 | 34,315 |

The accompanying notes form part of these financial statements.

This financial report includes the consolidated financial statements and notes of Oldfields Holdings Limited and controlled entities ('Consolidated Group'), and the separate financial statements and notes of Oldfields Holdings Limited as an individual parent entity ('Parent Entity').

**Note 1 Statement of Significant Accounting Policies**

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Financial Report Prepared as a Going Concern Basis**

The financial statement have been prepared on the going concern basis of accounting, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2009 was $6,266,411

The directors have undertaken to raise capital through a variety of capital raising opportunities. The directors have received various advice to indicate that there would be no reason that the capital raising would not be successful. Based on capital raising, projected budgets, cashflow and forecasts these financial statements are prepared on the basis of a going concern.

**(b) Principles of Consolidation**

A controlled entity is any entity over which Oldfields Holdings Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note Note16 to the financial statements.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was obtained (ceased).

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the Equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

**(c) Business Combinations**

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

**(d) Income Tax**

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(e) Tax Consolidation**

Oldfields Holdings Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity.

The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July, 2003. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity.

**(f) Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

**(g) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**(h) Property**

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgable willing parties in an arms length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the assets original cost is transferred from the revaluation reserve to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**(i) Plant and equipment**

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of an independent valuation performed.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

**(j) Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|---|---|
| Buildings | 2% |
| Leasehold improvements | 4-5% |
| Plant and equipment | 5-50% |
| Leased plant and equipment | 18-20% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately 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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

**(k) Investment Property**

Investment property is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement as other income/expense.

**(l) Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**(m) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted for financial assets that are delivered within time frames established by marketplace convention).
Financial instruments are initially measured at fair value plus transactions costs except where the instrument is not classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Classification and Subsequent Measurement**

**(i) Financial assets at fair value through profit or loss**

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss in the period in which they arise.

**(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

**(iii) Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective rate method.

**(iv) Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

**(v) Financial Liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective rate method.

**(vi) Cash flow Hedges**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement

Amounts accumulated in the hedge reserve in equity are transferred to the income statement in the periods when the hedged item will affect profit and loss.

**Fair value**

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

**(n) Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**(o) Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognised the group's share of post acquisition reserves of its associates.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

**(p) Intangibles**

**Goodwill**

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Patents and trademarks**

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life ranging from 5 to 10 years.

**Research and development**

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

**(q) Foreign Currency Transactions and Balances**

**Functional and presentation currency**

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

**Group companies**

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

**(r) Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

**(s) Equity-settled compensation**

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

**(t) Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

**(u) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

**(v) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividend received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue relating to construction activities is detailed at Note 1(e).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax (GST).

**(w) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

**(x) Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**(y) Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(z) Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**Key Estimates**

*(a) Impairment*

The group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. Please see Note 22 "Intangibles Assets" for additional details.

The following are the major assumptions used in the value-in-use calculations:

| | Growth Rate Initial | Discount Rate | Period |
|---|---|---|---|
| Wholesale Segment | 5% | 12% | 5 Yrs |
| Scaffolding Segment | 5% to 15% | 12% | 5 Yrs |
| Investments & Associates | 5% to 10% | 10% & 15% | 5 Yrs |

**New Accounting Standards for Application in Future Periods**

The AASB has issued new, revised and amended standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- AASB 3: Business Combinations, AASB 127: Consolidated and Separate Financial Statements, AASB 2008-3: Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1,2,4,5,7,101,107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138 & 139 and Interpretations 9 & 107] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2008-7: Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136] (applicable for annual reporting periods commencing from 1 January 2009). These standards are applicable prospectively and so will only affect relevant transactions and consolidations occurring from the date of application. In this regard, its impact on the Group will be unable to be determined. The following changes to accounting requirements are included:

    - acquisition costs incurred in a business combination will no longer be recognised in goodwill but will be expensed unless the cost relates to issuing debt or equity securities;
    - contingent consideration will be measured at fair value at the acquisition date and may only be provisionally accounted for during a period of 12 months after acquisition;
    - a gain or loss of control will require the previous ownership interests to be remeasured to their fair value;
    - there shall be no gain or loss from transactions affecting a parent's ownership interest of a subsidiary with all transactions required to be accounted for through equity (this will not represent a change to the Group's policy);
    - dividends declared out of pre-acquisition profits will not be deducted from the cost of an investment but will be recognised as income;
    - Impairment of investments in subsidiaries, joint ventures and associates shall be considered when a dividend is paid by the respective investee; and
    - where there is, in substance, no change to Group interests, parent entities inserted above existing groups shall measure the cost of its investments at the carrying amount of its share of the equity items shown in the balance sheet of the original parent at the date of reorganisation.

  The Group will need to determine whether to maintain its present accounting policy of calculating goodwill acquired based on the parent entity's share of net assets acquired or change its policy so goodwill recognised also reflects that of the non-controlling interest.

- AASB 8: Operating Segments and AASB 2007-3: Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038] (applicable for annual reporting periods commencing from 1 January 2009). AASB 8 replaces AASB 114 and requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's Board for the purposes of decision making. While the impact of this standard cannot be assessed at this stage, there is the potential for more segments to be identified. Given the lower economic levels at which segments may be defined, and the fact that cash generating units cannot be bigger than operating segments, impairment calculations may be affected. Management does not presently believe impairment will result however.

- AASB 101: Presentation of Financial Statements, AASB 2007-8: Amendments to Australian Accounting Standards arising from AASB 101, and AASB 2007-10: Further Amendments to Australian Accounting Standards arising from AASB 101 (all applicable to annual reporting periods commencing from 1 January 2009). The revised AASB 101 and amendments supersede the previous AASB 101 and redefines the composition of financial statements including the inclusion of a statement of comprehensive income. There will be no measurement or recognition impact on the Group. If an entity has made a prior period adjustment or reclassification, a third balance sheet as at the beginning of the comparative period will be required.

- AASB 123: Borrowing Costs and AASB 2007-6: Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12] (applicable for annual reporting periods commencing from 1 January 2009). The revised AASB 123 has removed the option to expense all borrowing costs and will therefore require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Management has determined that there will be no effect on the Group as a policy of capitalising qualifying borrowing costs has been maintained by the Group.

- AASB 2008-1: Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations [AASB 2] (applicable for annual reporting periods commencing from 1 January 2009). This amendment to AASB 2 clarifies that vesting conditions consist of service and performance conditions only. Other elements of a share-based payment transaction should therefore be considered for the purposes of determining fair value. Cancellations are also required to be treated in the same manner whether cancelled by the entity or by another party.

- AASB 2008-2: Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations Arising on Liquidation [AASB 7, AASB 101, AASB 132 & AASB 139 & Interpretation 2] (applicable for annual reporting periods commencing from 1 January 2009). These amendments introduce an exception to the definition of a financial liability to classify as equity instruments certain puttable financial instruments and certain other financial instruments that impose an obligation to deliver a pro-rata share of net assets only upon liquidation.

- AASB 2008-5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-5) and AASB 2008-6: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (July 2008) (AASB 2008-6) detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2008-8: Amendments to Australian Accounting Standards – Eligible Hedged Items [AASB 139] (applicable for annual reporting periods commencing from 1 July 2009). This amendment clarifies how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item should be applied in particular situations and is not expected to materially affect the Group.

- AASB 2008-13: Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110] (applicable for annual reporting periods commencing from 1 July 2009). This amendment requires that non-current assets held for distribution to owners to be measured at the lower of carrying value and fair value less costs to distribute.

- AASB Interpretation 15: Agreements for the Construction of Real Estate (applicable for annual reporting periods commencing from 1 January 2009). Under the interpretation, agreements for the construction of real estate shall be accounted for in accordance with AASB 111 where the agreement meets the definition of 'construction contract' per AASB 111 and when the significant risks and rewards of ownership of the work in progress transfer to the buyer continuously as construction progresses. Where the recognition requirements in relation to construction are satisfied but the agreement does not meet the definition of 'construction contract', revenue is to be accounted for in accordance with AASB 118. Management does not believe that this will represent a change of policy to the Group.

- AASB Interpretation 16: Hedges of a Net Investment in a Foreign Operation (applicable for annual reporting periods commencing from 1 October 2008). Interpretation 16 applies to entities that hedge foreign currency risk arising from net investments in foreign operations and that want to adopt hedge accounting. The interpretation provides clarifying guidance on several issues in accounting for the hedge of a net investment in a foreign operation and is not expected to impact the Group.

- AASB Interpretation 17: Distributions of Non-cash Assets to Owners (applicable for annual reporting periods commencing from 1 July 2009). This guidance applies prospectively only and clarifies that non-cash dividends payable should be measured at the fair value of the net assets to be distributed where the difference between the fair value and carrying value of the assets is recognised in profit or loss.

The Group does not anticipate early adoption of any of the above reporting requirements and does not expect these requirements to have any material effect on the Group's financial statements.

**Note 2 Revenue and Other Income**

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| Sales Revenue | | | | | |
| — sale of goods | | 31,455,278 | 24,361,804 | - | - |
| Total Sales Revenue | | 31,455,278 | 24,361,804 | - | - |
| Other Revenue | | | | | |
| — dividends received | 2(a) | - | - | 140,000 | 1,390,000 |
| — interest received | 2(b) | 11,235 | 163,846 | 8,194 | - |
| — rental revenue for property investment | | 233,141 | 187,459 | - | - |
| — Rental revenue of equipment | | 14,430,274 | 16,359,587 | - | - |
| — Commission | | 1,435 | 829 | - | - |
| — Advertising Rebate | | - | 18,175 | - | - |
| Total Other Revenue | | 14,676,085 | 16,729,896 | 148,194 | 1,390,000 |
| Total Sales Revenue and Other Revenue | | 46,131,363 | 41,091,700 | 148,194 | 1,390,000 |
| Other Income | | | | | |
| — gain on disposal of property, plant and equipment | | - | 83,433 | - | - |
| — gain on revaluation of investment property | | 712,807 | 339,280 | - | - |
| — Investment Loan Write Back | | 325,000 | - | - | - |
| — Gain on loan | | - | - | - | - |
| — other income | | 120,092 | 48,520 | - | - |
| Total Other Income | | 1,157,899 | 471,233 | - | - |
| (a) Dividend revenue from: | | | | | |
| — wholly-owned subsidiaries | | - | - | 140,000 | 1,390,000 |
| Total dividend revenue | | - | - | 140,000 | 1,390,000 |
| (b) Interest revenue from: | | | | | |
| — wholly-owned controlled entities | | - | 162,000 | - | - |
| — other persons | | 11,235 | 1,846 | 8,194 | - |
| Total interest revenue on financial assets not at fair value through profit or loss | | 11,235 | 163,846 | 8,194 | - |

**Note 3 Profit/ (Loss) for the Year**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| (a) Expenses | | | | |
| Cost of sales | 26,697,123 | 18,241,560 | - | - |
| Amortisation & Depreciation | | 1,687,001 | - | - |
| Impairment of Good Will | 4,027,937 | - | - | - |
| Foreign Currency Translation Losses | (73,648) | (476,742) | - | - |
| Bad and doubtful debts: | 211,197 | - | - | - |
| Interest expense: | | | | |
| — Wholly-owned controlled entities | - | - | - | - |
| — Partly owned subsidiaries | 162,000 | 162,598 | - | - |
| — Directors | 8,155 | - | 8,155 | - |
| — Other persons | 1,815,168 | 1,633,127 | - | - |
| Total interest expense | 1,985,323 | 1,795,725 | 8,155 | - |

**Note 4 Income Tax Expense**

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| (a) The components of tax expense comprise: | | | | | |
| Current tax | | 276,878 | 672,435 | | |
| Deferred tax | Note 23 | (2,079,688) | 121,522 | 351 | 3,941 |
| Deferred Tax Assets Not Recognised | | 2,079,688 | | | |
| Reversal of Deferred Tax Liability Previously Recognised | | (22,632) | | (351) | |
| Recoupment of prior year tax losses | | | | | |
| Under provision in respect of prior years | | 80,559 | 23,145 | | (3,941) |
| | | 334,805 | 817,102 | - | - |
| (b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows: | | | | | |
| — consolidated group | | (1,816,363) | 790,664 | | |
| — parent entity | | | | (1,025,763) | 399,522 |
| Add: | | | | | |
| Tax effect of: | | | | | |
| — Impairment of Intercompany Loan | | - | | 1,050,754 | |
| — other non-allowable items | | 13,467 | 101,168 | - | 17,478 |
| — write-downs to recoverable amounts | | (97,500) | - | - | - |
| — share options expensed during year | | 17,360 | | 17,360 | - |
| — under provision for income tax in prior year | | 80,559 | 23,145 | - | - |
| — Goodwill Amortisation | | 47,949 | - | - | - |
| — Intercompany Dividend | | - | - | (42,000) | (417,000) |
| — Rebatable Fully Franked Dividends | | - | (97,875) | - | - |
| | | (1,754,528) | 817,102 | 351 | - |
| Less: | | | | | |
| Tax effect of: | | | | | |
| — Difference in Tax Rate | | (18,475) | - | - | - |
| — Investment Allowance | | (8,202) | - | - | - |
| — Not Tax Effect Overseas Income / Loss | | 58,955 | - | - | - |
| — Current Year DTA Not Recognised | | 2,079,688 | - | (351) | - |
| — Reversal Of DTL Previously Recognised | | (22,633) | - | - | - |
| Recoupment of prior year tax losses not previously brought to account | | - | - | - | - |
| Income tax attributable to entity | | 334,805 | 817,102 | - | - |
| | | -5.3% | 31.0% | 0.0% | 0.0% |

**DTA not Brought to Account**

| | | | | | |
|---|---|---|---|---|---|
| (c) | DTA on Loss | 908,248 | - | 3,790 | - |
| | DTA Temporary Difference | 1,148,808 | - | (4,141) | - |
| | | 2,057,056 | - | (351) | - |

**Note 5 Interests of Key Management Personnel (KMP)**

**KMP Options and Rights Holdings**

The number of options over ordinary shares in Oldfields Holdings Limited held during the financial year by each KMP of the Group is as follows:-

| 30 June 2009 | Balance at beginning of year | Balance at end of year |
|---|---|---|
| John Roy Westwood | 150,000 | 150,000 |
| Anthony Mankarios | 500,000 | 500,000 |
| Thomas D J Love | 50,000 | 50,000 |
| Christopher C Hext | 50,000 | 50,000 |
| Kenneth E Holloway | 50,000 | 50,000 |
| Raymond J Titman | 150,000 | 150,000 |
| Gary J Guild | 50,000 | 50,000 |
| | 1,000,000 | 1,000,000 |

| 30 June 2008 | Balance at beginning of year | Balance at end of year |
|---|---|---|
| John Roy Westwood | 150,000 | 150,000 |
| Anthony Mankarios | 500,000 | 500,000 |
| Thomas D J Love | 50,000 | 50,000 |
| Christopher C Hext | 50,000 | 50,000 |
| Kenneth E Holloway | 50,000 | 50,000 |
| Raymond J Titman | 150,000 | 150,000 |
| Gary J Guild | 50,000 | 50,000 |
| | 1,000,000 | 1,000,000 |

**KMP Shareholdings**

The number of ordinary shares in Oldfields Holdings Limited held during the financial year by each KMP of the Group is as follows:-

| 30 June 2009 | Balance at beginning of year | Granted as remuneration during the year | Issued on exercise of options during the year | Other changes during the year | Balance at end of year |
|---|---|---|---|---|---|
| John Roy Westwood | 3,410,000 | - | - | 50,000 | 3,460,000 |
| Anthony Mankarios | 2,074,497 | - | - | 13,533 | 2,088,030 |
| Thomas D J Love | 94,800 | - | - | - | 94,800 |
| Christopher C Hext | 810,000 | - | - | 20,000 | 830,000 |
| Maurie W Abbott | 385,544 | - | - | 579,000 | 964,544 |
| Kenneth Holloway | 11,660 | - | - | 1,005 | 12,665 |
| Raymond J Titman | 7,342 | - | - | 633 | 7,975 |
| Gary Guild | 7,270 | - | - | 627 | 7,897 |
| | 6,801,113 | - | - | 664,798 | 7,465,911 |

| 30 June 2008 | Balance at beginning of year | Granted as remuneration during the year | Issued on exercise of options during the year | Other changes during the year * | Balance at end of year |
|---|---|---|---|---|---|
| John Roy Westwood | 2,930,000 | - | - | 480,000 | 3,410,000 |
| Anthony Mankarios | 1,946,497 | - | - | 128,000 | 2,074,497 |
| Thomas D J Love | 94,800 | - | - | - | 94,800 |
| Christopher C Hext | 810,000 | - | - | - | 810,000 |
| Maurie W Abbott | - | - | - | 385,544 | 385,544 |
| Kenneth Holloway | 10,901 | - | - | 759 | 11,660 |
| Raymond J Titman | 6,864 | - | - | 478 | 7,342 |
| Gary Guild | 7,270 | - | - | - | 7,270 |
| | 5,806,332 | - | - | 994,781 | 6,801,113 |

* Net Change refers to shares purchased or sold during the financial year.

**Note 6 Auditors' Remuneration**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| Remuneration of the auditor of the parent entity for: | | | | |
| — auditing or reviewing the financial report | 146,500 | 75,000 | - | - |
| — taxation services | 46,400 | 11,500 | - | - |
| — due diligence services | 19,000 | 17,000 | - | - |
| — taxation services provided by related practice of auditor | - | 4,450 | - | - |
| — Accounting Services | 60,555 | - | - | - |
| Remuneration of other auditors of subsidiaries for: | | | | |
| — auditing or reviewing the financial report of subsidiaries | 13,650 | 2,000 | - | - |

**Note 7 Dividends**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| Distributions paid | | | | |
| 2009 Year Interim fully franked ordinary dividend of 1 cent per share paid 16th June, 2009 (2008 : 4.0 cents 50% franked per share) | 130,154 | 495,040 | 130,154 | 495,040 |
| 2008 final unfranked dividend of 4.5 cents per share paid in December 2008 | 642,181 | 383,969 | 642,181 | 383,969 |
| | 772,335 | 879,009 | 772,335 | 879,009 |
| (a) No 2009 year final ordinary dividend is proposed. (Dec 2008 $577618 at 4.5 cents per share partially franked at the tax rate of 30%) | | | | |
| (b) Balance of franking account at year end adjusted for franking credits arising from: | | | | |
| — dividends recognised as receivables, and franking debits arising from payment of proposed dividends, and franking credits that may be prevented from distribution in subsequent financial years | 171,579 | 97,309 | 210,508 | 102,475 |
| Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows: | - | (74,265) | - | (74,265) |
| | 171,579 | 23,044 | 210,508 | 28,210 |

**Note 8 Earnings per Share**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ |
|---|---|---|
| (a) Reconciliation of earnings to profit or loss | | |
| Profit | (6,666,100) | 1,989,065 |
| Profit attributable to minority equity interest | 122,937 | (99,956) |
| Redeemable and converting preference share dividends | | |
| Dividends on converting preference shares | | |
| Earnings used in the calculation of dilutive EPS | (6,543,163) | 1,889,109 |
| (b) Reconciliation of earnings to profit or loss from continuing operations | | |
| Profit from continuing operations | (6,666,100) | |
| Profit attributable to minority equity interest in respect of continuing operations | 122,937 | |
| Earnings used to calculate basic EPS from continuing operations | (6,543,163) | - |
| Earnings used in the calculation of dilutive EPS from continuing operations | (6,543,163) | - |
| (c) Reconciliation of earnings to profit or loss from discontinuing operations | | |
| Profit from discontinuing operations | 276,752 | |
| Profit attributable to minority equity interest | - | |
| Earnings used to calculated basic EPS from discontinuing operations | 276,752 | - |
| | No. | No. |
| (d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 14,171,667 | 12,602,795 |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS | 14,171,667 | 12,602,795 |

(e) Diluted earnings per share is not reflected for continuing operations as the result is anti-dilutive in nature.

**Note 9 Cash and Cash Equivalents**

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| Cash at bank and in hand | | 588,917 | 295,567 | 19,307 | 34,315 |
| | Note 32 | 588,917 | 295,567 | 19,307 | 34,315 |
| Reconciliation of cash | | | | | |
| Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows: | | | | | |
| Cash and cash equivalents | | 588,917 | 295,567 | 19,307 | 34,315 |
| Bank overdrafts | Note 22 | (1,542,796) | (2,877,116) | - | - |
| | | (953,879) | (2,581,549) | 19,307 | 34,315 |

**Note 10 Trade and Other Receivables**

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| CURRENT | | | | | |
| Trade receivables | 10e | 4,865,305 | 5,266,666 | - | - |
| Provision for impairment | 10d(i) | (159,256) | (70,997) | - | - |
| | | 4,706,049 | 5,195,669 | - | - |
| Amounts receivable from: | | | | | |
| — wholly-owned subsidiaries | | - | - | 7,328,173 | 5,264,483 |
| — associated companies | | 603,259 | 206,804 | - | - |
| — Provision for Impairment | | - | - | (3,502,513) | - |
| — Other receivables | | 783,894 | 943,131 | 6,233 | - |

| | | | | |
|---|---|---|---|---|
| Total current trade and other receivables | 6,093,202 | 6,345,604 | 3,831,893 | 5,264,483 |
| NON-CURRENT | | | | |
| Amounts Receivable from Associated Companies | 125,000 | - | - | - |
| Total non-current trade and other receivables | 125,000 | - | - | - |

(a) **Provision For Impairment of Receivables**
Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when their is an objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.
There are no balances within trade and other receivables that contain assets that are not impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

**Credit risk - Trade and Other Receivables**

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 10. The main source of credit risk to the Group is considered to relate to the class of assets described as Trade and Other Receivables. The company hold insurance policies for select Trade Debtors.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

| **Consolidated Group** | Gross Amount | Past due and impaired | Past due but not impaired (days overdue) <30 | 31-60 | 61-90 | >90 | Within initial trade terms |
|---|---|---|---|---|---|---|---|
| **2009** | $ | $ | $ | $ | $ | $ | $ |
| Trade and term receivables | 4,865,305 | 159,256 | | 1,393,328 | 494,475 | 774,598 | 2,043,648 |
| Other receivables | 1,387,153 | | | 39,139 | 40,707 | 226,345 | 1,080,962 |
| Total | 6,252,458 | 159,256 | - | 1,432,467 | 535,182 | 1,000,943 | 3,124,610 |

| **Consolidated Group** | Gross Amount | Past due and impaired | Past due but not impaired (days overdue) <30 | 31-60 | 61-90 | >90 | Within initial trade terms |
|---|---|---|---|---|---|---|---|
| **2008** | $ | $ | $ | $ | $ | $ | $ |
| Trade and term receivables | 5,266,666 | 70,977 | | 1,513,984 | 508,295 | 295,492 | 2,877,918 |
| Other receivables | 1,149,935 | | | | | | 1,149,935 |
| Total | 6,416,601 | 70,977 | - | 1,513,984 | 508,295 | 295,492 | 4,027,853 |

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

| | Note | Consolidated Group 2009 | Consolidated Group 2008 | Parent Entity 2009 | Parent Entity 2008 |
|---|---|---|---|---|---|
| (b) **Financial Assets classified as loans and receivables** | **Note** | $ | $ | $ | $ |
| Trade and other Receivables | | | | | |
| — Total Current | | 6,093,202 | 6,345,604 | 3,831,893 | 5,264,483 |
| — Total Non-Current | | 125,000 | - | - | - |
| Financial Assets | Note 32 | 6,218,202 | 6,345,604 | 3,831,893 | 5,264,483 |

**Note 11 Inventories**

| | **Note** | Consolidated Group 2009 | Consolidated Group 2008 | Parent Entity 2009 | Parent Entity 2008 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| CURRENT | | | | | |
| At cost | | | | | |
| Raw materials and stores | | 2,702,991 | 1,634,037 | - | - |
| Work in progress | | 1,094,650 | 1,752,018 | - | - |
| Finished goods | | 5,903,837 | 4,931,258 | - | - |
| Less Provisions | | (63,342) | (10,765) | - | - |
| | | 9,638,136 | 8,306,548 | - | - |

**Note12 Investments Accounted for Using the Equity Method**

| | **Note** | Consolidated Group 2009 | Consolidated Group 2008 | Parent Entity 2009 | Parent Entity 2008 |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| Associated companies | Note 13a | 2,094,525 | 1,885,803 | - | - |
| | | 2,094,525 | 1,885,803 | - | - |

**Note 13 Associated Companies**

Interests are held in the following associated companies

| Name | Principal Activities | Country of Incorporation | Shares | Ownership Interest 2009 | Ownership Interest 2008 | Carrying Amount of Investment 2009 | Carrying Amount of Investment 2008 |
|---|---|---|---|---|---|---|---|
| | | | | % | % | $ | $ |
| Unlisted: | | | | | | | |
| Tangshan Hengfeng | Paint Brush Manufacturer | China | Ordinary | 47.50% | 47.50% | 1,189,655 | 799,061 |
| PT Ace Oldfields | Paint Brush Manufacturer | Indonesia | Ordinary | 49.00% | 49.00% | 747,605 | 900,716 |
| Brisbane Garden Sheds | Garden Shed Supplier | Australia | Ordinary | 50.00% | 50.00% | 19,887 | 21,722 |
| Scaffold Mgt Systems | Scaffold Supplier | Australia | Ord/Pref | 34.60% | 0.00% | 18,710 | - |
| Enduring Enterprises | Hardware Products Provider | Singapore | Ordinary | 49.00% | 49.00% | 118,668 | 164,304 |
| | | | | | | 2,094,525 | 1,885,803 |

(a) **Movements during the Year in Equity Accounted Investments in Associated** **Note** Consolidated Group Parent Entity

| **Companies** | | 2009 $ | 2008 $ | 2009 $ | 2008 $ |
|---|---|---|---|---|---|
| Balance at beginning of the financial year | | 1,885,803 | 2,096,561 | - | - |
| Add: New investments during the year | | - | 427,344 | - | - |
| Share of associated company's profit after income tax | Note 13b | 145,616 | (197,199) | - | - |
| Foreign currency translation loss | | 63,106 | (398,429) | | |
| Transferred to controlled entity | | - | (8,399) | - | - |
| Dividends Received | | - | (34,075) | - | - |
| Balance at end of the financial year | | 2,094,525 | 1,885,803 | - | - |

(b) **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates**

| | | | | |
|---|---|---|---|---|
| Current assets | 3,819,478 | 3,518,608 | - | - |
| Non-current assets | 1,977,703 | 1,467,216 | - | - |
| Total assets | 5,797,181 | 4,985,824 | - | - |
| Current liabilities | 2,686,934 | 2,131,753 | - | - |
| Non-current liabilities | 1,139,210 | 973,959 | - | - |
| Total liabilities | 3,826,144 | 3,105,712 | - | - |
| Net assets | 1,971,037 | 1,880,112 | - | - |
| Revenues | 7,031,241 | 6,772,781 | - | - |
| Profit after income tax of associates | 145,616 | (197,199) | - | - |

The recoverable value of the cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period. The cash flows are discounted at a rate of 12% per annum which incorporates an appropriate risk premium and a 20% growth rate on local cash inflows and 2% growth rate on overseas cash inflows.

Management has based the value –in-use calculation on budgets for each reporting segment. These budgets incorporate management's best estimates of projected revenues using growth rates based on historical experience, anticipated market growth and the expected effect of Company initiatives.

**Tangshan Hengfeng ceased operations on 31/12/2008. Details of the groups interest in Tangshan Hengfeng is disclosed below**

| (a) **Movements during the Year in Equity Accounted Investments in Associated Companies** | **Note** | Consolidated Group 2009 $ | 2008 $ | Parent Entity 2009 $ | 2008 $ |
|---|---|---|---|---|---|
| Balance at beginning of the financial year | | 799,061 | 788,481 | - | - |
| Share of associated company's profit after income tax | | 276,752 | (170,623) | - | - |
| Foreign currency translation loss | | 113,842 | 181,203 | | |
| Transferred to controlled entity | | - | | - | - |
| Balance at end of the financial year | | 1,189,655 | 799,061 | - | - |

(b) **Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates**

| | | | | |
|---|---|---|---|---|
| Current assets | 131,545 | 155,562 | - | - |
| Non-current assets | 1,368,645 | 912,051 | - | - |
| Total assets | 1,500,190 | 1,067,613 | - | - |
| Current liabilities | 310,535 | 268,552 | - | - |
| Non-current liabilities | - | - | - | - |
| Total liabilities | 310,535 | 268,552 | - | - |
| Net assets | 1,189,655 | 799,061 | - | - |
| Revenues | 117,597 | 246,681 | - | - |
| Profit after income tax of associates | 276,752 | (170,623) | - | - |

Tangshan ceased operations in December 2008. The carrying value of Tangshan amounting $1,189,655 is based on an open market valuation performed by Tangshan Zhongyuan Chengxin Capital Valuation Office, a Chinese qualified independent valuer, on 31 May 2008. Based on the valuation, the group's share of the market value of land, property, plant and equipment at that date was $1,569,578.

**Note14 Derivatives**

| | Consolidated Group 2009 $ | 2008 $ | Parent Entity 2009 $ | 2008 $ |
|---|---|---|---|---|
| CURRENT LIABILITIES | | | | |
| Forward exchange contracts | 60,812 | - | - | - |
| | 60,812 | - | - | - |

Forward exchange contracts are used to hedge cash flow risk associated with future transactions. Gains and losses arising from changes in the fair value of derivatives are initially recognised directly in a hedge reserve in the equity section of the balance sheet. At the date of the transaction, amounts included in the hedge reserve are transferred from equity and included in either the income statement or the cost of assets. The statement of changes in equity includes transfers to and from the hedge reserve.

**Note15 Other Financial Assets**

| | **Note** | Consolidated Group 2009 $ | 2008 $ | Parent Entity 2009 $ | 2008 $ |
|---|---|---|---|---|---|
| NON CURRENT | | | | | |
| Available-for-sale financial assets | Note15a | 313,314 | 83,115 | 7,209,276 | 7,209,176 |
| | | 313,314 | 83,115 | 7,209,276 | 7,209,176 |
| (a) **Available-for-sale financial assets comprise:** | | | | | |
| NON CURRENT | | | | | |
| Unlisted investments, at cost | | | | | |
| — shares in controlled entities | | - | - | 7,209,276 | 7,209,176 |
| — shares in associates | | 313,314 | 83,115 | - | - |
| Total non-current available-for-sale financial assets | Note 32 | 313,314 | 83,115 | 7,209,276 | 7,209,176 |

Available for sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available for sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result all unlisted investments are reflected at cost. No intention to dispose of any unlisted available for sale financial assets existed as at 30th June 2009

**Note16 Controlled Entities**

(a) **Controlled Entities Consolidated**

| | Country of Incorporation | Percentage Owned (%)* | |
|---|---|---|---|
| | | 2009 | 2008 |
| **Subsidiaries of Oldfields Holdings Limited:** | | | |
| Oldfields Pty Limited | Australia | 100.00% | 100.00% |
| Oldfields Access Pty Limited | Australia | 100.00% | 100.00% |
| Oldfields Administration Pty Limited | Australia | 100.00% | 100.00% |
| Oldfields International Pty Limited | Australia | 100.00% | 100.00% |
| Advantage Contracting Pty Limited | Australia | 100.00% | 100.00% |
| Advantage Scaffolding Pty Limited | Australia | 100.00% | 100.00% |
| Shed Holdings Pty Limited | Australia | 100.00% | 100.00% |
| Advance Scaffold Solutions Pty Limited | Australia | 100.00% | 100.00% |
| NOST Investments Pty limited | Australia | 100.00% | 100.00% |
| **Subsidiary of Oldfields Pty Limited:** | | | |
| Midco Pty Limited | Australia | 100.00% | 100.00% |
| **Subsidiary of Oldfields Access Pty Limited:** | | | |
| Adelaide Scaffold Solutions Pty Limited | Australia | 65.00% | 75.00% |
| **Subsidiary of Oldfields Administration Pty Limited:** | | | |
| National Office Service Trust | Australia | 100.00% | 100.00% |
| **Subsidiary of NOST Investments Pty Limited:** | | | |
| H & O Products Pty Limited | Australia | 75.00% | 0.00% |
| **Subsidiaries of Oldfields International Pty Limited:** | | | |
| Oldfields (NZ) Limited | New Zealand | 100.00% | 100.00% |
| Oldfields Paint Applications (NZ) Limited | New Zealand | 100.00% | 100.00% |
| Oldfields USA Incorporated | United States of America | 100.00% | 100.00% |
| **Subsidiaries of Shed Holdings Pty Limited:** | | | |
| Backyard Installations Pty Limited | Australia | 100.00% | 100.00% |
| Sheds Plus Pty Limited | Australia | 100.00% | 100.00% |
| Adelaide Garden Sheds Pty Limited | Australia | 100.00% | 100.00% |
| **Subsidiaries of Advance Scaffold Solutions Pty Limited:** | | | |
| Scaffold The World Pty Limited | Australia | 100.00% | 100.00% |
| Foshan Advcorp Pty Limited | China | 100.00% | 100.00% |

* Percentage of voting power is in proportion to ownership

(b) **Acquisition of Business**

On 4 August, 2008 the controlled entity, H & O Products Pty Limited, 75% owned by NOST Investments Pty Limited acquired the business from H & O Pharmaceuticals Pty Limited, thereby becoming entitled to 75% of profits earned from that date for a purchase consideration of $2,553,895.

The assets and liabilities arising from the acquisition are as follows:

| | Acquiree's carrying amount | Fair value |
|---|---|---|
| | $ | $ |
| Prepayments | 18,121 | 18,121 |
| Inventories | 2,210,518 | 2,210,518 |
| Property, plant and equipment | 1,200,255 | 1,200,255 |
| Provisions | (27,530) | (27,530) |
| | 3,401,364 | 3,401,364 |
| Minority interests | (847,569) | (847,569) |
| Net Assets Acquired | 2,553,795 | 2,553,795 |

(c) "A deed of cross guarantee between Oldfields Holdings Limited and its wholly owned subsidiaries was enacted during the financial year ended June 2001. An assumption deed including Advantage Contracting Pty Limited and Advantage Scaffolding Pty Limited was enacted during the financial year ended June 2004. An assumption deed to include Adelaide Scaffolding Solutions Pty Limited was enacted during the financial year ended June 2005. An assumption deed to include Advance Scaffold Solutions Pty Limited and Scaffold The World Pty Limited was enacted during the financial year ended June 2008. An assumption deed to include H & O Products Pty Limited was enacted during the year ended June 2009. Relief has been obtained from preparing a financial report for Oldfields Pty Limited and Oldfields Access Pty Limited under ASIC Class Order 98/1418. Under the deed, Oldfields Holdings Limited guarantees to support the liabilities and obligations of Oldfields Pty Limited and other entities listed above being members of the closed group.

**Note 17 Property, Plant and Equipment**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| **LAND AND BUILDINGS** | | | | |
| Freehold land at: | | | | |
| — at cost | 1,229,758 | 2,158,622 | - | - |
| Total Land | 1,229,758 | 2,158,622 | - | - |
| Buildings at: | | | | |
| — at cost | 1,286,553 | 2,338,951 | - | - |
| Less accumulated depreciation | (31,916) | (50,192) | - | - |
| Total Buildings | 1,254,637 | 2,288,759 | - | - |

| | | | | |
|---|---|---|---|---|
| Total Land and Buildings | 2,484,395 | 4,447,381 | - | - |
| **PLANT AND EQUIPMENT** | | | | |
| Plant and equipment: | | | | |
| At cost | 17,516,151 | 15,800,738 | - | - |
| Accumulated depreciation | (4,804,711) | (4,326,184) | - | - |
| | 12,711,440 | 11,474,554 | - | - |
| Leasehold improvements | | | | |
| At cost | 395,152 | 300,231 | - | - |
| Accumulated amortisation | (174,168) | (96,622) | - | - |
| Total Leasehold Improvements | 220,984 | 203,609 | - | - |
| Capitalised leased assets | 2,790,048 | 2,326,884 | - | - |
| Accumulated depreciation | (1,738,469) | (1,238,541) | - | - |
| | 1,051,579 | 1,088,343 | - | - |
| Total plant and equipment | 13,763,019 | 12,562,897 | - | - |
| Total Property, Plant and Equipment | 16,468,398 | 17,213,887 | - | - |

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Freehold Land $ | Buildings $ | Leasehold Improvements $ | Plant and Equipment $ | Leased Plant and Equipment $ | Total $ |
|---|---|---|---|---|---|---|
| **Consolidated Group:** | | | | | | |
| Balance at 1 July 2007 | 1,279,522 | 1,167,832 | 179,700 | 9,911,523 | 1,034,740 | 13,573,317 |
| Additions | 879,100 | 1,148,189 | 57,295 | 2,952,706 | 456,141 | 5,493,431 |
| Disposals | - | - | - | (232,840) | (20,034) | (252,874) |
| Depreciation expense | - | (27,262) | (33,386) | (1,156,835) | (382,504) | (1,599,987) |
| Balance at 30 June 2008 | 2,158,622 | 2,288,759 | 203,609 | 11,474,554 | 1,088,343 | 17,213,887 |
| Additions | - | 1,818 | 73,058 | 3,086,370 | 609,460 | 3,770,706 |
| Disposals | (200,000) | (152,730) | (8,062) | (300,604) | (198,441) | (859,837) |
| Transfers to Investment Property | (728,864) | (918,777) | (1,850) | | - | (1,649,491) |
| Transfer to Software | | | | (63,903) | | (63,903) |
| Revaluation increments / (decrements) | - | 61,255 | - | (228,482) | - | (167,227) |
| Depreciation expense | - | (25,688) | (45,771) | (1,256,495) | (447,783) | (1,775,737) |
| Balance at 30 June 2009 | 1,229,758 | 1,254,637 | 220,984 | 12,711,440 | 1,051,579 | 16,468,398 |

Plant and equipment were independently valued by Pickles Auctions Pty Limited on 26 February 2009 and 8 September 2009 on an open market value basis for the following entities.

- Oldfields Access Pty Limited and Advance Scaffold Solutions Pty Limited were valued on 26 February 2009 with a market value at $8,599,815.
- Oldfields Pty Limited was valued on 8 September 2009 with a market value at $846,406.
- H & O Products Pty Limited was valued on 8 September 2009 with a market value at $1,303,982.

**Note 18 Investment Property**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| Balance at beginning of year | 2,694,336 | - | - | - |
| Acquisitions | | 2,369,573 | - | - |
| Transfer from Land & Buildings | 1,768,777 | - | - | - |
| Accumulated Amortisation | (111,011) | - | - | - |
| Fair value adjustments | (35,202) | 324,763 | - | - |
| Balance at end of year | 4,316,900 | 2,694,336 | - | - |

The fair value model is applied to all investment property. Investment properties are independently revalued annually. Values are based on an active liquid market value and are performed by a registered independent valuer.

Investment properties were independently valued at $1,600,000 and $3,300,000 by McLennan Steege Smith & Associates on 30 June 2009 and K.D. Wood Valuations (Aust) Pty Limited on 24 July 2009 respectively on an open market value basis.

**Note 19 Intangible Assets**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| Goodwill | | | | |
| Cost | 5,067,901 | 4,828,234 | - | - |
| Accumulated impaired losses | (4,027,937) | - | - | - |
| Net carrying value | 1,039,964 | 4,828,234 | - | - |
| Trademarks and licences | | | | |
| Cost | 221,387 | 202,812 | - | - |
| Accumulated amortisation and impairment | (90,187) | (65,890) | - | - |
| Net carrying value | 131,200 | 136,922 | - | - |
| Software Development costs | | | | |
| Cost | 311,351 | 341,548 | - | - |
| Accumulated amortisation and impairment | (221,527) | (281,450) | - | - |
| Net carrying value | 89,824 | 60,098 | - | - |
| Total intangibles | 1,260,988 | 5,025,254 | - | - |

**Consolidated Group:**

| | Goodwill $ | Trademarks & Licences $ | Software Development Costs $ |
|---|---|---|---|
| **Year ended 30 June 2008** | | | |
| Balance at the beginning of year | 1,367,683 | 153,746 | 113,286 |
| Additions | 3,460,551 | 13,365 | 3,637 |
| Amortisation charge | - | (30,189) | (56,825) |
| | 4,828,234 | 136,922 | 60,098 |
| **Year ended 30 June 2009** | | | |
| Balance at the beginning of year | 4,828,234 | 136,922 | 60,098 |
| Additions | 239,667 | 18,575 | 63,903 |
| Amortisation charge | - | (24,297) | (34,177) |
| Impairment losses | (4,027,937) | - | - |
| Closing value at 30 June 2009 | 1,039,964 | 131,200 | 89,824 |

**Impairment Disclosures**

Goodwill is allocated to cash-generating units which are based on the group's reporting segments

| | 2009 $ | 2008 $ |
|---|---|---|
| Manufacturing segment | - | 210,035 |
| Wholesale segment | 260,152 | 757,170 |
| Scaffolding segment | 779,812 | 3,861,029 |
| Total | 1,039,964 | 4,828,234 |

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a 5-year period. The cash flows are discounted using the data in the table below.

The following assumptions were used in the value-in-use calculations:

| | Growth Rate Initial | Discount Rate |
|---|---|---|
| Wholesale Segment | 5% | 12% |
| Scaffolding Segment | 5% to 15% | 12% |
| Investments & Associates | 5% to 10% | 10% & 15% |

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

**Note 20 Other Assets**

| | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|
| CURRENT | | | | |
| Prepayments | 599,776 | 670,122 | - | - |
| | 599,776 | 670,122 | - | - |

**Note 21 Trade and Other Payables**

| | **Note** | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| CURRENT | | | | | |
| Unsecured liabilities | | | | | |
| Trade payables | | 3,630,736 | 3,429,029 | - | - |
| Sundry payables and accrued expenses | | 2,497,556 | 5,201,536 | 14,504 | 34,221 |
| Amounts payable to: | | | | | |
| — wholly-owned subsidiaries | | - | - | 920,578 | 398,220 |
| — other related parties | | 523,435 | 216,448 | - | - |
| Financial liabilities as trade and other payables | Note 32 | 6,651,727 | 8,847,013 | 935,082 | 432,441 |

**Note 22 Borrowings**

| | **Note** | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| CURRENT | | | | | |
| Secured liabilities | | | | | |
| Bank overdrafts | Note 22a, | 1,542,796 | 2,877,116 | - | - |
| Bank loans | Note 22a, | 4,766,003 | 803,273 | - | - |
| Lease liability | | 65,026 | 66,478 | - | - |
| Hire purchase liability | | 629,981 | 497,269 | - | - |
| | | 7,003,806 | 4,244,136 | - | - |
| Total current borrowings | | 7,003,806 | 4,244,136 | - | - |
| NON-CURRENT | | | | | |
| Other related parties | | 2,147,320 | 299,750 | 1,000,000 | - |
| | | 2,147,320 | 299,750 | 1,000,000 | - |
| Secured liabilities | | | | | |
| Bank loans | Note 22a, | 13,303,355 | 10,414,106 | - | - |
| Lease liability | | 51,064 | 119,287 | - | - |
| Hire purchase liability | | 877,199 | 864,242 | - | - |
| | | 14,231,618 | 11,397,635 | - | - |
| Total non-current borrowings | | 16,378,938 | 11,697,385 | 1,000,000 | - |
| Total borrowings | Note 32 | 23,382,744 | 15,941,521 | 1,000,000 | - |

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | | $ | $ | $ | $ |
| (a) | Total current and non-current secured liabilities: | | | | |
| | Bank overdraft | 1,542,796 | 2,877,116 | - | - |
| | Bank loan | 18,069,358 | 11,217,379 | - | - |
| | Lease Liability | 116,090 | 185,765 | - | - |
| | Other related party | 2,147,320 | 299,750 | 1,000,000 | - |
| | Hire purchase liability | 1,507,180 | 1,361,511 | - | - |
| | | 23,382,744 | 15,941,521 | 1,000,000 | - |
| (b) | The carrying amounts of non-current assets pledged as security are: | | | | |
| | Investment property | 4,316,900 | 2,694,336 | - | - |
| | Freehold land and buildings | 2,484,395 | 4,447,381 | - | - |
| | Floating charge over assets, including listed investments at market value | 34,697,861 | 35,378,519 | - | - |
| | | 41,499,156 | 42,520,236 | - | - |

**Collateral provided**

(c) The bank overdrafts of the parent and controlled entities are secured by a floating charge over assets of the parent and controlled entities

(d) The bank debt and mortgage loans are secured by registered first mortgage over certain freehold properties owned by the Group.

(e) Lease liabilities are secured by a charge over the underlying leased assets. Hire purchase liabilities are secured by a charge over the hire purchased assets.

| | Note | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | | $ | $ | $ | $ |
| Cash and cash equivalents | 9 | 588,917 | 295,567 | 19,307 | 34,315 |
| Trade receivables | 10 | 4,706,049 | 5,195,669 | - | - |
| Total financial assets pledged | | 5,294,966 | 5,491,236 | 19,307 | 34,315 |

**Note 23 Tax**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| **CURRENT** | | | | |
| Income Tax Payable | 370,015 | 474,037 | 134,450 | 166,809 |
| TOTAL | 370,015 | 474,037 | 134,450 | 166,809 |

| **NON-CURRENT** | Opening Balance | Charged to Income | Charged directly to Equity | Changes in Tax Rate | Net off DTA DTL | Closing Balance |
|---|---|---|---|---|---|---|
| **Consolidated Group** | $ | $ | $ | $ | $ | $ |
| **Deferred Tax Liability** | | | | | | |
| Property, Plant and Equipment | | | | | | |
| - tax allowance | 164,226 | (24,163) | | | | 140,063 |
| Tangible assets revaluation | 178,510 | | 101,784 | | | 280,294 |
| Prepayment | 21,907 | (9,429) | | | | 12,478 |
| Leases | 27,375 | | | | | 27,375 |
| Investment | | 23,153 | | | | 23,153 |
| Foreign exchange loss | | 19,533 | | | | 19,533 |
| Loss on sale of assets | | 20,780 | | | | 20,780 |
| Future income tax benefits attributable to tax losses | | | | | | - |
| Other | 27,468 | (26,981) | | | (501,531) | (501,044) |
| **Balance as at 30 June 2008** | 419,486 | 2,893 | 101,784 | - | (501,531) | 22,632 |
| Property, Plant and Equipment | | | | | | |
| - tax allowance | 140,063 | (140,063) | | | | - |
| Tangible assets revaluation | 280,294 | (280,294) | | | | - |
| Prepayment | 12,478 | (12,478) | | | | |
| Leases | 27,375 | (27,375) | | | | |
| Investment | 23,153 | (23,153) | | | | |
| Foreign exchange loss | 19,533 | (19,533) | | | | |
| Loss on sale of assets | 20,780 | (20,780) | | | | |
| Fair Value Gain | - | | | | | - |
| Future income tax benefits attributable to tax losses | - | | | | | - |
| Other | (501,044) | 501,044 | | | | - |
| **Balance as at 30 June 2009** | 22,632 | (22,632) | - | - | - | - |
| **Deferred Tax Assets** | | | | | | |
| Provisions | 365,045 | 14,657 | | | | 379,702 |
| Transaction costs on equity issue | 8,866 | | (3,943) | | | 4,923 |
| Fair value gain adjustments | | | | | | - |
| Property, Plant and Equipment | | | | | | |
| - Impairment | 18,450 | (18,450) | | | | - |
| Accruals | 45,336 | (373) | | | | 44,963 |
| NZ Subsidiary interest expense | 58,160 | | | | | 58,160 |
| FITB attributable to tax losses | 345,665 | (345,665) | | | | |
| Other | 22,519 | (8,736) | | | (501,531) | (487,748) |
| **Balance as at 30 June 2008** | 864,041 | (358,567) | (3,943) | - | (501,531) | - |
| Provisions | 379,702 | (379,702) | | | | - |
| Transaction costs on equity issue | 4,923 | (4,923) | | | | - |
| Fair value gain adjustments | - | | | | | - |
| Property, Plant and Equipment | | | | | | |
| - Impairment | - | | | | | - |
| Accruals | 44,963 | (44,963) | | | | |
| NZ Subsidiar interest expense | 58,160 | (58,160) | | | | |

| | Opening Balance | Charged to Income | Charged directly to Equity | Changes in Tax Rate | Exchange Differences | Closing Balance |
|---|---|---|---|---|---|---|
| FITB attributable to tax losses | - | | | | | |
| Other | (487,748) | 487,748 | | | | - |
| **Balance as at 30 June 2009** | - | - | - | - | - | - |

| **Parent Entity Deferred Tax Assets** | Opening Balance | Charged to Income | Charged directly to Equity | Changes in Tax Rate | Exchange Differences | Closing Balance |
|---|---|---|---|---|---|---|
| Future income tax benefits attributable to tax losses | 345,664 | (345,664) | | | | |
| Other | 8,867 | | (3,943) | | | 4,924 |
| **Balance as at 30 June 2008** | 354,531 | (345,664) | (3,943) | - | - | 4,924 |
| Future income tax benefits attributable to tax losses | - | - | - | - | - | - |
| Other | 4,924 | - | - | - | - | 4,924 |
| **Balance as at 30 June 2009** | 4,924 | - | - | - | - | 4,924 |

**Note 24 Provisions**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| CURRENT | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| Short-term Employee Benefits | | | | |
| Opening balance at 1 July 2008 | 1,029,047 | 1,082,099 | - | - |
| Additional provisions | 612,958 | 479,745 | - | - |
| Amounts used | (672,374) | (532,797) | - | - |
| Balance at 30 June 2009 | 969,631 | 1,029,047 | - | - |
| Other - Provision for purchase of business | | | | |
| Opening balance at 1 July 2008 | 985,711 | - | - | - |
| Additional provisions | - | 985,711 | - | - |
| Balance at 30 June 2009 | 985,711 | 985,711 | - | - |

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| NON CURRENT | $ | $ | $ | $ |
| Long-term Employee Benefits | | | | |
| Opening balance at 1 July 2008 | 154,866 | 115,535 | - | - |
| Additional provisions | 133,113 | 104,184 | - | - |
| Amounts used | (144,519) | (64,853) | - | - |
| Balance at 30 June 2009 | 143,460 | 154,866 | - | - |

| **Analysis of Total Provisions** | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| Current | 1,955,342 | 2,014,758 | - | - |
| Non-current | 143,460 | 154,866 | - | - |
| | 2,098,802 | 2,169,624 | - | - |

**Provision for Long-term Employee Benefits**

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

**Note 25 Issued Capital**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| 2009: $14,320,868 2008: $12,835,957 fully paid ordinary shares | 12,141,959 | 10,921,391 | 12,141,959 | 10,921,391 |
| | 12,141,959 | 10,921,391 | 12,141,959 | 10,921,391 |

The company has authorised share capital amounting to $14,320,868 ordinary shares.

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| (a) **Ordinary Shares** | 2009 | 2008 | 2009 | 2008 |
| | No. | No. | No. | No. |
| At the beginning of reporting period | 12,835,957 | 11,925,407 | 12,835,957 | 11,925,407 |
| Shares issued during year | | | | |
| — 2nd July, 2007 | - | 450,592 | - | 450,592 |
| — 18th December, 2007 | - | 422,975 | - | 422,975 |
| — 16th June, 2008 | - | 36,983 | - | 36,983 |
| — 1st July, 2008 | 580,000 | - | 580,000 | - |
| — 20th August, 2008 | 774,727 | - | 774,727 | - |
| — 1st September, 2008 | 80,000 | - | 80,000 | - |
| — 15th December, 2008 | 37,171 | - | 37,171 | - |
| — 16th June, 2009 | 13,013 | - | 13,013 | - |
| At reporting date | 14,320,868 | 12,835,957 | 14,320,868 | 12,835,957 |

On 1st July, 2008 the company issued 580,000 ordinary shares at $0.99 each as part of the Tranche 2 Payment on the purchase of Advance Scaffold Solutions.
Pharmaceuticals Pty Limited.
trading operations of H & O Pharmaceuticals Pty Limited

On 1st September, 2008 the company issued 80,000 ordinary shares at $0.87 each as an adjustment to the Tranche 2 Payment on the purchase of Advance Scaffold Solutions.

On 15th December, 2008 the company issued 37,171 ordinary shares at $0.7009 each to participating shareholders under the company's Dividend Reinvestment Plan.

On 16th June, 2009 the company issued 13,013 ordinary shares at $0.4875 each to participating shareholders under the company's Dividend Reinvestment Plan.

(b) **Options**

(i) For information relating to the Oldfields Holdings Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end. Refer to Note Note 29: Share-based Payments.

(ii) For information relating to share options issued to key management personnel during the financial year. Refer to Note Note 29: Share-based Payments.

(c) **Capital Management**

Management control the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital, redeemable preference shares, convertible preference shares and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the group's capital by assessing the groups financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 50% and 80%. The gearing ratio's for the year ended 30th June 2009 and 30th June 2008 are as follows:

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | **Note** | $ | $ | $ | $ |
| Total borrowings | Note 21, Note 22 | 30,034,471 | 24,788,534 | 1,935,082 | 432,441 |
| Less cash and cash equivalents | 9 | (588,917) | (295,567) | (19,307) | (34,315) |
| Net debt | | 29,445,554 | 24,492,967 | 1,915,775 | 398,126 |
| Total equity | | 8,935,056 | 15,065,409 | 8,935,056 | 11,913,648 |
| Total capital | | 38,380,610 | 39,558,376 | 10,850,831 | 12,311,774 |
| Gearing ratio | | 77% | 62% | 18% | 3% |

## Note 26 Capital and Leasing Commitments

| | **Note** | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2009 | 2008 | 2009 | 2008 |
| | | $ | $ | $ | $ |
| (a) **Finance Lease Commitments** | | | | | |
| Payable — minimum lease payments | | | | | |
| — not later than 12 months | | 856,261 | 661712 | - | - |
| — between 12 months and 5 years | | 1,031,763 | 1,104,139 | - | - |
| Minimum lease payments | | 1,888,024 | 1,765,851 | - | - |
| Less future finance charges | | (264,754) | (218,575) | - | - |
| Present value of minimum lease payments | Note 22 | 1,623,270 | 1,547,276 | - | - |

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| (b) **Operating Lease Commitments** | $ | $ | $ | $ |
| Non-cancellable operating leases contracted for but not capitalised in the financial statements | | | | |
| Payable — minimum lease payments | | | | |
| — not later than 12 months | 1,321,231 | 1,009,555 | - | - |
| — between 12 months and 5 years | 1,203,375 | 1,851,096 | - | - |
| | 2,524,606 | 2,860,651 | - | - |

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the lower of CPI or 5% per annum. An option exists to renew the lease at the end of the five-year term for an additional term of five years. The lease allows for subletting of all lease areas.

## Note 27 Segment Reporting

| | Manufacturing | | Wholesaling | | Scaffolding | | Elimination | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ | $ | $ | $ | $ |
| **Primary Reporting — Business Segments** | | | | | | | | |
| REVENUE | | | | | | | | |
| External Sales | 2,438,623 | 2,037,163 | 31,554,078 | 34,588,120 | 25,130,811 | 20,285,963 | (12,679,609) | (16,002,396) |
| Other segments | - | - | 692,385 | 419,494 | 152,974 | 234,589 | - | - |
| Total sales revenue | 2,438,623 | 2,037,163 | 32,246,463 | 35,007,614 | 25,283,785 | 20,520,552 | (12,679,609) | (16,002,396) |
| RESULT | | | | | | | | |
| Segment result | 92,755 | 304,023 | (6,476,649) | 2,424,292 | (2,492,724) | 1,806,039 | 2,676,459 | (1,701,611) |
| Share of net profits of associates and joint venture entities | | | | | | | | |
| Profit before income tax | | | | | | | | |
| Result for Discontinued JV operations | | | | | | | | |
| Income tax expense | | | | | | | | |
| Profit after income tax | | | | | | | | |
| ASSETS | | | | | | | | |
| Segment assets | 1,137,020 | 1,265,475 | 57,684,780 | 45,390,536 | 16,138,870 | 24,853,624 | (33,461,514) | (28,989,399) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| LIABILITIES | | | | | | | | |
| Segment liabilities | 515,829 | 730,836 | 36,123,733 | 22,927,161 | 22,536,743 | 22,294,493 | (26,612,205) | (18,497,663) |
| OTHER | | | | | | | | |
| Investments accounted for using the equity method | 2,094,525 | 1,885,803 | 118,668 | 164,304 | - | - | (118,668) | (164,304) |
| Acquisitions of non-current segment assets | 71,159 | 156,137 | 2,696,079 | 2,391,141 | 1,185,117 | 2,948,003 | - | - |
| Depreciation and amortisation of segment assets | 22,490 | 9,280 | 686,016 | 528,719 | 1,067,231 | 1,135,180 | - | - |
| Other non-cash segment expenses | - | - | 570,165 | 222,350 | 474,513 | 396,378 | - | - |

| **Secondary Reporting — Geographical Segments** | Segment Revenues from External Customers | | Carrying Amount of Segment Assets | | Acquisitions of Non-current Segment Assets | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ | $ | $ |
| Geographical location: | | | | | | |
| Australia | 57,530,248 | 55,528,139 | 69,466,241 | 65,698,830 | 3,881,196 | 5,339,144 |
| New Zealand | - | - | 2,349,058 | 2,471,214 | - | - |
| South East Asia | 2,438,623 | 2,037,163 | 3,192,948 | 3,339,591 | 71,159 | 156,137 |
| Eliminations | (12,679,609) | (16,002,369) | (33,509,091) | (28,989,399) | | |
| | 47,289,262 | 41,562,933 | 41,499,156 | 42,520,236 | 3,952,355 | 5,495,281 |

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

**Intersegment Transfers**

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the consolidated group at an arm's length. These transfers are eliminated on consolidation.

**Business and Geographical Segments**

**Business segments**

The consolidated group has the following five business segments:

— Manufacturing division manufactures paint application products an scaffolding used in the building and general hardware business.

— Wholesale division sells paint application products, painters tools, associated products and garden sheds to the paint and hardware industry.

— Scaffolding construction and hire division manufactured scaffolding equipment for both sales and hire to building an construction industry throughout NSW, Victoria, Queensland, South Australia and Western Australia.

**Geographical segments**

The consolidated group's business segments are located in Australia, with the manufacturing and distribution divisions also having operations in New Zealand and South East Asia. Only minor exports are made to other countries.

**Impairment Losses**

An impairment loss amounting to $4,027,937 relating to intangibles was recognised as an expense for the year ended 30 June 2009.

**Note 28 Cash Flow Information**

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 |
| | $ | $ | $ | $ |
| **(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax** | | | | |
| Profit after income tax Ordinary Activities | (6,266,411) | 1,718,487 | (3,419,210) | 1,331,739 |
| Cash flows excluded from profit attributable to operating activities | | | | |
| Impairment Losses | 4,027,937 | | 3,502,513 | |
| Unrealised Foreign Exchange | 82,482 | | | |
| Depreciation | 1,775,737 | 1,683,282 | | |
| Net (gain)/loss on disposal of property, plant and equipment | (465,269) | - | - | - |
| Stock Recoveries | (221,779) | - | - | - |
| Write Back of Loans | (325,212) | | | |
| Share options expensed | 53,197 | 58,261 | 56,736 | 58,261 |
| Share of joint venture entity net profit after income tax and dividends | (145,616) | 197,199 | - | - |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries | | | | |
| (Increase)/decrease in trade and term receivables | 127,402 | (864,022) | (6,233) | (1,390,000) |
| (Increase)/decrease in prepayments | 70,346 | 39,237 | - | - |
| (Increase)/decrease in inventories | (1,331,588) | (2,834,296) | - | - |
| Increase/(decrease) in trade payables and accruals | 410,854 | (874,124) | (172,249) | (353) |

| | | | | |
|---|---|---|---|---|
| Increase/(decrease) in income taxes payable | (104,022) | 358,597 | - | - |
| Increase/(decrease) in deferred tax liability | (22,632) | 362,510 | (32,359) | - |
| Increase/(decrease) in provisions | (70,822) | 971,990 | - | - |
| Cash flow from operations | (2,405,396) | 817,121 | (70,802) | (353) |

(b) **Acquisition of Business**

During the year 75% of the controlled entity H & O Products Pty Ltd acquired the business from H & O Pharmaceuticals Pty Limited. Details of this transaction are:

| | | | | |
|---|---|---|---|---|
| Purchase consideration | 3,401,464 | 5,397,654 | - | - |
| Consisting of: | | | | |
| — Cash consideration | 3,401,464 | 5,397,654 | - | - |
| Shares issued | (847,569) | (491,145) | - | - |
| Amounts due under contract of sale | - | (2,897,026) | - | - |
| Total consideration | 2,553,895 | 2,009,483 | - | - |
| Assets and liabilities held at acquisition date: | | | | |
| Prepayments | 18,121 | 8,197 | - | - |
| Inventories | 2,210,618 | 1,697,313 | - | - |
| Property, plant and equipment | 1,200,255 | 490,929 | - | - |
| Provisions | (27,530) | - | - | - |
| Cash Deposit | - | 119,998 | - | - |
| | 3,401,464 | 2,316,437 | - | - |
| Goodwill on consolidation | - | 3,081,217 | - | - |
| Minority equity interests in acquisition | (847,569) | - | - | - |
| Total consideration | 2,553,895 | 5,397,654 | - | - |

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its carrying value as determined by an independent valuation.

The Loss of H & O Products Pty Ltd and NOST Investments Pty Ltd included in the consolidation group loss since the acquisition on the 4th August 2008 amounted to $1,123,088

**Note 29 Share-based Payments**

The following share based payment arrangements existed at 30 June 2009.
All options granted to management personnel are Ordinary Shares in Oldfields Holdings Limited which confer a right to one Ordinary Share for each option held.

| | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|
| | Number | Weighted average exercise price | Number | Weighted average exercise price |
| **Outstanding as at 30 June 2007** | 1,545,000 | $1.20 | 1,545,000 | $1.20 |
| Granted | - | | - | |
| Forfeited | (120,000) | $1.20 | (120,000) | $1.20 |
| Exercised | - | | - | |
| Expired | - | | - | |
| **Outstanding as at 30 June 2008** | 1,425,000 | $1.20 | 1,425,000 | $1.20 |
| Granted | 350,000 | $1.20 | 350,000 | $1.20 |
| Forfeited | (150,000) | $1.20 | (150,000) | $1.20 |
| Exercised | - | | | |
| Expired | - | | | |
| **Outstanding as at 30 June 2009** | 1,625,000 | $1.20 | 1,625,000 | $1.20 |

| | |
|---|---|
| Options exercisable as at 30 June 2009: | 1,625,000 |
| Options exercisable as at 30 June 2008: | 1,425,000 |

As at the date of exercise, the weighted average share price of options exercised during the year was $1.20.

The weighted average remaining contractual life of options outstanding at year end was 1 year. The exercise price of outstanding shares at reporting date was $1.20.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

These values were calculated using the Black Scholes option pricing model applying the following inputs:

| | | |
|---|---|---|
| Weighted average exercise price: | $1.20 | |
| Weighted average life of the option: | 1 year | |
| Underlying share price: | $0.40 | |
| Expected share price volatility: | 10% | Refer last year |
| Risk free interest rate: | 6.40% | |

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future tender, which may not eventuate.

The life of the option is based on the historical exercise patterns, which may not eventuate in the future,

**Note 30 Events After the Balance Sheet Date**

As part of the settlement to the Vendors of Advance Scaffolds Pty Limited purchased on 3 July, 2007, the company is due to pay a Tranche 3 payment in September, 2009. This is to be paid partly in cash and partly in shares in Oldfields Holdings Limited. As previously announced, on 6th July, 2009, a share issue of 1,223,451 shares has already occurred as part of this Tranche 3 settlement. The balance of the Tranche 3 payment will be made in September, 2009. The company's total issued Share Capital as at Friday, 28 August, 2009 is 15,544,319 Ordinary shares.

**Note 31 Related Party Transactions**

| | | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| | Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. | | | | |
| | Transactions with related parties: | | | | |
| (a) | **Controlled Entities** | | | | |
| | Purchases from Enduring Enterprises being Paint Brushes and Rollers | 1,204,413 | 1,474,321 | - | - |
| (b) | **Associated Companies** | | | | |
| | Loans outstanding under normal commercial terms and conditions by Scaffold Management Systems Pty Limited (previously Concrete Pumping Systems Pty Limited). | 25,118 | 15,895 | - | - |
| (b) | Sale to Brisbane Garden Sheds Pty Ltd comprising Garden Sheds and Sheds components | 778,889 | 688,973 | | |
| (d) | **Other Related Parties** | | | | |
| | Rent paid to 8 Farrow Road Pty Limited owned by Mr. John R Westwood | 471,712 | 494,347 | - | - |
| | Interest Paid to Kon Holdings | 90,317 | - | | |
| | Interest Paid To Luke Sibley | 54,000 | 54,000 | | |
| | Interest Paid To Directors | 8,217 | - | | |

**Note 32 Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, leases, preference shares, and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:-

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| **Financial Assets** | | | | | |
| Cash and cash equivalents | 9 | 588,917 | 295,567 | 19,307 | 34,315 |
| Loans and receivables | 10f | 6,218,202 | 6,345,604 | 3,831,893 | 5,264,483 |
| Available-for-sale financial assets | | | | | |
| — Equity investments | Note15b | 313,314 | 83,115 | 7,209,276 | 7,209,176 |
| | | 7,120,433 | 6,724,286 | 11,060,476 | 12,507,974 |
| **Financial Liabilities** | | | | | |
| Financial liabilities at amortised cost | | | | | |
| — Trade and other payables | Note 21 | 6,651,727 | 8,847,013 | 935,082 | 432,441 |
| — Borrowings | Note 22 | 23,382,744 | 15,941,521 | 1,000,000 | - |
| | | 30,034,471 | 24,788,534 | 1,935,082 | 432,441 |

**Specific Financial Risk Exposures and Management**

The main risks the group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk.

**a. Interest rate risk**

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Interest rate swap data and potential hedging is reviewed monthly by the board to minimise the risk exposure of variable interest rates

**b. Foreign Currency Risk**

The board and senior management monitors foreign currency and has undertaken from May 2009 to use hedging contracts were appropriate to the value of up to 50% of it's US dollar requirements. The board reviews this regularly after consultation with market advisors and its bank.

**c. Liquidity risk**

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate utilised borrowing facilities are maintained.

**d. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 to 45 days from the end of the month.

*Credit Risk Exposures*

The maximum exposure to credit risk by class of recognised financial assets at balance date, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the balance sheet. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries (refer Note Note15 for details).

Collateral held by the Group securing receivables are detailed in Note 10 Trade and Other Receivables.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia and the United Kingdom given the substantial operations in those regions. Details with respect to credit risk of Trade and Other Receivables is provided in Note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 10.

Credit risk related to balances with banks and other financial institutions is managed by the FRMC in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on S&P counterparty credit ratings.

| | Note | Consolidated Group 2009 $ | Consolidated Group 2008 $ | Parent Entity 2009 $ | Parent Entity 2008 $ |
|---|---|---|---|---|---|
| Cash and cash equivalents | | | | | |
| - AA Rated | | 588,917 | 295,567 | 19,307 | 34,315 |
| - A Rated | | | | | |
| | 9 | 588,917 | 295,567 | 19,307 | 34,315 |
| Held-to-maturity securities | | | | | |
| - AAA Rated | Note15 | 313,314 | 83,115 | 7,209,276 | 7,209,176 |

For details of collateral held as security, refer to Note 10(e).

**Net Fair Values**

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the balance sheet. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments which are carried at amortised cost (i.e. term receivables, held-to-maturity assets, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Group.

| Consolidated Group | Footnote | 2009 Net Carrying Value $ | 2009 Net Fair Value $ | 2008 Net Carrying Value $ | 2008 Net Fair Value $ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | (i) | 588,917 | 588,917 | 295,567 | 295,567 |
| Trade and other receivables | (ii) | 5,489,943 | 5,489,943 | 6,138,800 | 6,138,800 |
| Term receivables | (iii) | - | - | - | - |
| Loans and advances - related parties | (iv) | 728,259 | 728,259 | 206,804 | 206,804 |
| Investments - available for sale | (v) | 2,407,839 | 2,407,839 | 1,968,918 | 1,968,918 |
| **Total financial assets** | | 9,214,958 | 9,214,958 | 8,610,089 | 8,610,089 |
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 6,651,727 | 6,651,727 | 8,847,013 | 8,847,013 |
| Hire Purchase Liability | (ii) | 1,507,180 | 1,507,180 | 1,361,511 | 1,361,511 |
| Lease liability | (iii) | 116,090 | 116,090 | 185,765 | 185,765 |
| Forward Exchange Contracts | (iv) | 60,812 | 60,812 | - | - |
| Bank debt | (v) | 19,611,154 | 19,611,154 | 14,094,495 | 14,094,495 |
| Other Related Parties | | 2,147,320 | 2,147,320 | 299,750 | 299,750 |
| **Total financial liabilities** | | 30,094,283 | 30,094,283 | 24,788,534 | 24,788,534 |

| Parent Entity | Footnote | 2009 Net Carrying Value $ | 2009 Net Fair Value $ | 2008 Net Carrying Value $ | 2008 Net Fair Value $ |
|---|---|---|---|---|---|
| **Financial assets** | | | | | |
| Cash and cash equivalents | (i) | 19,307 | 19,307 | 34,315 | 34,315 |
| Trade and other receivables | (ii) | 3,831,893 | 3,831,893 | 5,264,483 | 5,264,483 |
| Loans and advances - related parties | (iii) | 7,209,276 | 7,209,276 | 7,209,176 | 7,209,176 |
| **Total financial assets** | | 11,060,476 | 11,060,476 | 12,507,974 | 12,507,974 |
| **Financial liabilities** | | | | | |
| Trade and other payables | (i) | 935,083 | 935,083 | 432,441 | 432,441 |
| Other Related Parties | (ii) | 1,000,000 | 1,000,000 | - | - |
| **Total financial liabilities** | | 1,935,083 | 1,935,083 | 432,441 | 432,441 |

The fair values disclosed in the above table have been determined based on the following methodologies:

(i) Cash and cash equivalents, trade and other receivables and trade and other payables are short term instruments in nature whose carrying value is equivalent to fair value. Trade and other payables excludes amounts provided for relating to annual leave which is not considered a financial instrument.

(ii) Term receivables generally reprice to a market interest rate every 6 months and fair value therefore approximates carrying value.

(iii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at reporting date for similar types of loans and advances. Differences between fair values and carrying values largely represent movements the effective interest rate determined on initial recognition and current market rates.

(iv) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at reporting date are used. The directors have determined that the fair values of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. Consequently, such assets are recognised at cost and their fair values have also been stated at cost in the table above. However, the directors estimate that such investments could have fair values in the range of $[insert amount] to $[insert amount] at reporting date. There is no active market for these investments, and there is no present intention to dispose of such investments.

(v) Fair values of held-to-maturity investments are based on quoted market prices at reporting date.

(vi) Quoted market prices at reporting date are used as well as valuation techniques incorporating observable market data relevant to the hedged position.

(vii) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

(viii) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt will differ to carrying values.

*Sensitivity Analysis*

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | Profit | Equity | Profit | Equity |
| **Year ended 30 June 2009** | | $ | $ | $ | $ |
| +/- 2% in interest rates | Increase | (424,708) | (424,708) | - | - |
| | Decrease | 424,708 | 424,708 | - | - |
| +/- 5% in $A/$US | Increase | 278,007 | 278,007 | - | - |
| | Decrease | (307,271) | (307,271) | - | - |

| | | Consolidated Group | | Parent Entity | |
|---|---|---|---|---|---|
| | | Profit | Equity | Profit | Equity |
| **Year ended 30 June 2008** | | $ | $ | $ | $ |
| +/- 2% in interest rates | Increase | (312,835) | (312,835) | - | - |
| | Decrease | 312,835 | 312,835 | - | - |
| +/- 5% in $A/$US | Increase | 271,547 | 271,547 | - | - |
| | Decrease | (300,130) | (300,130) | - | - |

**Note 33 Reserves**

a. *Capital Profits Reserve*
The capital profits reserve records non-taxable profits on sale of investments.

b. *Asset Revaluation Reserve*
The asset revaluation reserve records revaluations of non-current assets. Under certain circumstances dividends can be declared from this reserve.

c. *Asset Realisation Reserve*
The asset realisation reserve records realised gains on sales of non-current assets.

**d. Foreign Currency Translation Reserve**
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled entity.

e. *General Reserve*
The general reserve records funds set aside for future expansion of the entity.

**f. Option Reserve**
The option reserve records items recognised as expenses on valuation of employee share options.

g. *Financial Assets Reserve*
The financial assets reserve records revaluation of financial assets.

h. *Hedge Reserve*
The hedge reserve records revaluations of items designated as hedges.

**Note 34 Company Details**

The registered office of the company is:
Oldfields Holdings Limited
8 Farrow Road, Campbelltown, NSW, 2560

The principal places of business are:
Oldfields Pty Limited
8 Farrow Road, Campbelltown, NSW, 2560

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988**
**AND CONTROLLED ENTITIES**
**DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 8 to 36, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards; and
   (b) give a true and fair view of the financial position as at 30 June 2009 and of the performance for the year ended on that date of the company and consolidated group;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:
   (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001;*
   (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view;

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The company and a wholly-owned subsidiaries, have entered into a deed of cross guarantee under which the company and its subsidiary guarantee the debts of each other.

At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

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

Director

***Anthony Mankarios***

Dated this 30th day of September 2009

Hall Chadwick
Chartered Accountants & Business Advisers

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLDFIELDS HOLDINGS LIMITED

### Report on the Financial Report

We have audited the accompanying financial report of Oldfields Holdings Limited (the company) and Oldfields Holdings Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

***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 judgment, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Oldfields Holdings Limited on 30 September 2009, would be in the same terms if provided to the directors as at the date of this auditor's report.

***Auditor's Opinion***

In our opinion:

a. the financial report of Oldfields Holdings Limited and Oldfields Holdings Limited and Controlled Entities is in accordance with the Corporations Act 2001, including:

   i. giving a true and fair view of the company and consolidated entity's financial position as at 30 June 2009 and of their 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;

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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31 Market Street
Sydney NSW 2000

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Sydney NSW 2001
or
DX 1451 Sydney

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Penrith
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Melbourne
Telephone: (03) 8678 1600
Facsimile: (03) 8678 1699

Hall Chadwick

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OLDFIELDS HOLDINGS LIMITED**

Without qualification to the opinion expressed above, attention is drawn to the following matters:

**Material Uncertainty Regarding Continuation as a Going Concern**

We draw attention to Note 1 in the financial report, which indicates that the group incurred a net loss of $6,266,411 during the year ended 30 June 2009. This condition along with other matters as set forth in Note 1, indicates the existence of a material uncertainty which may cast doubt about the group's ability to continue as a going concern.

**Significant Uncertainty Regarding the Carrying Value of Investments**

We draw attention to Note 13 to the financial report. The group has assessed the carrying value of its investments in PT Ace Oldfields and Enduring Enterprises amounting to $747,605 and $118,668 respectively to be recoverable. The group has assessed the carrying value of the investments based on value in use calculations, which indicate that, the balance of these investments are recoverable. If the cash flow projections used in the value in use calculations are not achieved, the carrying value of the investments may be impaired.

**Report on the Remuneration Report**

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with ssection 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 Oldfields Holdings Limited for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000

**DREW TOWNSEND**
Partner
Date: 30 September 2009

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988 AND CONTROLLED ENTITIES**
**ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES**

The following additional information is required by the Australian Stock Exchange Ltd in respect of listed public companies only.

**1. Shareholding**

**a. Distribution of Shareholders**

| Category (size of holding) | Number Ordinary | Number Redeemable |
|---|---|---|
| 1 – 1,000 | 77 | Nil |
| 1,001 – 5,000 | 106 | Nil |
| 5,001 – 10,000 | 44 | Nil |
| 10,001 – 100,000 | 65 | Nil |
| 100,001 – and over | 20 | Nil |
| | 312 | - |

**b. The number of shareholdings held in less than marketable parcels is Nil.**

**c. The names of the substantial shareholders listed in the holding company's register as at 1 September 2009 are:**

| Shareholder | Number Ordinary | Number Preference |
|---|---|---|
| Divpass Pty Limited & Associates | 3,460,000 | Nil |
| M. W. Abbott (Maurie's Supa Dupa Supa Fund) | 2,115,000 | Nil |
| Starball Pty Limited | 2,088,030 | Nil |
| Wingroad Pty Limited & Associates | 1,154,376 | Nil |
| Carryoak Pty Limited | 985,000 | Nil |
| Kon Holdings Pty Limited | 918,177 | Nil |
| M. A. Hext / C. C. Hext / Lymgrange Pty Limited | 830,000 | Nil |

**d. Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

– Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

**e. 20 Largest Shareholders — Ordinary Shares**

| Name | | Number of Ordinary Fully Paid Shares Held | % Held of Issued Ordinary Capital |
|---|---|---|---|
| 1. | Divpass Pty Limited & Associates | 3,460,000 | 22.00 |
| 2. | M. W. Abbott (Maurie's Supa Dupa Supa Fund) | 2,115,000 | 13.40 |
| 3. | Starball Pty Limited | 2,088,030 | 13.30 |
| 4. | Wingroad Pty Limited & Associates | 1,154,376 | 7.30 |
| 5. | Carryoak Pty Limited | 985,000 | 6.30 |
| 6. | Kon Holdings Pty Limited | 918,177 | 5.80 |
| 7. | M. A. Hext / C. C. Hext / Lymgrange Pty Limited | 830,000 | 5.30 |
| 8. | Gasweld/Industrial Tool Company Pty Limited | 375,278 | 2.40 |
| 9. | Nejeka Pty Limited/Mansfield Super Funds | 361,951 | 2.30 |
| 10. | Brian Benger/Shandora Super Fund | 220,421 | 1.40 |
| 11. | Randell Management Services Pty Limited | 200,000 | 1.30 |
| 12. | The Genuine Snake Oil Company | 181,374 | 1.20 |
| 13. | Braden Murrin | 178,527 | 1.10 |
| 14. | Falcon Fire Protection Pty Limited | 122,317 | 0.80 |
| 15. | Hylec Investments Pty Limited | 120,000 | 0.80 |
| 16. | Paul John Simpson | 119,000 | 0.80 |
| 17. | Gordon Elkington/Winpar Pty Limited | 113,454 | 0.70 |
| 18. | Milton Corporation | 102,446 | 0.70 |
| 19. | Luton Pty Limited | 100,000 | 0.60 |
| 20. | T. D. J. Love/Sanquhar Investments Pty Limited | 94,800 | 0.60 |
| | | 13,840,151 | 88.10 |

2. The name of the company secretary is Gary Guild

3. The address of the principal registered office in Australia is 8 Farrow Road, Campbelltown, NSW, 2560. Telephone (02) 4627.0777.

4. Registers of securities are held at the following addresses
New South Wales — Registries Limited, Level 7, 207 Kent Street, Sydney, NSW, 2000

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited.

Options over Unissued Shares

A total of 1,275,000 options are on issue. 1,275,000 options are on issue to 18 directors and employees under the Company employee option plan.

6. **Other Disclosures**

## CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Oldfields Holdings Limited is committed to high standards of corporate governance and supports the principles of good corporate governance and best practice recommendations as published by the ASX Corporate Governance Council 2$^{ND}$ Edition in August 2007.

Given the size and specific circumstances of Oldfields Holdings Limited the Board recognises that some best practice recommendations are more relevant to larger companies.

Unless disclosed below, all relevant best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2009.

The company's website contains a clearly marked corporate governance section.

### 1. THE BOARD LAYS SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT

*Recommendation 1.1 – Establish functions reserved for the Board and for Senior Management.*

The Board of Directors is accountable to the shareholders for the performance of the company. The Board sets the company's strategic direction and delegates responsibility for the management of the company to the Managing Director.

A copy of the Board Charter, which promotes a culture within the company of accountability, integrity and transparency, is available from the company's website.

Each Board member must at all times act honestly, fairly and diligently in all respects in accordance with the Corporations Law as it applies to our company.

Key matters reserved to the Board include the following:

Oversight of the company , including its control, accountability and compliance systems;
Appointment, monitoring, managing the performance of and if necessary removal of the Chief Executive Officer, Chief Financial Officer and Company Secretary;
Input, assessment, appraisal and final approval of management's development of corporate strategy and performance objectives;
Monitoring risk management;
Approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
Approval and monitoring financial and other reporting;
Ensuring the market and shareholders are fully informed of material developments; and
Recognising the legitimate interests of stakeholders.

The expectations of Directors are outlined in a formal Letter of Appointment which details the term of appointment, fees, power and duties and other information pertinent to their roles.

Responsibility for the day-to-day management of the Company and its operations is delegated to senior executive management.

The Board holds a minimum of six formal meetings a year, but usually ten. Additional meetings are held as required.

Details of current members of the Board are disclosed in the Directors' Report.

*Recommendation 1.2 – Disclose the process for evaluation of senior executives.*

Senior executives are evaluated each year on their performance against stated objectives, goals and key performance indicators (KPI).

Overall performance is reviewed by the particular senior executive's direct report and ultimately by the Chief Executive Officer and/or Board of Directors.

*Recommendation 1.3 – Provide information indicated in the Guide.*

There are no departures from Recommendations 1.1, 1.2 or 1.3;
Senior executive performance evaluations have taken place during the reporting period as detailed in Recommendation 1.2.

## 2. STRUCTURE OF THE BOARD TO ADD VALUE

The Board currently has four directors, comprising three non-executive directors, including the chairperson and one executive director.

The Board has adopted the following principles:

The same individual should not exercise the roles of chairperson and chief executive officer;
The Board should not comprise a majority of executive directors;
The Board should comprise persons with a broad range of skills and experience appropriate to the needs of the Oldfields Group.

*Recommendation 2.1 – Majority of the Board should be independent directors.*

Under recommendation 2.1 of the ASX Corporate Governance Council Best Practice Recommendations the majority of the Board should be independent directors. Independent directors are those who are independent of management and free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgment.

In assessing the independence of directors, an independent director is a non-executive director and:

Is not a substantial shareholder, as defined in section 9 of the Corporations Act, of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
Has not within the last three years been employed in an executive capacity by the company or another group member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
Has not within the last three years been a principal of a material professional advisor or a material consultant to the company or another group member, or an employee materially associated with the service provided;
Is not a material supplier or customer of the company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

In applying the best practice recommendations for independence the independent directors of the company at the date of this report are:

Thomas Daniel John Love appointed 1964

*Recommendation 2.1 – Majority of the Board should be independent directors. (continued*

The Board has recognised that the following non-executive directors do not comply with all of the independence criteria listed above.

John Roy Westwood appointed 2001
would be considered a substantial shareholder;
Has a material contractual relationship with the company as disclosed in the notes of the financial statements.

Christopher Charles Hext appointed 2001
would be considered a substantial shareholder;

However, the Board considers that the current composition of the Board is structured in both size and commitment to adequately discharge its responsibilities and duties in addition;

Has a proper understanding of, and competence to deal with, the current and emerging issues of the business.
Can effectively review and challenge the performance of management and exercise independent judgment.

The Board has considered the following;

The size of the company and spread of shares amongst the substantial shareholders.
The appointment of additional independent directors would cause undue financial pressure.
The experience and personal qualities of the non-executive directors.
The skills of the non-executive directors are complimentary to other Board members
The non-executive directors are independent of management and other relationships that could materially interfere with the exercise of their unfettered and independent judgment.
The Board continues to review its governance structures, including the level of independent directors, as the company develops and changes to ensure that it continues to meet effective governance given the size and specific circumstances of the company.

*Recommendation 2.2 – The Chair should be an Independent Director.*

The current Chair, J R Westwood, is considered by the Board not to be an independent non-executive director.
The Board has considered the appointment of a lead independent director, but has decided to maintain the existing structure and size of the Board as detailed in Recommendation 2.1

*Recommendation 2.3 – The Chair and the CEO should not be the same person.*

The duties and responsibilities of the Chair and Chief Executive Officer are separate and each position is held by a different individual.

*Recommendation 2.4 – The Board should establish a Nomination Committee.*

Given the size and requirements of the company the Board has decided that a nomination committee is not required at this point in time. At present all members of the Board consider the composition of the Board and appointment of new directors.

*Recommendation 2.5 – Disclose the process for evaluation of the performance of the Board, its committees
and individual directors.*

The Board conducts an annual evaluation of its own performance and the performance of its committees and individual directors. This evaluation is reviewed against a number of key measures, including strategy, corporate planning, corporate governance, effectiveness of meetings and information systems.

Information is supplied to the Board in a timely and quality format that enables the Board to discharge its duties effectively. Directors are entitled to seek additional information where considered necessary to make informed decisions.

The Company Secretary supports the Board in coordinating the timely completion and dispatch of the board agenda and board papers. The appointment and removal of the Company Secretary is governed by the Board
As a whole.

*Recommendation 2.6 – Provide information recommended in the Guide on Principal 2.*

The skills, experience and relevant position of each director are detailed in the annual Directors' Report;
The names of the independent and non-executive directors and the materiality threshold are discussed in Recommendation 2.1;
Any relationships between a Director and the Company which may affect independence are stated in Recommendation 2.1;
The company acknowledges directors require high quality information and advice on which to base their decisions and considerations. All directors have the right to seek advice and clarification from the company auditors, financial and legal advisors on any matter relating to the company or Board performance;
Directors additionally have the right to seek independent professional advice to help them carry out their responsibilities. Expenses will need to be approved in advance by the chairperson. If the chairperson is unable or unwilling to give approval, then board approval will be sufficient. Any costs incurred will be borne by the company;
The period of office held by each director in office at the date of the Annual Report is disclosed in the Directors' Report;
A performance review as disclosed in Recommendation 2.5 was performed during the reporting period;
Any departures from recommendations relating to Principal 2 have been disclosed in the discussion of the relevant recommendation.

## 3. PROMOTION OF ETHICAL AND RESPONSIBLE DECISION – MAKING

*Recommendation 3.1 – Establish and Disclose a Code of Conduct*

The Board has developed a code of conduct for directors and company officers and employees. The key elements of the code are:

Conflicts of interest;
Corporate opportunities;
Confidentiality;
Fair dealing;
Protection of assets;
Compliance with laws and regulations; and
Promotion of ethical and lawful behaviour.

*Recommendation 3.2 – Establish a Share Trading Policy*

The Board has developed and adopted a policy concerning trading in company securities by directors, officers and employees. The company and the Board encourage directors, officers and employees to own shares in the company thereby fostering a further link between their interests and the interests of all shareholders.

The key elements of the policy are:

Insider trading;
Continuous disclosure;
When a designated officer must not deal in securities;
When a designated officer may deal;
Exceptional circumstances – permission to deal;
When employees (other than designated officers) may deal;
When employees (other than designated officers) must not deal;
Notification of directors' dealing in securities;
Breach of policy; and
Speculative dealing.

*Recommendation 3.3 - Provide information recommended in the Guide on Principal 3.*

A copy of the Share Trading Policy can be obtained from the Corporate Governance section of the Oldfields website.

A copy of the Oldfields Code of Conduct can be obtained from the Corporate Governance section of the Oldfields website.

## 4. THE BOARD SAFEGUARDS THE INTEGRITY OF FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

*Recommendation 4.1 – the Board should establish an Audit Committee.*

The Board has an Audit Committee which:

Has two members who are non-executive directors;
Has a written charter which can be obtained from the Corporate Governance section of the Oldfields website;
Includes members who are all financially literate;
Details of the members are disclosed in the Director's Report;
The Board recognises that an independent audit committee is an important feature of good corporate governance.

*Recommendation 4.2 – Structure of the Audit Committee.*

The Audit Committee:-

Consists only of non-executive directors;
Consists of one independent director and one director who would not be considered as independent as discussed in Recommendation 2.1;
Is chaired by an independent chair, who is not chair of the Board;

*Recommendation 4.2 – Structure of the Audit Committee. (continued)*

Has two members. Recommendation 4.2 states that the Audit Committee should have at least three members. Given the size and structure of the Board, as discussed in Recommendation 2.1, the Board feels that two members, both of who are qualified accountants, is sufficient at this time.

*Recommendation 4.3 – Audit Committee should have a formal charter.*

The Audit Committee has a formal charter, the key elements of the Charter are:

Role of the Committee;
Membership;
Meetings;
Responsibilities;
Authority;
Independence and
Non-audit work.

The Board and Audit Committee closely monitor the independence of the external auditor. The Audit Committee meets a minimum of twice a year in private, with management without the external auditor and with the external auditor without management.

*Recommendation 4.4 - Provide information recommended in the Guide on Principal 4.*

The members of the Audit Committee are: C C Hext (Chairman) and T D J Love.
The details of the qualifications of the Audit Committee members are disclosed in the Directors' Report.
The details of the number of Audit Committee meetings held is contained in the Directors' Report.
Departures from recommendations included in Principle 4 have been disclosed in the discussion of the relevant recommendations.

## 5. THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

*Recommendation 5.1 – Establish policy on ASX listing Rule disclosure requirements.*

The company has established procedures to ensure compliance with ASX Listing Rules which requires that when an entity becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information.

A Continuous Disclosure Policy and Procedure has been prepared and is available from the Corporate Governance section of the Company's website.

## 6. THE BOARD RESPECTS THE RIGHTS OF SHAREHOLDERS

*Recommendation 6.1 – Design a communication policy for promoting effective communication.*

The company has an effective shareholder communication procedure. The company promotes effective communication with shareholders and encourages effective participation at the company's general meetings.

Shareholders and other parties will be able to access the following information from the company's website:

Copies of all announcements given to the ASX;
Press releases and copies of letters to shareholders;
Copies of annual and half year financial reports;
Details of notices of shareholders meetings including information on general meetings.

The requirements of continuous disclosure ensure that the company discloses relevant information to the shareholders and the market in a timely and full manner.

## 7. THE BOARD RECOGNISES AND MANAGES RISK

*Recommendation 7.1 – Establish policies for oversight and management of material business risks.*

The Board recognises that there are a number of complex operational, commercial, financial and legal risks and has in place procedures to safeguard the company's assets and interests.

An Occupational Health and Safety Committee has been established to monitor and recommend changes to safe working practices and a safe working environment. The chairperson is not a director, and the committee comprises the managing director, senior executive officers and employee representatives.

The Board has developed a risk management policy the purpose of which is:

Identify, access, monitor and manage risk;
Inform investors of material changes to the company's risk profile;
Enhance the environment for capitalising on value creation opportunities;
Ensure compliance with the Corporations Act;
Consider the reasonable expectations of its stakeholders;
The measures and procedures in place to comply with these regulations; and
How compliance with those measures and procedures will be monitored.

*Recommendation 7.2 – Management is required to design and implement risk management and report to the Board.*

The Board has established a Risk Management Committee in conjunction with the Audit Committee which will meet regularly to identify all major risks, ensure appropriate risk management plans are in place and to monitor the effectiveness of the implementation of the risk management plans.

The Chief Executive Officer and the Chief Financial Officer are required to state in writing to the board that the company's risk management and internal compliance and control system is operating effectively and efficiently in all material aspects.

*Recommendation 7.3 – Management to ensure integrity of financial reports to the Board.*

Written declarations are provided each year by the CEO, Chief Financial Officer and Company Secretary to the Board, stating that the company's financial reports are based on a sound system of risk oversight and management and internal control.

*Recommendation 7.4 - Provide information recommended in the Guide on Principal 7.*

The Board has received written declarations under Recommendation 7.2;
The Board has received written declarations under Recommendation 7.3;
The risk Management Policy is available on the Company website.

## 8. THE BOARD REMUNERATES FAIRLY AND RESPONSIBLY

*Recommendation 8.1 – Board should establish a Remuneration Committee.*

The Board has a Remuneration Committee which has two members and a documented charter. The members and qualification of the Remuneration Committee are disclosed in the Directors' Report.

Due to the size and nature of the Board as discussed in recommendation 2.1 the following items of recommendation 8.1 are not followed:-

consists of a majority of independent directors;
is chaired by an independent director;
has at least three members.

The Remuneration Committee is responsible for developing and recommending to the Board:

Remuneration policies for Non-Executive Directors;
Remuneration policies for the Chief Executive Officer and Chief Financial Officer;
Remuneration policies for executive management;
All aspects of any executive share option or acquisition scheme;
Superannuation policies;
Policies which motivate senior executives to pursue the long term growth and success of the company;
Policies which show a clear relationship between senior executives' performance and remuneration.

*Recommendation 8.2 – Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The remuneration of Non-Executive Directors is by way of directors fees in the form of cash, non-cash benefits and superannuation benefits.

The total annual remuneration paid to Non-Executive Directors may not exceed the limit set by shareholders at the annual general meeting.

Non-Executive Directors do not receive options unless approved by shareholders.

*Recommendation 8.3 - Provide information recommended in the Guide on Principal 8.*

The members of the Remuneration Committee and their attendance at meetings are disclosed in the Directors' Report;
Non-Executive Directors are not provided with retirement benefits other than superannuation;
A copy of the Remuneration Committee Charter can be obtained from the company's web site;
Departures from recommendations included in Principle 8 have been disclosed in the discussion of the relevant recommendations.

# Oldfields Holdings Limited

# Risk Management Statement

| | | | |
|---|---|---|---|
| Version No. | 1.1 | Policy Approved by | OLH Board |
| Last Reviewed | 2009 - 2nd July | Policy Owned by | Oldfields Holdings Limited |
| Next Review | 2010 - June | Reference | |

| | |
|---|---|
| *Board*<br>*Corporate*<br>*Management* | Risk Management Policy<br>N/A<br>Enterprise Risk Management |
| *Legislation*<br>*External Standard* | Principle 7 – ASK Principles of Good Corporate Governance<br>AS/NZS 4360:2004 Risk Management Standard |

# 1. Introduction

This statement provides an overview of the Company's risk management policies and internal compliance and control systems.

# 2. Responsibility

The Oldfields Holdings Board  is broadly responsible to overview on a regular basis the Company's procedures and risk management policies. The responsibility of the board is codified under the board charter. The Company also has an Audit committee, with a copy of the Audit committee charter available on the web-site.

# 3. Risk Management Monitoring

The board has implemented a combination of internal policies and procedures and use of external audits to monitor risk management and its effectiveness.

## 3.1 Standard Operating Procedures (SOP's)

The board has implemented risk management policies covering areas of business risk such as:

- Occupational Health and Safety;
- The Environment;
- Finance and treasury;
- Human Resources;
- Asset Protection (insurance)
- Codes of Conduct;
- Continuous disclosure by Directors.

The Policies referred to are regularly reviewed and an internal mechanism exists whereby the board and committee members have access to these reports on an internal intranet site . The board manages these risks appropriately with reference to identification, implementation and review of these risks and procedures.

## 3.2 External Audits

The external audit of the company is conducted at least once every year. There is also a  formal review at least once every year. This audit is conducted by an external auditor.

The Company has a Occupational Health and Safety committee which are trained by external OH&S providers. The committee is certified.

The Company engages with qualified external advisors annually in relation to Asset Protection. Where possible the board adopts the most practical and affordable insurance policies suitable to protect major assets of the company.

In general an external qualified auditor and or valuers are engaged by the Board in determining large asset values on acquisition of assets. An annual external Valuation is obtained to determine and verify carrying values of  Investment Property  by a external independent registered Property valuer at least once a year.

## 3.3 Risk Management Statements

The integrity of the Company's financial reports relies on sound business and risk control systems.

Annually the company requires each of the financial controllers and the group financial controller to sign a Risk Management Statement. To ensure adequate accountability, the CEO and the Chief Financial Controller are also required to sign a Risk Management statement that is provided to the audit committee in writing.

## 3.4 Internal Audit

Given the company's size an internal Auditor is not practical, however each division is normally allocated a Financial Controller and in the case of the Scaffold Division a Financial Administrator is appointed to maintain regular internal checks and balances on the integrity of the data in the Hire ERP system.

## 3.5 External Covenants

The Company has voluntarily associated itself with the following self regulated authorities

- EWOW (Equal Work Opportunities for Women)
  It reports annually on targets and policy to an external agency in regards to Equal Opportunity guidelines and Policy within the work force. The board receive and review this annually.
- National Packaging Covenant
  The company sets targets to reduce packaging waste and environmental impact on packaging wastes are set and guidelines adopted and where possible administered by management. The board reviews these targets annually.

# 4. Formal Risk Management Practices

OLH operates a formal process for risk management which includes:

- Risk Identificaton
- Risk Analysis
- Risk Evaluation
- Risk Mitigation
- Risk Monitoring and Reporting
- Risk Communication

The risk management process meets appropriate professional standards and is reviewd annually by the OLH Board. The process meets, but is not limited to the requirements of Principle 7 of the ASX Principles for Good Corporate Governance.

# 5. Risk Reporting and Communication

| Material Risks | General Reporting | Accountabilities |
| --- | --- | --- |
| | **OLH Board** | |
| Direct risk response or accept material risk | Review and approve risk mitigation strategies or accept risk | Oversight of framework and sufficiency of reporting |
| | ↑ | |
| | **Chief Executive Officer** | |
| Implement risk response or escalate to OLH Board | Review and approve risk reporting and mitigation strategies | Oversight of corporate risks and adequacy of framework |
| | ↑ | |
| | **Financial Controller** | |
| Recommend material risk escalation to MD and/or OLH Board | Consolidate risk assessments and prepare summary reporting | Implement and monitor ERM framework and ERM system |
| | ↑ | |
| | **Finance Department** | |
| Identify and report material risks as they arise | Prepare risk assessments in accordance with ERM framework | Operationally manage risks and escalate issues |

**Communication**

Effective risk management is reliant on the timely and open communication of actual or potential risk events across the organisation. Free and frank communication is at the heart of OLH's risk management approach, and where the processes and accountabilities described in these standards may not support a suitably rapid response to any risk, then communication should be undertaken using whatever means will achieve the best outcome for OLH.

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