The quality continues

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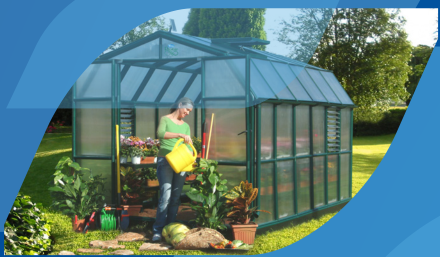
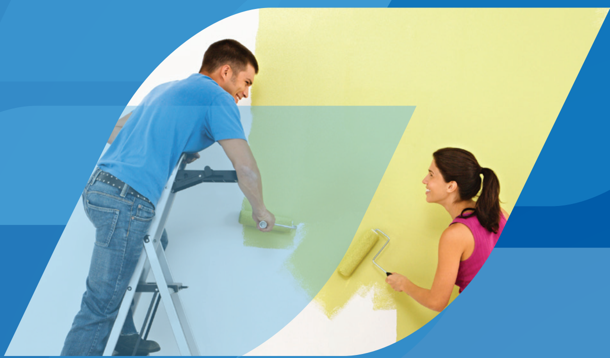
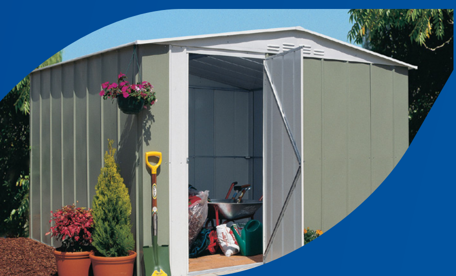
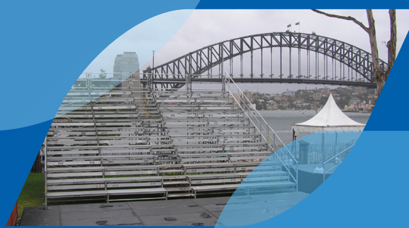
Oldfields Holdings Limited and Controlled Entities

52nd Annual Report 2011









LISTED ON AUSTRALIAN STOCK EXCHANGE

ABN 92 000 307 988

OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

ABN: 92 000 307 988

Financial Report For The Year Ended 30 June 2011

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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 2011.

Directors

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

Julie Garland McLellan	Appointed	1 March 2011
Raymond John Titman	Appointed	23 July 2010
Christopher Michael Giles	Appointed	24 September 2010
William Lewis Timms	Appointed	18 December 2009
Anthony Mankarios	Resigned	23 July 2010
Christopher C Hext	Resigned	8 July 2011

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, painters tools and spray guns;
• manufacturing, marketing and exporting of Treco garden sheds, outdoor storage systems, aviaries and pet homes;
• manufacturing and marketing of scaffolding and related equipment; and
• hiring of scaffolding and related products to the building and construction industry.

Manufacturing and marketing of cleaning and personal care products ceased during the period as a result of the orderly wind-down of H & O Products Pty Ltd at 31 October 2010.

Operating Results and Review of Operations for the year

Operating Results

The consolidated group revenue for the financial year ended 30 June 2011 was $30,588,286 and was down 4.5% from the prior year (2010: $32,014,001). The consolidated net result after tax attributable to members of the parent entity was a loss of $2,834,583 which was a 63% improvement on the prior year (2010: loss of $7,701,347). This was largely due to the significant amount of one-off non-recurring costs incurred in 2010 which were predominately associated with the impairment of the consumer products division, H&O Products Pty Ltd, and property devaluations. Further discussion of the Group's operations during the year now follows:

Review of Operations

(i) Paint Applications Division

Trading conditions were generally difficult for the Paint Applications division in 2011, particularly in the latter half of the year with a wide range of retail customers reporting low sales for the period. The introduction of new participants in the home improvement sector is expected to provide benefits in 2012. Trading terms have been renewed with a range of customer groups to provide future growth and stability within this division.

(ii) Treco Garden Sheds Division

The Treco Garden Sheds division was restructured during the year. The distribution network was expanded and the Group's retail alliances were closed. The division's focus for 2012 will be continued growth of its distribution network, improvement in manufacturing processes and new product innovation. The high Australian dollar continues to impact on export sales, particularly in the UK.

(iii) Scaffold Division

The Scaffold division management changes over the last two years have brought a renewed focus on quality and customer service. The division experienced a downturn in the building and construction industry in the latter half of the year. Overall division performance for the year was an improvement on the prior year result. The division has a strong export base and is focused on developing new relationships in the international market. Performance of the division's manufacturing operation in China has improved with an emphasis on quality, cost and efficiencies following the appointment of a new general manager in February 2011.

(iv) PT Ace Oldfields Indonesia

Export sales growth was slower than anticipated, associated with the volatility in the US economy. New opportunities have been identified to develop new customers and products which are expected to provide benefits to this business in 2012. Local sales continue to increase with new domestic projects expected to provide additional growth for this business.

(v) Property

A contract for the sale of land and buildings at Archerfield in Queensland was exchanged on 19 April 2011 and was settled on 15 July 2011. A contract for the sale of land and buildings at St Marys, New South Wales was also exchanged on 7 September 2011 with settlement expected by 30 September 2011. Consideration from the disposal of these two properties will be used to reduce the overall debt of the Group.

(vi) H & O Consumer Products Division

This discontinued division delivered a negative result for the period. The wind down of this division was completed in October 2010. All finished goods and assets were sold and all outstanding commitments honoured.

Financial Position

The net assets of the consolidated group have decreased by $469,138 from 30 June 2010 to $2,694,537 at 30 June 2011 . This decrease is largely due to the following factors:

- inventory impairments of $289,814 relating to the Scaffold division;
- property devaluations of $393,354 relating to the property at St Marys, New South Wales;
- asset and liability reductions associated with the orderly wind-down of H&O Products Pty Ltd and Backyard Installations Pty Ltd;

The directors believe that the group is in a stable financial position and will be able to pay its debts as and when they become due and payable.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the parent entity occurred during the financial year:
(i) On 21 July 2010, the company issued 5,067,308 ordinary shares at $0.17 each to shareholders on the basis of 1 share for every 2 shares held raising $861,442.
(ii) On 30 November 2010, the company issued 22,980,534 ordinary shares at $0.10 each to shareholders on the basis of 1 share for every 1 share held raising $2,298,053.

Changes in controlled entities and divisions:
(i) The consumer products division ceased trading during the year as a result of the orderly wind-down of H&O Products Pty Ltd in October 2010.
(ii) The Group disposed of its interest in Tangshan Hengfeng Paint Accessories Co in December 2010, resulting in a net loss of $751,358 during the year.
(iii) Retail alliances in the Treco Sheds division were wound down during the year, contributing a net loss of $839,806 during the year.

Dividends Paid or Recommended

Since the start of the financial year, no dividends have been paid or declared.

Events after the Reporting Period

On 15 July 2011, the contract for sale of the property at Archerfield QLD was settled. Consideration received in relation to this sale was used to reduce the overall debt of the Group.

On 28 August 2011, the company signed an agreement with its bankers for a finance facility for a further 11 month period.

On 7 September 2011, an unconditional contract for the sale of the property at St Marys NSW was exchanged and is expected to be settled by 30 September 2011. Consideration of $2.2 million will be used to reduce the overall debt of the Group.

There were no other significant events occurring after balance date.

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:

(i) Focus on reduction in overall debt for the Group through the sale of the investment property at St Marys, New South Wales.
(ii) Renewed focus on the Group's core business and customer service to drive marketing and sales.

Information on Directors

Julie Garland McLellan	—	Non-Executive Director and Chair Person (Appointed 1 March 2011)
Qualifications	—	FAICD, Diploma and Advanced Diploma in Company Directorship, Grad Dip Finance and Investment, Exec MBA, BSC (hons) Civil Engineering
Experience	—	33 years experience in construction, engineering, and resources industries.
Interest in Shares and Options	—	Nil shares held
Special Responsibilities	—	Chairperson of the Remuneration Committee and Chairperson of the Audit Committee
Directorships held in other listed entities during the three years prior to the current year	—	Bounty Milling Ltd. (Also a director of unlisted entities Kyoto Energy Park, Kimbriki Environmental Enterprises, Approva Inc. (USA Global Advisory Board), Australian Institute of Company Directors NSW Council, and Innovation Australia Engineering and Manufacturing Grants Committee)
Raymond John Titman	—	Executive Director and Chief Executive Officer (Appointed 23 July 2010)
Experience	—	27 years experience with Oldfields in all divisions of the company both domestically and internationally.
Interest in Shares and Options	—	43,924 shares held
Special Responsibilities	—	Member of the Remuneration Committee
Christopher Michael Giles	—	Executive Director (Appointed 24 September 2010)
Qualifications	—	Bachelor of Commerce, CPA
Experience	—	25 years experience in senior financial and general management roles in the fast moving consumer goods industry
Interest in Shares and Options	—	700,000 shares held
William Lewis Timms	—	Non-Executive Director (Appointed 18 December 2009)
Qualifications	—	Bachelor of Business (Accounting and Audit), Registered Tax Agent, Real Estate and Business Agent.
Experience	—	25 years experience in accounting and audit, 18 years experience in commercial real estate and project management.
Interest in Shares and Options	—	19,692,264 shares held
Special Responsibilities	—	Member of the Audit Committee and Member of the Remuneration Committee
Anthony Mankarios	—	Executive Director and Chief Executive Officer (Resigned 23 July 2010)
Qualifications	—	Fellow of the Australian Institute of Company Directors, Master of Business Administration, Certified Finance and Treasury Professional.
Interest in Shares and Options	—	3,021,090 shares held
Special Responsibilities	—	Former member of the Remuneration Committee
Christopher C Hext	—	Non-Executive Director and Chair Person (Resigned 8 July 2011)
Qualifications	—	Bachelor of Business (Accounting), Registered Tax Agent, Justice of the Peace
Experience	—	Board member since 2001. Mr Hext was a Certified Practicing Accountant and has held senior accounting and management positions in companies of all sizes.
Interest in Shares and Options	—	4,801,228 shares held
Special Responsibilities	—	Formerly Chairperson of the Remuneration Committee and member of the Audit Committee

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Robert A Coleman - Bachelor of Commerce (Accounting), Certified Practicing Accountant. Robert has held various senior management roles in companies of all sizes.

Meetings of Directors

During the financial year, 14 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Julie Garland McLellan	4	4	1	1	-	-
Raymond John Titman	12	12	-	-	-	-
Christopher Michael Giles	10	10	-	-	-	-
William Lewis Timms	12	12	2	2	-	-
Anthony Mankarios	-	-	-	-	-	-
Christopher C Hext	12	10	2	1	-	-

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 all past, present and future 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 contract of insurance prohibits disclosure of the nature of liability and 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
24/11/2008	24/11/2011	$1.20	350,000

Options holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the Remuneration Report.

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.

Environmental Issues

The consolidated group's 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 are 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.

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 does 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 PKF Chartered Accountants for non-audit services provided during the year ended 30 June 2011:

	$
Taxation services	7,166
Due diligence investigations	-
	7,166

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 7 of the Annual 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 bi-annually 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 results leading to long-term growth in shareholder wealth.

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.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

Key management personnel are also entitled and encouraged to participate in the employee share and option arrangements to align directors' interests with shareholder interests.

Options granted under the arrangement do not carry dividend or voting rights. Each option is entitled to be converted into one ordinary share once the interim or final financial report has been disclosed to the public and is valued using the Black-Scholes methodology.

Key management personnel subject to the arrangement are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Performance-based Remuneration

The key performance indicators (KPIs) are set annually, with a certain level of consultation with key management personnel. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPI's are set for the following year.

In determining whether or not a KPI has been achieved, Oldfields Holdings Limited bases the assessment on audited figures, however, where the KPI involves comparison of the Group or a division within the Group to the market, independent reports are obtained.

No performance-based remuneration has been paid during or since the end of the financial year.

Employment Details of Members of Key Management Personnel and Other Executives

The following table provides employment details of persons who were, during the financial year, members of key management personnel of the consolidated group, and to the extent different, among the five Group executives or company executives receiving the highest remuneration.

Group Key Management Personnel	Position Held as at 30 June 2011
Julie Garland McLellan	Non-executive Director
Raymond John Titman	Executive director and Chief Executive Officer
Christopher Michael Giles	Executive director
William Lewis Timms	Non-executive Director
Anthony Mankarios	Executive director and Chief Executive Officer
Christopher C Hext	Non-executive Director
Robert A Coleman	Company Secretary and Chief Financial Officer
Tracey Grech	Group Financial Controller
Maurice Rivera	General Manager - Scaffold Division

Employment Details of Members of Key Management Personnel and Other Executives (continued)

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

The employment contracts stipulate a range of one to three months notice period on resignation. The Group may terminate an employment contract without cause by providing a 3-6 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 Group can terminate the individual's employment contract at any time. Any options not exercised before that date will lapse.

Changes in Directors and Executives

On 8 July 2011, Christopher C Hext retired as a Director.
On 1 March 2011, Julie Garland McLellan commenced as a Director.
On 24 September 2010, Christopher Michael Giles commenced as a Director.
On 23 July 2010, Raymond John Titman commenced as a Director.
On 23 July 2010, Anthony Mankarios resigned as a Director.

Remuneration Details for the Year Ended 30 June 2011

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, to the extent different, the five group executives and five company executives receiving the highest remuneration:

Table of Benefits and Payments for the year ended 30 June 2011

	Short-term benefits		**Post Employment Benefits**		
2011	Salary, Fees and Leave $	Non-monetary $	Pension and superannuation $	**Termination benefits $**	**Total $**
Group Key Management Personnel					
Julie Garland McLellan	26,250	-	2,917	-	29,166
Raymond John Titman	164,331	20,337	14,580	-	199,248
Christopher Michael Giles	163,375	4,530	14,400	-	182,305
William Lewis Timms	50,190	-	4,517	-	54,708
Anthony Mankarios	9,961	7,787	4,592	91,060	113,400
Christopher C Hext	79,733	-	7,176	-	86,909
Robert A Coleman	160,000	15,290	14,400	-	189,690
Tracey Grech	82,000	9,613	7,380	-	98,993
Maurice Rivera	99,302	11,997	8,370	-	119,669
	835,142	69,554	78,332	91,060	1,074,088

	Short-term benefits		**Post Employment Benefits**	**Equity-settled share-based payments**	
2010	Salary, Fees and Leave $	Non-monetary $	Pension and superannuation $	Options/Rights $	**Total $**
Group Key Management Personnel					
Raymond John Titman	94,462	31,159	8,502	4,050	138,173
William Lewis Timms	7,412	-	667	-	8,079
Anthony Mankarios	177,833	34,186	16,005	13,500	241,524
Christopher C Hext	45,119	-	4,061	1,350	50,530
Robert A Coleman	55,179	6,604	4,966	-	66,749
Kenneth E Holloway	66,918	30,017	-	1,350	98,285
Gary J Guild	96,005	22,059	8,640	1,350	128,054
Maurice W Abbott	43,735	3,585	3,936	-	51,256
Braden Murrin	149,154	27,203	13,424	-	189,781
Thomas D Love	17,181	-	-	-	17,181
John Roy Westwood	22,815	13,891	2,053	-	38,759
Michael Leo Stafford	8,428	-	758	-	9,186
	784,241	168,704	63,012	21,600	1,037,557

Securities Received that are not Performance Related

No members of key management personnel are entitled to receive securities which are not performance-based as part of their remuneration package.

Options and Rights Granted

There have been no options or rights granted to key management personnel during the financial year.

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

....

Raymond John Titman

Dated: 20/09/2011

Chartered Accountants
& Business Advisers

Lead auditor's independence declaration under Section 307C of the Corporations Act 2001

I declare to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

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

This declaration is in respect of Oldfields Holdings Limited and the entities it controlled during the year.

PKF

PKF

P E Bull

Paul Bull
Partner

20 September 2011
Sydney

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OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
Revenue	3	30,588,286	32,014,001
Cost of sales		(15,506,894)	(18,003,042)
Gross profit		15,081,392	14,010,959
Other income	3	857,612	988,471
Distribution expenses		(9,868,686)	(12,201,412)
Marketing expenses		(597,647)	(727,840)
Occupancy expenses		(1,511,722)	(863,708)
Administrative expenses		(3,395,163)	(2,639,492)
Impairment expenses		(77,596)	(376,059)
Loss on remeasurement of equity investment due to business combination		-	(516,000)
Loss on revaluation of investment property		(393,354)	(812,553)
Finance costs		(1,732,939)	(1,615,913)
Share of net profits of associates		263,266	136,214
Loss before income tax	4	(1,374,837)	(4,617,333)
Income tax benefit (expense)	5	(618,514)	(155,705)
Loss from continuing operations		(1,993,351)	(4,773,038)
Loss for the year from discontinued operations after tax	6	(1,027,692)	(3,877,210)
Loss for the year		(3,021,043)	(8,650,248)
Other comprehensive income:			
Net loss on revaluation of land and buildings	5d	(68,705)	(112,206)
Net change in fair value of cash flow hedge	5d	(21,172)	70,053
Exchange differences on translating foreign controlled entities		(431,481)	296,480
Other comprehensive income for the year, net of tax		(521,358)	254,327
Total comprehensive income for the year		(3,542,401)	(8,395,921)
Loss attributable to:			
Members of the parent entity		(2,834,583)	(7,701,346)
Non-controlling interest		(186,460)	(948,902)
		(3,021,043)	(8,650,248)
Total comprehensive income attributable to:			
Members of the parent entity		(3,355,941)	(7,447,019)
Non-controlling interest		(186,460)	(948,902)
		(3,542,401)	(8,395,921)
Earnings per share			
Overall Operations			
Basic earnings per share (cents)	10	(6.14)	(35.94)
Diluted earnings per share (cents)	10	(6.14)	(35.94)
Continuing Operations			
Basic earnings per share (cents)	10	(3.91)	(17.85)
Diluted earnings per share (cents)	10	(3.91)	(17.85)
Discontinued Operations			
Basic earnings/(loss) per share (cents)	10	(2.22)	(18.10)

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	757,753	316,776
Trade and other receivables	12	4,303,972	6,437,921
Inventories	13	5,122,274	6,272,925
Derivatives	14	-	9,241
Other assets	16	2,107,940	480,631
		12,291,939	13,517,494
Non-current assets held for sale	15	2,199,396	-
TOTAL CURRENT ASSETS		14,491,335	13,517,494
NON-CURRENT ASSETS			
Investments accounted for using the equity method	17	1,491,089	2,712,355
Property, plant and equipment	20	9,656,244	13,006,389
Investment property	21	-	2,205,320
Deferred tax assets	25	35,330	61,031
Intangible assets	22	1,119,989	1,202,811
TOTAL NON-CURRENT ASSETS		12,302,652	19,187,906
TOTAL ASSETS		26,793,987	32,705,400
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	23	5,015,273	6,652,925
Borrowings	24	17,573,392	19,266,829
Current tax liabilities	25	83,513	97,934
Short-term provisions	26	985,191	1,151,847
Derivatives	14	11,931	-
TOTAL CURRENT LIABILITIES		23,669,300	27,169,535
NON-CURRENT LIABILITIES			
Borrowings	24	364,538	2,224,843
Deferred tax liabilities	25	359	-
Other long-term provisions	26	65,253	147,347
TOTAL NON-CURRENT LIABILITIES		430,150	2,372,190
TOTAL LIABILITIES		24,099,450	29,541,725
NET ASSETS		2,694,537	3,163,675
EQUITY			
Issued capital	27	18,751,301	15,657,109
Reserves	36	(1,009,733)	(1,105,124)
Retained earnings		(13,529,156)	(10,077,824)
Parent interest		4,212,412	4,474,161
Non-controlling interest		(1,517,875)	(1,310,486)
TOTAL EQUITY		2,694,537	3,163,675

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Option Reserve	Non-controlling interests	Total
Consolidated Group		$	$	$	$	$	$	$	$
Balance at 1 July 2009		12,141,959	(2,806,425)	(60,812)	180,911	(1,191,829)	112,777	(189,084)	8,187,497
									-
Loss attributable to members of parent entity		-	(7,701,346)	-	-	-	-	-	(7,701,346)
Loss attributable to non-controlling interests		-	-	-	-	-	-	(948,902)	(948,902)
Total other comprehensive income for the year		-	-	70,053	(112,206)	296,480	-	-	254,327
Transfers from foreign exchange reserve to retained earnings		-	429,947	-	-	(429,947)	-	-	-
Revaluation increment		-	-	-	-	-	29,449	-	29,449
Transactions with owners, in their capacity as owners:									
Shares issued during the year		3,656,524	-	-	-	-	-	-	3,656,524
Transaction costs		(141,374)	-	-	-	-	-	-	(141,374)
Subtotal		15,657,109	(10,077,824)	9,241	68,705	(1,325,296)	142,226	(1,137,986)	3,336,175
Dividends paid by controlled entities to non-controlling interests	8	-	-	-	-	-	-	(172,500)	(172,500)
Balance at 30 June 2010		15,657,109	(10,077,824)	9,241	68,705	(1,325,296)	142,226	(1,310,486)	3,163,675
Balance at 1 July 2010		15,657,109	(10,077,824)	9,241	68,705	(1,325,296)	142,226	(1,310,486)	3,163,675
									-
Loss attributable to members of parent entity		-	(2,834,583)	-	-	-	-	-	(2,834,583)
Loss attributable to non-controlling interests		-	-	-	-	-	-	(186,460)	(186,460)
Total other comprehensive income for the year		-	-	(21,172)	(68,705)	(431,481)	-	-	(521,358)
Transfers from foreign exchange reserve to retained earnings		-	(758,975)	-	-	758,975	-	-	-
Revaluation decrement		-	142,226	-	-	-	(142,226)	-	-
Adjustments to opening non-controlling interests								(20,929)	(20,929)
Transactions with owners, in their capacity as owners:									
Shares issued during the year		3,159,496	-	-	-	-	-	-	3,159,496
Transaction costs		(65,304)	-	-	-	-	-	-	(65,304)
Subtotal		18,751,301	(13,529,156)	(11,931)	-	(997,802)	-	(1,517,875)	2,694,537
Dividends paid by controlled entities to non-controlling interests	8	-	-	-	-	-	-	-	-
Balance at 30 June 2011		18,751,301	(13,529,156)	(11,931)	-	(997,802)	-	(1,517,875)	2,694,537

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group 2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		33,516,626	41,158,121
Interest received		184	81,212
Rent received		234,250	512,838
Payments to suppliers and employees		(33,183,030)	(40,588,016)
Finance costs		(1,461,142)	(1,613,298)
Income tax paid		(269,588)	(464,902)
Interest paid on Director's Loan		(3,333)	(70,331)
Net cash provided by/(used in) operating activities	31a	(1,166,033)	(984,376)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		1,787,967	2,302,630
Proceeds from sale of investments in associates		1,054,138	-
Proceeds from disposal of subsidiary		-	174,050
Purchase of property, plant and equipment		(1,376,183)	(1,353,409)
Payment for businesses acquired		(45,760)	(693,498)
Payment for shares issued by associates		(231,920)	(305,372)
Net cash provided by/(used in) investing activities		1,188,242	124,401
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		3,094,192	2,081,470
Proceeds from borrowings		364,634	110,503
Overdraft restructure to borrowings		1,000,000	-
Repayment of borrowings		(1,888,960)	(2,366,285)
Dividends paid by controlled entities to non-controlling interests		-	(172,500)
Net cash provided by/(used in) financing activities		2,569,866	(346,812)
Net increase(decrease) in cash held		2,592,075	(1,206,787)
Cash and cash equivalents at beginning of financial year	11	(2,160,666)	(953,879)
Cash and cash equivalents at end of financial year	11	431,409	(2,160,666)

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Oldfields Holdings Limited and Controlled Entities (the “consolidated group” or “Group”). The separate financial statements of the parent entity, Oldfields Holdings Limited, have been presented within this financial report in note 2.

Note 1 Summary 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 (including 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 financial statements 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 as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements 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.

The financial report was authorised for issue on 20 September 2011 by the directors of the Group.

Going Concern

The Group made a loss for the year ended 30 June 2011 of $3,021,043 (2010: $8,650,248) and had a net cash outflow from operating activities of $1,166,033 (2010: $984,376). The Group has also reported a net current asset deficiency of $9,177,965 (2010: $13,652,041) which is due to the classification of bank loans as current in accordance with the requirements of AASB101 *Presentation of Financial Statements* (refer note 24). These conditions give rise to material uncertainty which may cast doubt over the Group's ability to continue as a going concern.

Notwithstanding the above, the directors' believe that the Group will continue to operate as a going concern for the following reasons:

- Negotiations to renew the finance facility commenced in June 2011 and hence the debts under the previous facility, which expired on 31 July 2011, became current at the end of the financial year. A new facility agreement was re-negotiated with the Group's bankers on 28 August 2011 for a period until 31 July 2012;
- Treco Garden Sheds division has been restructured to reduce fixed costs and overheads, providing ongoing savings;
- The sale of the property held at Archerfield, Queensland was settled on 15 July 2011 and a contract for the sale of the property held at St Marys, New South Wales was exchanged on 7 September 2011 with settlement expected by 30 September 2011. The consideration from the sale of these properties will be used to reduce Group debt and ongoing finance costs;
- The Paint Applications division has secured a major new customer and is expected to benefit from changes in the hardware market in Australia in the coming twelve months;
- Redundancy and restructuring costs incurred during the financial year are not expected to recur;
- The Group's debts are being paid as and when they fall due; and
- Cash and cash equivalents at the end of the financial year increased by $2,592,075 compared to the prior year.

Should the Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Oldfields Holdings Limited at the end of the reporting period. A controlled entity is any entity over which Oldfields Holdings Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity’s activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the Consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the Equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 1 Summary of Significant Accounting Policies (continued)

(a) Principals of Consolidation (continued)

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest; and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interest is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Discontinued Operations

A discontinued operation is a component of the consolidated entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income.

(b) 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. When the inflow of consideration is deferred it is treated as the provision of financing 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.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where the 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 the 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).

(c) 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 the income statement in the period in which they are incurred.

Note 1 Summary of Significant Accounting Policies (continued)

(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 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 as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and 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) a legally enforceable right of set-off exists; and (b) 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.

Tax Consolidation

Oldfields Holdings Limited and its wholly-owned 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 Taxation 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.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(f) Trade and other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(g) 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.

(h) Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Note 1 Summary of Significant Accounting Policies (continued)

(i) Investments in Associates

Associates are companies in which the Group has significant influence through holding, directly or indirectly, 20% or more of the voting power of the Group. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

Details of the Group's investment in associates are shown at Note 18.

(j) 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.

Property

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

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus 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 statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's 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.

Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of the recoverable amount is made when impairment indicators are present (refer to Note 1(q) for details of impairment).

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 the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 statement of comprehensive income during the financial period in which they are incurred.

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%
Motor vehicles	18 - 20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down 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 statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(k) Investment Property

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

Note 1 Summary of Significant Accounting Policies (continued)

(l) Other Intangibles

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 is expected to deliver future economic benefits and these benefits can be measured reliably.

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

(m) 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(n) Employee Benefits

Provision is made for the Group’s liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

(o) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

(p) 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 is 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 lease term.

(q) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified ‘at fair value through profit or loss’ in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(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, 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 the profit or loss.

Note 1 Summary of Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

(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.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

(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.

Held-to-maturity investments are included in non-current assets where they are expected to mature more than 12 months after the end of the reporting period. All other investments are classified as current assets.

(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.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses and foreign exchange gains and losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in non-current assets where they are expected to be sold more than 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Derivative Instruments

The Group designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
(ii) hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

(i) *Fair value hedge*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*

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 statement of comprehensive income.

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

Impairment

At the end of each reporting period, the Group assesses 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 profit or loss. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the profit or loss.

(q) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

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

Note 1 Summary of Significant Accounting Policies (continued)

(r) 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 profit or loss, 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 other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

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 exchange rates prevailing at the end of the reporting period;
— 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 with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

(s) 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 Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(t) Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed. Refer to Note 37

(u) Critical Accounting Estimates and Judgments

Management evaluates estimates and judgments incorporated into the financial report based on historical knowledge and best reasonably 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 and Judgements

(i) Impairment

The Group assesses impairment at the end of each reporting period 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.

(ii) Provision for Impairment of Receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

(iii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iv) Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(v) New, Revised or Amending Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

Note 1 Summary of Significant Accounting Policies (continued)

(v) New, Revised or Amending Accounting Standards and Interpretations Adopted (continued)

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-based Payment Transactions - amendments for Group Cash-settled Share-based Payment Transactions

The consolidated entity has applied the amendments to AASB 2 from 1 July 2010. The amendments clarified the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction, and no matter whether the transaction is settled in shares or cash.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The consolidated entity has applied Interpretation 19 from 1 July 2010. The interpretation clarified that equity instruments issued to a creditor to extinguish a financial liability qualifies as consideration paid. The equity instruments issued are measured at their fair value, or if not reliably measured, at the fair value of the liability extinguished, with any gain or loss recognised in profit or loss.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2009-5 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 101 'Presentation of Financial Statements' - classification is not affected by the terms of a liability that could be settled by the issuance of equity instruments at the option of the counterparty;
AASB 107 'Statement of Cash Flows' - only expenditure that results in a recognised asset can be classified as a cash flow from investing activities;
AASB 117 'Leases' - removal of specific guidance on classifying land as a lease;
AASB 118 'Revenue' - provides additional guidance to determine whether an entity is acting as a principal or agent; and
AASB 136 'Impairment of Assets' - clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in AASB 8 'Operating Segments' before aggregation for reporting purposes.

AASB 2009-10 Amendments to AASB 132 - Classification of Rights Issues

The consolidated entity has applied AASB 2009-10 from 1 July 2010. The amendments clarified that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. The amendment therefore provides relief to entities that issue rights in a currency other than their functional currency from treating the rights as derivatives with fair value changes recorded in profit or loss.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project

The consolidated entity has applied AASB 2010-3 amendments from 1 July 2010. The amendments result in some accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes had no or minimal effect on accounting. The main changes were:
AASB 127 'Consolidated and Separate Financial Statements' and AASB 3 'Business Combinations' - clarifies that contingent consideration from a business combination that occurred before the effective date of revised AASB 3 is not restated; the scope of the measurement choices of non-controlling interest is limited to when the rights acquired include entitlement to a proportionate share of net assets in the event of liquidation; requires an entity in a business combination to account for the replacement of acquiree's share-based payment transactions, unreplaced and voluntarily replaced, by splitting between consideration and post combination expenses.

(w) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

— *AASB 9: Financial Instruments [December 2010] (applicable for annual reporting periods commencing on or after 1 January 2013).*

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments . The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity’s business model as they are initially classified based on: (a) the objective of the entity’s business model for managing the financial assets; and (b) the characteristics of the contractual cash flows;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

— *AASB 2010-6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).*

This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards; and AASB 7: Financial Instruments: Disclosures; establishing additional disclosure requirements in relation to transfers of financial assets.

Note 1 Summary of Significant Accounting Policies (continued)

(w) New Accounting Standards for Application in Future Periods (continued)

— *AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies the definition of a 'related party' to remove inconsistencies and simplify the structure of the Standard. No changes are expected to materially affect the Group.

This Standard is not expected to impact the Group.

— *AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013)*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (i.e. full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

AASB 2010-2 makes amendments to Australian Accounting Standards and Interpretations to give effect to the reduced disclosure requirements for Tier 2 entities. It achieves this by specifying the disclosure paragraphs that a Tier 2 entity need not comply with as well as adding specific 'RDR' disclosures.

— *AASB 2009–12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).*

This Standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. The amendments are not expected to impact the Group.

— *AASB 2010-5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).*

This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

— *AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011)*

This standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- clarifying the application of AASB 108 prior to an entity's first Australian Accounting Standard financial statements;
- adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
- amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
- adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
- making sundry editorial amendments to various Standards and Interpretations.

This Standard is not expected to impact the Group.

— *AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).*

This standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

This Standard is not expected to impact the Group.

— *AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes.

The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112. The amendments are not expected to impact the Group.

Note 2 Parent Information

The following information has been extracted from the books and records of the parent and has been prepared in accordance with the Accounting Standards.

	2011	2010
STATEMENT OF FINANCIAL POSITION	**$**	**$**
ASSETS		
Current Assets	10,277,758	9,693,276
TOTAL ASSETS	12,946,227	11,735,257
LIABILITIES		
Current Liabilities	631,345	696,914
TOTAL LIABILITIES	631,345	931,714
EQUITY		
Issued Capital	18,751,301	15,657,109
Retained earnings	(6,424,488)	(5,005,033)
Asset revaluation reserve	-	142,226
Cash flow hedge reserve	(11,931)	9,241
TOTAL EQUITY	12,314,882	10,803,543
STATEMENT OF COMPREHENSIVE INCOME		
Total loss before tax	(2,143,066)	(3,205,442)
Total comprehensive income	(1,582,852)	(3,109,596)

Guarantees
The parent entity has not entered into any guarantees on behalf of the Group or any individual entity within the Group as at 30 June 2011 or 30 June 2010.

Contingent liabilities
The parent entity did not have any contingent liabilities as at 30 June 2011 or 30 June 2010.

Contractual commitments
The parent entity did not have any contractual commitments as at 30 June 2011 or 30 June 2010.

Note 3 Revenue and Other Income

	Consolidated Group	
	2011	2010
	$	$
Sales revenue		
— sale of goods	17,687,475	17,903,302
— rental revenue of scaffold equipment	12,900,811	14,110,699
Total revenue	30,588,286	32,014,001
Other income		
— gain on disposal of property, plant and equipment	37,647	71,414
— gains on disposal of non-current investments	-	82,008
— investment loan write back	223,081	-
— rental revenue for property investment	206,140	265,002
— interest received	174	81,207
— export market development grant	36,449	-
— other income	354,121	488,840
Total other income	857,612	988,471
Interest revenue from:		
— other persons	174	81,207
Total interest revenue	174	81,207

Note 4 Loss for the Year

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Loss before income tax from continuing operations includes the following specific expenses:			
Expenses			
Cost of sales		15,506,894	18,003,042
Interest expense:			
— Directors		-	70,331
— Associated companies		2,295	43,421
— Other related parties	34	58,500	-
— Other persons		1,672,144	1,502,161
Total interest expense		1,732,939	1,615,913
Foreign currency translation losses		47,661	10,180
Impairment of goodwill		-	107,679
Impairment of assets		77,596	268,380
Bad and doubtful debts:			
— trade receivables		(74,148)	385,891
Total bad and doubtful debts		(74,148)	385,891
Rental expense on operating leases			
— minimum lease payments		1,312,841	1,751,309
Loss on remeasurement of equity investment due to business combination		-	516,000
Loss on revaluation of investment property		393,354	812,553
Expenses on investment properties			
— Direct operating expenses from property that generated rental income		47,729	50,003
— Direct operating expenses from property that did not generate rental income		70,754	12,598
Total expenses on investment properties		118,483	62,601

Note 5 Income Tax Expense

		Note	Consolidated Group 2011 $	Consolidated Group 2010 $
(a)	The components of tax expense comprise:			
	Current tax		(312,894)	(1,247,660)
	Deferred tax	25	(25,342)	35,689
	Deferred tax assets not recognised during the year		1,039,941	1,386,554
	Recoupment of prior year tax losses		(83,191)	(18,878)
			618,514	155,705
(b)	The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
	Prima facie tax payable on profit from ordinary activities before income tax at 30% (2010: 30%)		(412,451)	(1,385,200)
	Add tax effect of:			
	— non-deductible depreciation and amortisation		27,068	51,201
	— other non-allowable items		37,283	163,744
	— under provision for income tax in prior year		-	8,835
	— capital loss on disposal of investment in associate		127,573	-
			(220,527)	(1,161,421)
	Less tax effect of:			
	— share of net profits of associates and joint venture entities netted directly		131,354	40,864
	— net tax effect profit/(loss) from overseas operations		(33,236)	9,686
	— current year deferred tax assets not recognised		(1,039,941)	(1,386,554)
	— capital costs creating new deferred tax assets		19,591	-
	Recoupment of prior year tax losses not previously brought to account		83,191	18,878
	Income tax attributable to entity		618,514	155,705
	The applicable weighted average effective tax rates are as follows:		-45.0%	-3.4%

The decrease in the weighted average effective consolidated tax rate for 2011 is a result of accelerated tax allowances on plant and equipment compared to 2010.

(c) **Total deferred tax assets not brought to account**

	2011 $	2010 $
Deferred tax asset on tax losses	2,284,853	2,381,720
Deferred tax assets relating to temporary difference	236,890	991,191
	2,521,743	3,372,911

Note 5 Income Tax Expense (continued)

(d) Tax effects relating to each component of other comprehensive income:

	Note	2011 Before-tax amount	2011 Tax (expense) benefit	2011 Net-of-tax amount	2010 Before-tax amount	2010 Tax (expense) benefit	2010 Net-of-tax amount
Consolidated Group		$	$	$	$	$	$
Gain on land and buildings revaluation	20	(98,150)	29,445	(68,705)	(160,294)	48,088	(112,206)
Net change in fair value of cash flow hedge	14	(30,246)	9,074	(21,172)	100,076	(30,023)	70,053
		(128,396)	38,519	(89,877)	(60,218)	18,065	(42,153)

Note 6 Discontinued Operations

(i) Tangshan Hengfeng Paint Accessories Co.

On 31 October 2010, the Group disposed of its 47.5% interest in Tangshan Hengfeng Paint Accessories Co. The proceeds from the sale of this investment were $1,054,138 which were received upon settlement on 25 February 2011. The loss on disposal of this investment was $751,398 which has been included as part of the loss from discontinued operations for the year.

	2011	2010
	$	$
Share of net profit/(loss) of associates and joint ventures	86,504	(22,993)
Loss on disposal of investment in joint venture	(837,902)	-
	(751,398)	(22,993)

(ii) H&O Products Pty Ltd

On 31 October 2010, H&O Products Pty Ltd, the Group's consumer products division, was wound down. The loss for the year from the discontinued operation is as follows:

	2011	2010
	$	$
Revenue	1,025,341	6,022,243
Cost of sales	(1,388,425)	(6,352,802)
Gross profit	(363,084)	(330,559)
Other income	809,067	18,055
Distribution expenses	(270,203)	(894,417)
Marketing expenses	(51,420)	(86,727)
Occupancy expenses	(173,723)	(503,907)
Administrative expenses	(43,657)	(85,263)
Impairment expense	(2,923)	(2,738,700)
Finance costs	(69,735)	(89,939)
Loss before income tax	(165,678)	(4,711,457)
Income tax expense	(1,452,008)	1,441,588
Loss for the year	(1,617,686)	(3,269,869)

	2011	2010
The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:		
Net cash inflow/(outflow) from operating activities	623,459	143,641
Net cash inflow/(outflow) from investing activities	228,273	(290,635)
Net cash inflow/(outflow) from financing activities	(592,246)	4,847
Net cash increase in cash generated by the discontinuing division	259,485	(142,147)

(iii) Adelaide Garden Sheds Pty Ltd

On 31 August 2010, Adelaide Garden Sheds Pty Ltd, one of the Group's retail alliances, was wound down. The loss for the year from the discontinued operation is as follows:

	2011	2010
	$	$
Revenue	10,810	165,980
Cost of sales	(13,593)	(88,460)
Gross profit	(2,783)	77,520
Other income	-	288
Distribution expenses	(22,164)	(128,731)
Marketing expenses	(2,708)	(24,316)
Occupancy expenses	(6,284)	(24,439)
Administrative expenses	(2,824)	-
Impairment expense	-	(546)
Finance costs	(1,102)	(3,929)
Loss before income tax	(37,865)	(104,153)
Income tax expense	11,506	31,213
Loss for the year	(26,359)	(72,940)

	2011	2010
The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:		
Net cash inflow/(outflow) from operating activities	(21,599)	(9,218)
Net cash inflow/(outflow) from investing activities	14,566	546
Net cash inflow/(outflow) from financing activities	-	(8,672)
Net cash increase in cash generated by the discontinuing division	(7,033)	(17,344)

Note 6 Discontinued Operations (continued)

(iv) Backyard Installations Pty Ltd

During the year, Backyard Installations Pty Ltd, one of the Group's retail alliances, was wound down. The loss for the year from the discontinued operation is as follows:

	2011	2010
	$	$
Revenue	1,734,194	2,096,452
Cost of sales	(1,348,167)	(773,048)
Gross profit	386,027	1,323,404
Other income	2,127	44,732
Distribution expenses	(871,503)	(1,066,350)
Marketing expenses	(167,034)	(214,595)
Occupancy expenses	(132,799)	(170,954)
Administrative expenses	(17,828)	-
Impairment expense	-	(332)
Finance costs	(931)	(2,438)
Loss before income tax	(801,941)	(86,533)
Income tax expense	241,162	25,812
Loss for the year	(560,779)	(60,721)

The net cash flows of the discontinuing division which have been incorporated into the statement of cash flows are as follows:

	2011	2010
Net cash inflow/(outflow) from operating activities	(1,237)	(35,477)
Net cash inflow/(outflow) from investing activities	(1,944)	-
Net cash inflow/(outflow) from financing activities	(22,232)	(11,878)
Net cash increase in cash generated by the discontinuing division	(25,414)	(47,355)

(v) Brisbane Garden Sheds Pty Ltd

During the year, the Group decided to dissolve the joint venture entity Brisbane Garden Sheds Pty Ltd. The wind-down of this entity is expected to be completed by 30 September 2011.

	2011	2010
	$	$
Share of net profit/(loss) of associates and joint ventures	12,565	(44,038)
	12,565	(44,038)

Note 7 Auditors' Remuneration

	Consolidated Group	
	2011	2010
	$	$
Remuneration of the current auditor (PKF) of the parent entity for:		
— auditing or reviewing the financial report	109,857	-
— taxation and advisory services	7,166	-
Remuneration of the previous auditor (Hall Chadwick) of the parent entity for:		
— auditing or reviewing the financial report	121,217	194,282
— taxation and advisory services	11,662	43,700

Note 8 Dividends

(a) Since the start of the financial year, no dividends have been paid or declared.

(b) Balance of franking account at year end adjusted for franking credits arising from:

	2011	2010
— 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	747,585	501,323
	747,585	501,323

Note 9 Interests of Key Management Personnel (KMP)

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2011.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2011	2010
	$	$
Short-term employee benefits	904,696	952,945
Post-employment benefits	78,332	63,012
Other long term benefits	-	-
Termination benefits	91,060	-
Share-based payments	-	21,600
	1,074,088	1,037,557

Note 9 Interests of Key Management Personnel (KMP) (continued)

KMP Options and Rights Holdings

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

30 June 2011	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
Maurice W Abbott	250,000	-	-	-	250,000	-	-	-
Braden Murrin	100,000	-	-	-	100,000	-	-	-
	350,000	-	-	-	350,000	-	-	-

30 June 2010	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Expired during the year	Balance at end of year	Vested during the year	Vested and exercisable	Vested and unexercisable
Raymond John Titman	150,000	-	-	(150,000)	-	-	-	-
Anthony Mankarios	500,000	-	-	(500,000)	-	-	-	-
Christopher C Hext	50,000	-	-	(50,000)	-	-	-	-
Thomas D J Love	50,000	-	-	(50,000)	-	-	-	-
John Roy Westwood	150,000	-	-	(150,000)	-	-	-	-
Kenneth E Holloway	50,000	-	-	(50,000)	-	-	-	-
Gary J Guild	50,000	-	-	(50,000)	-	-	-	-
Maurice W Abbott	250,000	-	-	-	250,000	-	-	-
Braden Murrin	100,000	-	-	-	100,000	-	-	-
	1,350,000	-	-	(1,000,000)	350,000	-	-	-

KMP Shareholdings

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

30 June 2011	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
Julie Garland McLellan	-	-	-	-	-
Raymond John Titman	11,962	-	-	31,962	43,924
Christopher Michael Giles	-	-	-	700,000	700,000
William Lewis Timms	6,160,000	-	-	13,532,264	19,692,264
Anthony Mankarios	3,021,090	-	-	-	3,021,090
Christopher C Hext	2,275,614	-	-	2,525,614	4,801,228
Robert A Coleman	-	-	-	-	-
	11,468,666	-	-	16,789,840	28,258,506

30 June 2010	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
Raymond John Titman	7,975	-	-	3,987	11,962
William Lewis Timms	-	-	-	6,160,000	6,160,000
Anthony Mankarios	2,088,030	-	-	933,060	3,021,090
Christopher C Hext	830,000	-	-	1,445,614	2,275,614
Robert A Coleman	-	-	-	-	-
Kenneth E Holloway	12,665	-	-	6,340	19,005
Thomas D J Love	94,800	-	-	82,400	177,200
John Roy Westwood	3,460,000	-	-	1,953,144	5,413,144
Michael Leo Stafford	-	-	-	17,544	17,544
Gary J Guild	7,897	-	-	3,589	11,486
Maurice W Abbott	964,544	-	-	93,461	1,058,005
	7,465,911	-	-	10,699,139	18,165,050

Other KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

For details of other transactions with KMP, refer to Note 34: Related Party Transactions.

Note 10 Earnings per Share

		Consolidated Group 2011 $	Consolidated Group 2010 $
(a)	Reconciliation of earnings to loss for the year		
	Loss	(3,021,043)	(8,650,248)
	Loss attributable to non-controlling equity interest	186,460	948,902
	Earnings used to calculate basic EPS	(2,834,583)	(7,701,346)
(b)	Reconciliation of earnings to loss from continuing operations		
	Loss from continuing operations	(1,993,351)	(4,773,038)
	Loss attributable to non-controlling equity interest in respect of continuing operations	186,460	948,902
	Earnings used to calculate basic EPS from continuing operations	(1,806,891)	(3,824,136)
(c)	Reconciliation of earnings to loss from discontinuing operations		
	Loss from discontinuing operations	(1,027,692)	(3,877,210)
	Loss attributable to non-controlling equity interest	-	-
	Earnings used to calculated basic EPS from discontinuing operations	(1,027,692)	(3,877,210)
		No.	No.
(d)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	46,195,968	20,632,445

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

(f) Options have not been included in the calculation of dilutive earnings per share as these are anti-dilutive in nature and would artificially increase the earnings per share amount.

Note 11 Cash and Cash Equivalents

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Cash at bank and in hand		757,753	316,776
	35	757,753	316,776

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2011 $	2010 $
Cash and cash equivalents		757,753	316,776
Bank overdrafts	24	(326,344)	(2,477,442)
		431,409	(2,160,666)

A fixed and floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 24 for further details.

Note 12 Trade and Other Receivables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Trade receivables		4,454,264	6,164,217
Provision for impairment	12a	(247,019)	(436,769)
		4,207,245	5,727,448
Amounts receivable from:			
— associated companies		96,727	500,624
— other receivables		-	209,849
Total current trade and other receivables		4,303,972	6,437,921

Note 12 Trade and Other Receivables (continued)

(a) **Provision For Impairment of Receivables**

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the distribution expenses item in the consolidated statement of comprehensive income.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 01.07.09	Charge for the Year	Amounts Written Off	Closing Balance 30.06.10
Consolidated Group	$	$	$	$
Current trade receivables	(159,256)	(451,904)	174,391	(436,769)
	(159,256)	(451,904)	174,391	(436,769)

	Opening Balance 01.07.10	Charge for the Year	Amounts Written Off	Closing Balance 30.06.11
Consolidated Group	$	$	$	$
Current trade receivables	(436,769)	62,816	126,934	(247,019)
	(436,769)	62,816	126,934	(247,019)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group.

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 counter party 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)				Within initial trade terms
			<30	31-60	61-90	>90	
2011	$	$	$	$	$	$	$
Trade and term receivables	4,454,264	247,019	300,260	96,930	-	-	3,810,055
Other receivables	96,727	-	-	-	-	-	96,727
Total	4,550,991	247,019	300,260	96,930	-	-	3,906,782

Consolidated Group	Gross Amount	Past due and impaired	Past due but not impaired (days overdue)				Within initial trade terms
			<30	31-60	61-90	>90	
2010	$	$	$	$	$	$	$
Trade and term receivables	6,164,217	436,769	364,819	84,186	-	-	5,278,443
Other receivables	710,473	-	-	-	-	32,666	677,807
Total	6,874,690	436,769	364,819	84,186	-	32,666	5,956,250

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.

	Consolidated Group 2011	Consolidated Group 2010
(b) **Financial Assets Classified as Loans and Receivables**	$	$
Trade and other Receivables		
— Total current	4,303,972	6,437,921
— Total non-current	-	-
	4,303,972	6,437,921

(c) **Collateral Pledged**

A fixed and floating charge over trade receivables has been provided for certain debt. Refer to Note 24 for further details.

Note 13 Inventories

	Consolidated Group 2011	Consolidated Group 2010
CURRENT	$	$
At cost:		
Raw materials and stores	1,159,050	3,823,687
Work in progress	21,600	3,461
Finished goods	3,839,702	3,599,848
Goods in transit	391,736	431,986
	5,412,088	7,858,982
Less provisions	(289,814)	(1,586,057)
	5,122,274	6,272,925

The reduction in inventory and provisions predominately relates to the sale of inventory through the orderly wind-down of H&O Products Pty Ltd in October 2010.

Note 14 Derivatives

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Forward exchange contracts		(11,931)	9,241
	35	(11,931)	9,241

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 statement of financial position. At the date of the transaction, amounts included in the hedge reserve are transferred from equity and included in either the statement of comprehensive income or the cost of assets. The statement of changes in equity includes transfers to and from the hedge reserve.

Note 15 Non-current assets held for sale

		Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Amounts transferred from property, plant and equipment	20a	333,868	-
Amounts transferred from investment property	21	1,865,528	-
		2,199,396	-

The property held at St Marys New South Wales was revalued at 27 May 2011 by the directors of Oldfields Holdings Limited in line with commercial valuations. A contract for the sale of this property was exchanged on 7 September 2011 with settlement expected by 30 September 2011. The consideration from the sale of this property will be used to reduce the overall debt of the Group.

Note 16 Other Assets

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Prepayments		341,736	480,631
Assets in progress		49,438	-
Other debtors		1,716,766	-
		2,107,940	480,631
Financial Assets Classified as Loans and Receivables			
Other assets			
— Total current	35	1,716,766	-
— Total non-current		-	-
		1,716,766	-

Note 17 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Associated companies	18a	1,491,089	2,712,355
		1,491,089	2,712,355

Note 18 Associated Companies

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2011 %	Ownership Interest 2010 %	Carrying Amount of Investment 2011 $	Carrying Amount of Investment 2010 $
Unlisted:							
PT Ace Oldfields	Paint Brush Manufacturer	Indonesia	Ordinary	49.00%	49.00%	1,246,863	1,285,252
Brisbane Garden Sheds	Garden Shed Supplier	Australia	Ordinary	50.00%	50.00%	-	-
Enduring Enterprises	Hardware Reseller	Singapore	Ordinary	49.00%	49.00%	125,118	98,606
Honeytree & Partners	Hardware Marketing	Singapore	Ordinary	49.00%	49.00%	119,108	126,985
Tangshan Hengfeng	Paint Brush Manufacturer	China	Ordinary	0.00%	47.50%	-	1,201,512
						1,491,089	2,712,355

(i) The Group contributed $224,995 in March 2011 to a rights issue in PT Ace Oldfields, being the Group's manufacturing plant in Jakarta. After this rights issue, the Group remained a 49% shareholder as all shareholders took up their pro-rata rights. The funds were used to reduce debt and provide working capital.

(ii) The Group disposed of its interest in Tangshan Hengfeng Paint Accessories Co in December 2010.

(iii) With the exception of Brisbane Garden Sheds Pty Ltd, all associated companies listed above report on a financial year ending 31 December in accordance with the laws and regulations of the country of incorporation.

Note 18 Associated Companies (continued)

		Note	Consolidated Group 2011 $	2010 $
(a)	**Movements during the year in equity accounted investment in associated companies**			
	Balance at beginning of the financial year		2,712,355	2,407,837
	New investments during the year		224,995	472,292
	Share of associated company's profit after income tax	18b	349,770	69,184
	Disposals during the year		(1,288,016)	(224,611)
	Foreign currency translation losses		(438,623)	(12,347)
	Other adjustments		(69,392)	-
	Balance at end of the financial year		1,491,089	2,712,355
(b)	**Equity accounted profits of associates are broken down as**			
	Share of associate's profit from continuing operations before income tax expense		263,266	136,214
	Share of associate's loss from discontinued operations before income tax expense		86,504	(67,030)
	Share of associate's profit after income tax		349,770	69,184
(c)	**Summarised presentation of aggregate assets, liabilities and performance of associates**			
	Current assets		3,660,941	4,209,098
	Non-current assets		466,208	1,956,520
	Total assets		4,127,149	6,165,618
	Current liabilities		1,768,418	2,340,955
	Non-current liabilities		867,641	1,112,308
	Total liabilities		2,636,059	3,453,263
	Net assets		1,491,090	2,712,355
	Revenues		6,077,790	6,188,567
	Profit after income tax of associates		349,770	69,184

Note 19 Controlled Entities

	Country of Incorporation	Percentage Owned (%)* 2011	2010
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%
Subsidiaries of Oldfields Pty Limited:			
Midco Pty Limited	Australia	100.00%	100.00%
Subsidiaries of Oldfields Access Pty Limited:			
Adelaide Scaffold Solutions Pty Limited	Australia	60.00%	60.00%
Subsidiaries of Oldfields Administration Pty			
National Office Service Trust	Australia	100.00%	100.00%
Subsidiaries of NOST Investments Pty Limited:			
H & O Products Pty Limited	Australia	75.00%	75.00%
Subsidiaries of Oldfields International Pty Ltd:			
Oldfields (NZ) Limited	New Zealand	100.00%	100.00%
Oldfields Paint Applications (NZ) Limited	New Zealand	100.00%	100.00%
Oldfields USA Incorporated	USA	100.00%	100.00%
Scaffold Management Systems Pty Limited	Australia	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

Note 20 Property, Plant and Equipment

	Consolidated Group 2011 $	Consolidated Group 2010 $
LAND AND BUILDINGS		
Freehold land at:		
— directors' valuation (2010: 24 July 2010)	-	350,658
— independent valuation (2010: June 2010)	-	879,100
Total land	-	1,229,758
Buildings at:		
— directors' valuation (2010: 24 July 2010)	-	44,022
— independent valuation (2010: June 2010)	-	740,900
Total buildings	-	784,922
Total land and buildings	-	2,014,680
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	13,524,740	15,835,724
Accumulated depreciation	(4,656,679)	(4,900,906)
Accumulated impairment losses	-	(975,756)
	8,868,061	9,959,062
Leasehold improvements:		
At cost	321,665	309,495
Accumulated amortisation	(175,666)	(162,402)
	145,999	147,093
Motor vehicles:		
At cost	2,539,179	2,529,626
Accumulated depreciation	(1,896,995)	(1,644,072)
	642,184	885,554
Total plant and equipment	9,656,244	10,991,709
Total property, plant and equipment	9,656,244	13,006,389

(i) A contract for the sale of land and buildings at Archerfield in Queensland was exchanged on 19 April 2011 and was settled on 15 July 2011. Consideration from this disposal was used to reduce the overall debt of the Group.

(ii) Land and buildings at St Marys, New South Wales has been classified as non-current assets held for sale as a contract for the sale of this property was exchanged on 7 September 2011. Refer to Note 15.

(iii) Included in the plant and equipment balance is scaffold equipment for hire held by Oldfields Access Pty Ltd and Adelaide Scaffold Solutions Pty Ltd amounting to $7,850,383.

(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.

	Land & Buildings $	Leasehold Improvements $	Plant and Equipment $	Motor vehicles $	Total $
Consolidated Group:					
Balance at 1 July 2009	2,484,395	220,984	11,963,881	1,051,579	15,720,839
Additions	-	107,749	809,964	303,783	1,221,496
Disposals	(410,424)	-	(550,354)	(106,408)	(1,067,186)
Revaluation decrements	-	(129,187)	-	-	(129,187)
Depreciation expense	(59,291)	(52,453)	(1,288,673)	(363,400)	(1,763,817)
Accumulated impairment losses	-	-	(975,756)	-	(975,756)
Balance at 30 June 2010	2,014,680	147,093	9,959,062	885,554	13,006,389
Additions	-	34,248	1,231,265	104,378	1,369,891
Disposals	(1,601,478)	(6,881)	(1,626,823)	(22,356)	(3,257,538)
Revaluation decrements	(59,711)	-	(21,726)	-	(81,437)
Depreciation expense	(19,623)	(28,461)	(758,911)	(377,233)	(1,184,228)
Reclassification as assets held for sale	(333,868)	-	-	-	(333,868)
Reverse prior year impairment losses	-	-	85,194	51,841	137,035
Balance at 30 June 2011	-	145,999	8,868,061	642,184	9,656,244

(b) **Impairment Losses**

The total impairment loss recognised in the statement of comprehensive income during the prior period amounted to $975,756 which predominately related to H&O Products Pty Ltd and has been included in loss from discontinued operations in the statement of comprehensive income.

The impairment losses reversed in the current year relate to assets previously held by H&O Products Pty Ltd and were impaired in the prior year based on the assumption that they could not be used or sold. However, during the year these assets were transferred to other divisions within the Group and the impairment reversed.

The recoverable amount of the cash generating unit has been determined to be its fair value less costs to sell. The fair value was determined with reference to an active market, where the market price of similar equipment and of a similar age was used as the benchmark. Costs for selling the equipment were estimated based on the company's prior history of selling similar equipment.

Note 21 Investment Property

	Consolidated Group	
	2011	2010
	$	$
Balance at beginning of year	2,205,320	4,316,900
Disposals	-	(1,600,000)
Fair value adjustments	(339,792)	(511,580)
Reclassification as assets held for sale	(1,865,528)	-
Balance at end of year	-	2,205,320

The property at St Marys New South Wales was revalued on 27 May 2011 by the directors of Oldfields Holdings Limited in line with commercial valuations. This property has been reclassified as a non-current asset held for sale as a contract for the sale of this property was exchanged on 7 September 2011. Refer to Note 15.

Note 22 Intangible Assets

	Consolidated Group	
	2011	2010
	$	$
Goodwill		
Cost	5,160,370	5,126,519
Accumulated impaired losses	(4,181,376)	(4,135,616)
Net carrying value	978,994	990,903
Trademarks and licences		
Cost	237,264	237,264
Accumulated amortisation and impairment	(172,496)	(128,027)
Net carrying value	64,768	109,237
Software		
Cost	206,289	212,907
Accumulated amortisation	(130,062)	(110,236)
Net carrying value	76,227	102,671
Total intangibles	1,119,989	1,202,811

	Goodwill	Trademarks & Licences	Software Development	Total
	$	$	$	$
Year ended 30 June 2010				
Balance at the beginning of year	1,039,964	131,200	89,824	1,260,988
Additions	-	10,597	128,161	138,758
Additions through business combinations	58,618	-	-	58,618
Disposals	-	-	(5,852)	(5,852)
Amortisation charge	(107,679)	(20,560)	(51,929)	(180,168)
Impairment losses	-	(12,000)	(57,533)	(69,533)
	990,903	109,237	102,671	1,202,811
Year ended 30 June 2011				
Balance at the beginning of year	990,903	109,237	102,671	1,202,811
Additions	45,760	-	-	45,760
Disposals	(11,909)	-	(6,619)	(18,528)
Amortisation charge	-	(44,469)	(19,825)	(64,294)
Impairment losses	(45,760)	-	-	(45,760)
Closing value at 30 June 2011	978,994	64,768	76,227	1,119,989

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under distribution expenses per the statement of comprehensive income. The remaining amortisation period for these intangible assets is between 3 and 5 years. Goodwill has an infinite life.

Impairment disclosures

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

	2011	2010
	$	$
Wholesale/retail segment	140,565	152,474
Scaffolding segment	838,429	838,429
Total	978,994	990,903

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

	Growth Rate	Discount Rate
Wholesale/retail segment	3.00%	9.80%
Scaffolding segment	3.00%	9.80%

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 23 Trade and Other Payables

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Unsecured liabilities			
Trade payables		3,073,808	4,851,996
Trade finance facility		946,011	703,034
Sundry payables and accrued expenses		990,879	1,097,895
Amounts payable to:			
— associated companies		4,575	-
		5,015,273	6,652,925

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2011	2010
Trade and other payables			
— Total current		5,015,273	6,652,925
— Total non-current		-	-
Financial liabilities as trade and other payables	35	5,015,273	6,652,925

Note 24 Borrowings

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
CURRENT			
Secured liabilities			
Bank overdrafts	24a,f	326,344	2,477,442
Bank loans	24a,f	16,750,966	16,078,323
Lease liabilities		-	33,536
Hire purchase liabilities		496,082	677,528
Total current borrowings		17,573,392	19,266,829
NON-CURRENT			
Unsecured liabilities			
Other related parties		139,750	1,523,040
Secured liabilities			
Hire purchase liabilities		224,788	701,803
Total non-current borrowings		364,538	2,224,843
Total borrowings	35	17,937,930	21,491,672

(a) Total current and non-current secured liabilities:

	2011	2010
Bank overdraft	326,344	2,477,442
Bank loans	16,750,966	16,078,323
Lease liabilities	-	33,536
Hire purchase liabilities	720,870	1,379,331
	17,798,180	19,968,632

(b) All bank loans have been classified as current in the financial report in accordance with the requirements of AASB101 *Presentation of Financial Statements.* Under AASB101, unless the Group had an "unconditional right to defer settlement for at least twelve months after the reporting period", the borrowings must be classified as current. As the finance facility agreement was in the process of being negotiated as at 30 June 2011 and no formal offer had been received prior to the end of the year, the Group did not satisfy the AASB101 requirement. As this was also the case in the prior year, the balances as at 30 June 2010 have been reclassified. For details on the reclassification refer to Note 37.

(c) On 26 August 2011, the Group renewed the agreement with its bankers for a further 11 month period. The banks facility agreement includes normal commercial terms and conditions which are subject to such covenants as interest cover ratios; capital expenditure limits; debt service cover ratios; and the Group cannot create or acquire a new subsidiary unless that subsidiary becomes a party to the agreement.

(d) The Group breached one of its bank covenants in the months of May 2011 and June 2011, however a waiver was received from the bank prior to year end.

(e) The carrying amounts of assets pledged as security are:

	2011	2010
Investment property classified as available for sale	2,199,396	2,205,320
Freehold land and buildings	-	2,014,680
Floating charge over assets, including listed investments at market value	24,594,591	28,485,400
	26,793,987	32,705,400

(f) **Collateral provided**

The bank overdrafts of the parent entity and controlled entities are secured by a floating charge over assets of the Group.
The bank debt and mortgage loans are secured by a registered first mortgage over certain freehold properties owned by the Group.
Lease liabilities are secured by the underlying leased assets. Hire purchase liabilities are secured by a charge over the hire purchased assets.
Financial assets that have been pledged as part of the total collateral for the benefit of bank debt are as follows:

	Note	Consolidated Group 2011 $	Consolidated Group 2010 $
Cash and cash equivalents	11	757,753	316,776
Trade receivables	12	4,207,245	5,727,448
Total financial assets pledged		4,964,998	6,044,224

The collateral over cash and cash equivalents represents a floating charge.

Note 25 Tax

	Consolidated Group 2011 $	2010 $
CURRENT		
Income tax payable	83,513	97,934
TOTAL	83,513	97,934

NON-CURRENT **Consolidated Group**	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax liability			
Property, plant and equipment			
- tax allowance	140,063	(140,063)	-
Tangible assets revaluation	280,294	(280,294)	-
Prepayments	12,478	(12,478)	-
Leases	27,375	(27,375)	-
Investment	23,153	(23,153)	
Foreign current exchange losses	19,533	(19,533)	-
Loss on sale of assets	20,780	(20,780)	-
Other	(501,044)	501,044	-
Balance at 30 June 2010	22,632	(22,632)	-
Other	-	359	359
Balance at 30 June 2011	-	359	359
Deferred tax assets			
Provisions	-	59,347	59,347
Other	-	1,684	1,684
Balance at 30 June 2010	-	61,031	61,031
Provisions	59,347	(24,017)	35,330
Other	1,684	(1,684)	-
Balance at 30 June 2011	61,031	(25,701)	35,330

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(d) occur:
- temporary differences $236,890 (2010: $991,191)
- tax losses: operating losses $2,284,853 (2010: $2,381,720)

Note 26 Provisions

	Consolidated Group 2011 $	2010 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2010	1,073,214	969,631
Net of additional provisions and unused amounts reversed	570,467	659,782
Amounts used	(658,490)	(556,199)
Balance at 30 June 2011	985,191	1,073,214
Other		
Opening balance at 1 July 2010	78,633	985,711
Additional provisions	-	78,633
Amounts used	(78,633)	(985,711)
Balance at 30 June 2011	-	78,633
NON CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2010	147,347	143,460
Net of additional provisions and unused amounts reversed	(42,914)	41,023
Amounts used	(39,180)	(37,136)
Balance at 30 June 2011	65,253	147,347
Analysis of Total Provisions		
Current	985,191	1,151,847
Non-current	65,253	147,347
	1,050,444	1,299,194

Provision for Employee Benefits

Short-term employee benefits include annual leave and current obligations for long service leave payable within 12 months.

Other provisions related to redundancy payments on winding up of H&O Products Pty Ltd during the year.

Long-term employee benefits includes obligations for long service leave not payable within 12 months. 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 have been included in Note 1.

Note 27 Issued Capital

	Consolidated Group	
	2011	2010
	$	$
56,043,605 fully paid ordinary shares (2010: 27,995,763)	18,751,301	15,657,109
	18,751,301	15,657,109

The company has authorised share capital amounting to 56,043,605 ordinary shares.

(a) **Ordinary Shares**

	Consolidated Group	
	2011	2010
	No.	No.
At the beginning of the reporting period	27,995,763	14,320,868
Shares issued during the year		
— 21 July 2010 (2010: 6 July 2009)	5,067,308	1,223,451
— 30 November 2010 (2010: 14 August 2009)	22,980,534	200,000
— 16 November 2009	-	2,263,514
— 20 November 2009	-	100,000
— 23 December 2009	-	5,508,646
— 14 May 2010	-	4,379,284
At the end of the reporting period	56,043,605	27,995,763

On 21 July 2010, the company issued 5,067,308 ordinary shares at $0.17 each to shareholders on the basis of 1 share for every 2 shares held raising $861,442.

On 30 November 2010, the company issued 22,980,534 ordinary shares at $0.10 each to shareholders on the basis of 1 share for every 1 share held raising $2,298,053.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) **Options**

(i) There have been no options issued or exercised during the year.

(ii) For information relating to share options issued to key management personnel during the financial year refer to Note 7.

(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 and financial liabilities, supported by financial assets.

The group is subject to financing covenants as detailed in Note 24(b)

Management effectively manages the Group's capital by assessing the Group's 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 identify opportunities to reduce the Group's gearing ratio. The gearing ratios for the year ended 30 June 2011 and 30 June 2010 are as follows:

		Consolidated Group	
		2011	2010
	Note	$	$
Total borrowings	23, 24	22,953,203	28,144,597
Less cash and cash equivalents	11	(757,753)	(316,776)
Net debt		22,195,450	27,827,821
Total equity		2,694,537	3,163,675
Total capital		24,889,987	30,991,496
Gearing ratio		89%	90%

Note 28 Capital and Leasing Commitments

		Consolidated Group	
		2011	2010
	Note	$	$
(a) **Finance Lease Commitments**			
Payable — minimum lease payments			
— not later than 12 months		549,033	860,319
— between 12 months and 5 years		243,369	723,891
— greater than 5 years		-	-
Minimum lease payments		792,402	1,584,210
Less future finance charges		(71,531)	(171,343)
Present value of minimum lease payments	24	720,871	1,412,867

Included in finance lease commitments are hire purchase liabilities that are secured by a charge over the hire purchase asset.

(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		1,143,839	1,095,153
— between 12 months and 5 years		1,519,438	2,010,378
— greater than 5 years		-	-
		2,663,277	3,105,531

The property leases are non-cancellable leases with 3-5 year terms, with rent payable monthly in advance. Contingent rental provisions within the lease agreement state that the minimum lease payments shall be increased by the lower of CPI or 3-5% per annum. Options exist to renew certain leases at the end of the lease term for an additional term of 3-5 years.

Note 29 Contingent Liabilities and Contingent Assets

The Group does not have any significant contingent liabilities or contingent assets as at 30 June 2011 or 30 June 2010.

Note 30 Operating Segments

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings since the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

— the products sold and/or services provided by the segment;
— the manufacturing process;
— the type or class of customer for the products or service;
— the distribution method; and
— any external regulatory requirements.

Types of products and services by segment

(i) Wholesale/retail

The wholesale/retail segment manufactures and markets paint brushes, paint rollers, painters tools, spray guns, Treco garden sheds, outdoor storage systems, aviaries and pet homes.

(ii) Scaffolding

The scaffolding segment manufactures and markets scaffolding and related equipment. In addition, this segment is engaged in hiring scaffolding and related products to the building and construction industry.

(iii) Consumer products

The consumer products segment manufactures and distributes cleaning and personal care products. This segment ceased operation during the year with the orderly wind down of H&O Products Pty Ltd in October 2010.

(iv) Property

The property segment manages investment properties held by the Group.

Note 30 Operating Segments (continued)

Basis of accounting for purposes of reporting by operating segments

(a) Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Inter-segment transactions
All inter-segment transactions are eliminated on consolidation for the Group's financial statements.
Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

(c) Segment assets
Where an asset is used across multiple segments, the asset is allocated to that segment that receives the majority of economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(d) Segment liabilities
Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

(i) Segment performance

30 June 2011	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Continuing operations:						
Revenue						
External sales	11,992,977	18,673,718	-	-	-	30,666,695
Other revenue	331,379	343,370	-	429,127	7,251,466	8,355,342
Inter-segment sales	-	-	-	-	-	(7,576,139)
Total group revenue	12,324,356	19,017,088	-	429,127	7,251,466	31,445,898
Reconciliation of segment result to group net loss before tax						
Segment net profit/(loss) before tax	(2,526,855)	(386,473)	(126,071)	(520,152)	2,259,489	(1,300,062)
Inter-segment elimination						(74,775)
Net profit before tax from continuing operations						(1,374,837)
Share of net profit/(loss) from associates after tax	263,266	-	-	-	-	263,266
Impairment losses	(31,836)	(45,760)	-	-	-	(77,596)
Discontinued operations:						
External sales	1,745,003	-	1,025,342	-	-	2,770,345
Other revenue	2,126	-	809,067	-	-	811,193
Inter-segment sales	-	-	-	-	-	-
Total revenue from discontinued operations	1,747,129	-	1,834,409	-	-	3,581,538
Segment net loss before tax from discontinued	(1,340,388)	-	(19,915)	-	-	(1,360,303)

30 June 2010	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Continuing operations:						
Revenue						
External sales	11,854,347	19,839,402	-	-	-	31,693,749
Other revenue	303,810	1,071,410	-	550,337	5,787,933	7,713,490
Inter-segment sales	-	-	-	-	-	(6,404,767)
Total group revenue	12,158,157	20,910,812	-	550,337	5,787,933	33,002,472
Reconciliation of segment result to group net loss before tax						
Segment net profit/(loss) before tax	(505,725)	(895,552)	(147,626)	(784,026)	(3,206,413)	(5,539,342)
Inter-segment elimination						549,504
Net profit before tax from continuing operations						(4,989,838)
Share of net profit/(loss) from associates after tax	136,214	-	-	-	-	136,214
Impairment losses	(149,888)	(226,171)	-	-	-	(376,059)
Discontinued operations:						
External sales	2,262,432	-	6,022,243	-	-	8,284,675
Other revenue	45,020	-	18,055	-	-	63,075
Inter-segment sales						-
Total revenue from discontinued operations	2,307,452	-	6,040,298	-	-	8,347,750
Segment net loss before tax from discontinued	(257,717)	-	(4,711,458)	-	-	(4,969,175)

Note 30 Operating Segments (continued)

(ii) Segment assets

30 June 2011	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment assets	16,273,454	16,351,523	-	3,911,231	17,470,508	54,006,716
Intersegment eliminations						(27,212,729)
Total group assets						26,793,987

30 June 2010	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment assets	20,589,617	20,244,393	5,758,698	4,369,739	19,339,487	70,301,934
Intersegment eliminations						(37,596,534)
Total group assets						32,705,400

(iii) Segment liabilities

30 June 2011	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment liabilities	(15,624,985)	(20,308,759)	(1,911,161)	(4,488,446)	(2,458,670)	(44,792,021)
Intersegment eliminations						20,692,571
Total group liabilities						(24,099,450)

30 June 2010	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment liabilities	(17,066,904)	(23,353,612)	(10,244,375)	(4,448,992)	(7,631,929)	(62,745,812)
Intersegment eliminations						33,204,087
Total group liabilities						(29,541,725)

(iv) Revenue by geographical region

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

30 June 2011	Wholesale Retail $	Scaffolding $	Consumer	Property	Corporate	Total
Domestic	10,983,620	18,279,146	-	429,127	7,251,466	36,943,359
International	1,340,736	737,942	-	-	-	2,078,678
Inter-segment elimination	-	-	-	-	-	(7,576,139)
Total revenue	12,324,356	19,017,088	-	429,127	7,251,466	31,445,898

30 June 2010	Wholesale Retail $	Scaffolding $	Consumer	Property	Corporate	Total
Domestic	10,656,900	19,962,084	-	550,337	5,787,933	36,957,254
International	1,501,257	948,728	-	-	-	2,449,985
Inter-segment elimination	-	-	-	-	-	(6,404,767)
Total revenue	12,158,157	20,910,812	-	550,337	5,787,933	33,002,472

Note 31 Cash Flow Information

(a) Reconciliation of Cash Flow from Operations with Loss after Income Tax

	Consolidated Group 2011 $	Consolidated Group 2010 $
Loss after income tax	(3,021,043)	(8,650,247)
Non-cash flows in loss		
Depreciation and amortisation	1,248,522	1,544,459
Impairment losses	77,596	3,115,637
Net (gain)/loss on disposal of property, plant and equipment	570,555	(71,415)
Unrealised exchange gains/losses	(109,438)	-
Write back of loans to related parties	(990,649)	-
Net (gain)/loss on disposal of investments	751,399	(82,008)
Net (gain)/loss on revaluation of investment property	393,354	-
Write back of prior year revenue accrued	57,137	-
Write back of prior year provision for dividend	16,673	
Write back of prior year accrual for interest payable	(2,710)	-
Unrealised (gain)/loss on investments and derivatives	-	812,553
Net loss on remeasurement of equity investment due to business combination	-	516,000
Share options expensed	-	29,449
Share of associated companies net profit after income tax and dividends	(362,335)	(69,184)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(1,924,102)	(2,151,636)
(Increase)/decrease in prepayments and other current assets	1,417,461	135,432
(Increase)/decrease in inventories	(1,150,650)	1,948,220
Increase/(decrease) in trade payables and accruals	1,625,087	1,764,805
Increase/(decrease) in income taxes payable	14,420	(199,357)
Increase/(decrease) in deferred taxes payable	(26,060)	(219,116)
Increase/(decrease) in provisions	248,750	592,032
Cash flow from operations	(1,166,033)	(984,376)

(b) Acquisition of Entities

During the financial year ended 30 June 2010, a further 65.4% ownership in Scaffold Management Systems Pty Ltd (SMS) was acquired. Details of this transaction are as follows:

	2011	2010
Purchase consideration	-	30,545
Consisting of:		
— Cash consideration	-	30,545
Total consideration	-	30,545
Cash consideration	-	30,545
Cash outflow	-	30,545
Assets and liabilities held at acquisition date:		
Receivables	-	157,579
Prepayments and other assets	-	132,320
Investments	-	19,682
Payables	-	(639,209)
	-	(329,628)
Fair value of previously held interest in Scaffold Management Systems Pty Ltd	-	301,555
Goodwill on consolidation	-	58,618
	-	30,545

The goodwill is attributable to the significant synergies expected to arise after the Group's acquisition of Scaffold Management Systems Pty Ltd.

Note 32 Share-based Payments

A summary of the movements of all company options issued is as follows:	Consolidated Group Number	Consolidated Group Weighted average exercise price
Options outstanding as at 30 June 2009	1,625,000	
Expired	(1,275,000)	-
Options outstanding as at 30 June 2010	350,000	
Options outstanding as at 30 June 2011	350,000	
Options exercisable as at 30 June 2011:	350,000	
Options exercisable as at 30 June 2010:	350,000	

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 less than 1 year. The exercise price of outstanding shares at the end of the reporting period was $1.20.

Note 33 Events After the Reporting Period

On 15 July 2011, the contract for sale of the property at Archerfield QLD was settled. Consideration received in relation to this sale was used to reduce the overall debt of the Group.

On 28 August 2011, the company signed an agreement with its bankers for a finance facility for a further 11 month period.

On 7 September 2011, an unconditional contract for the sale of the property at St Marys NSW was exchanged and is expected to be settled by 30 September 2011. Consideration of $2.2 million will be used to reduce the overall debt of the Group.

There were no other significant events occurring after balance date.

Note 34 Related Party Transactions

(a) The Group's main related parties are as follows:

(i) Entities exercising control over the Group:

The ultimate parent entity, which exercises control over the group, is Oldfields Holdings Limited which is incorporated in Australia.

(ii) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 9: Interests of Key Management Personnel.

(iii) Entities subject to significant influence by the Group:

An entity which has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 18: Associated Companies.

(iv) Other Related Parties

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel exercise significant influence.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group	
		2011	2010
		$	$
(i)	**Associated Companies**		
	Sales of Treco Garden Sheds by Oldfields Pty Ltd to Brisbane Garden Sheds	364,223	590,442
	Purchase of paint applications products by Oldfields Pty Ltd from Enduring Enterprises	1,554,332	1,455,248
(ii)	**Other Related Parties**		
	Administration service fee paid to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	233,376	205,740
	Dividends paid to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	-	172,500
	Rent paid to 8 Farrow Road Pty Ltd, being an entity related to former director Mr John R Westwood (resigned Nov 2009)	-	470,919
	Facilitation fees paid:		
	- Timms and Timms, being an entity related to director William Lewis Timms	-	90,324
	- UFBA Pty Limited, being a significant shareholder in Oldfields Holdings Limited	-	14,088
	Interest paid:		
	- Sibley Investments Pt Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	54,000	54,000
	- John R Westwood, being a former director (resigned Nov 2009)	-	48,247
	- Maurice W Abbot, being a part of the key management personnel within the Group	-	3,333
	- Anthony Mankarios, being a former director (resigned 23 July 2010)	-	2,000
	- Christopher C Hext, being a former director (resigned 8 July 2011)	-	2,667
	- William Lewis Timms, being a director of Oldfields Holdings Limited	-	3,419
	- Michael Mankarios, being related to former director Anthony Mankarios	-	750
(iii)	**Loans payable to Other Related Parties**		
	Loan payable to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd		
	Beginning of the year	299,750	299,750
	Loan repayments paid during the year	(160,000)	-
	End of the year	139,750	299,750

Sibley Investments Pty Ltd have agreed that the balance of the loan will not be called in over the next 12 months.

Note 35 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 2011 $	Consolidated Group 2010 $
Financial Assets			
Cash and cash equivalents	11	757,753	316,776
Financial assets at fair value through profit or loss			
— derivative instruments	14	-	9,241
Loans and receivables	12b, 16a	6,020,738	6,437,921
Total Financial Assets		6,778,491	6,763,938
Financial Liabilities			
Financial liabilities at amortised cost			
— trade and other payables	23	4,069,262	5,949,891
— trade finance facility	23	946,011	703,034
— borrowings	24	17,937,930	21,491,672
— derivative instruments	14	11,931	-
Total Financial Liabilities		22,965,134	28,144,597

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

(a) 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 the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. 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 month.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, 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 statement of financial position. Credit risk also arises through the provision of financial guarantees, as approved at Board level, given to parties securing the liabilities of certain subsidiaries.

Collateral held by the Group securing receivables is detailed in Note 12.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables is provided in Note 12.

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 12.

	Note	**Consolidated Group** 2011 $	**Consolidated Group** 2010 $
Cash and cash equivalents	11	757,753	316,776
		757,753	316,776

(b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- monitoring undrawn credit facilities;
- maintaining a reputable credit profile; and
- managing credit risk related to financial assets.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities. The bank does however maintain the right to review the facilities annually. The next annual review date is 31 July 2012. Financial guarantee liabilities are treated as payable on demand since the Group has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Note 35 Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	17,077,310	18,555,765	-	-	-	-	17,077,310	18,555,765
Trade and other payables (excl. est. annual leave)	5,015,273	6,652,925	-	-	-	-	5,015,273	6,652,925
Amounts payable to related parties	-	-	139,750	1,523,040	-	-	139,750	1,523,040
Financial lease liabilities	496,082	711,064	224,788	701,803	-	-	720,870	1,412,867
Total expected outflows	22,588,665	25,919,754	364,538	2,224,843	-	-	22,953,203	28,144,597

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2011	2010	2011	2010	2011	2010	2011	2010
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	757,753	316,776	-	-	-	-	757,753	316,776
Trade, term and loans receivables	6,020,738	6,437,921	-	-	-	-	6,020,738	6,437,921
Forward exchange contracts	(11,931)	9,241	-	-	-	-	(11,931)	9,241
Total anticipated inflows	6,766,560	6,763,938	-	-	-	-	6,766,560	6,763,938
Net (outflow) / inflow on financial instruments	(15,822,105)	(19,155,816)	(364,538)	(2,224,843)	-	-	(16,186,643)	(21,380,659)

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts. Refer to Note 24 for further details.

(c) Market Risk

(i) *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

Interest rate risk is managed using a mix of fixed and floating rate debt.

(ii) *Foreign exchange risk*

The board and senior management regularly monitor foreign currency movements and has undertaken to use hedging contracts where appropriate to the value of up to 100% of it's US dollar requirements over a maximum 90-day period. The board reviews this regularly after consultation with market advisors and it's bank.

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	
		Profit	Equity
Year ended 30 June 2011		$	$
+/- 2% in interest rates	Increase	(355,964)	(355,964)
	Decrease	355,964	355,964
+/- 5% in $A/$US	Increase	274,229	274,229
	Decrease	(274,229)	(274,229)
Year ended 30 June 2010			
+/- 2% in interest rates	Increase	(399,373)	(399,373)
	Decrease	399,373	399,373
+/- 5% in $A/$US	Increase	230,233	230,233
	Decrease	(230,233)	(230,233)

Note 35 Financial Risk Management (continued)

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 statement of financial position. 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 judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment 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.

	2011		**2010**	
Consolidated Group	Net Carrying Value $	Net Fair Value $	Net Carrying Value $	Net Fair Value $
Financial assets				
Cash and cash equivalents	757,753	757,753	316,776	316,776
Trade and other receivables	5,924,011	5,924,011	5,727,448	5,727,448
Loans and advances - related parties	96,727	96,727	710,473	710,473
Derivatives - hedging	-	-	9,241	9,241
Investments in associated entities	1,491,089	1,491,089	2,712,355	2,712,355
Total financial assets	8,269,580	8,269,580	9,476,293	9,476,293
Financial liabilities				
Trade and other payables	5,015,273	5,015,273	6,652,925	6,652,925
Hire purchase liabilities	720,870	720,870	1,379,331	1,379,331
Lease liabilities	-	-	33,536	33,536
Derivatives	11,931	11,931	-	-
Other related parties	139,750	139,750	1,523,040	1,523,040
Bank debt	17,077,310	17,077,310	18,555,765	18,555,765
Total financial liabilities	22,965,134	22,965,134	28,144,597	28,144,597

Note 36 Reserves

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

(b) *Foreign Currency Translation Reserve*
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

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

(d) *Cash Flow Hedge Reserve*
The hedge reserve records revaluations of items designated as hedges.

Note 37 Restatement of prior year comparatives

(a) Reclassification of amounts relating to discontinued operations

The prior year comparatives have been restated to reclassify amounts relating to operations which were discontinued during the year. In addition, revenue previously disclosed as other income relating to scaffold hire has been reclassified as revenue due to the fact that it is earned in the normal course of business.

The net effect of this adjustment on each of the line items affected is as follows:

	2010 $ Reported	$ Adjustment	2010 $ Restated
Consolidated statement of financial performance at the end of the earliest comparative period			
Revenue	27,486,866	4,527,135	32,014,001
Cost of sales	(25,907,619)	7,904,577	(18,003,042)
Gross profit	1,579,247	12,431,712	14,010,959
Other income	15,119,044	(14,130,572)	988,472
Distribution expenses	(13,772,700)	1,571,287	(12,201,413)
Marketing expenses	(1,053,478)	325,638	(727,840)
Occupancy expenses	(1,549,928)	686,220	(863,708)
Administrative expenses	(2,724,755)	85,263	(2,639,492)
Impairment expenses	(3,115,637)	2,739,578	(376,059)
Loss on remeasurement of equity investment due to business combination	(516,000)	-	(516,000)
Loss on revaluation of investment property	(812,553)	-	(812,553)
Finance costs	(1,683,629)	67,716	(1,615,913)
Share of net profits of associates	92,177	44,037	136,214
Loss before income tax	(8,438,212)	3,820,879	(4,617,333)
Income tax benefit (expense)	(189,043)	33,338	(155,705)
Loss from continuing operations	(8,627,255)	3,854,217	(4,773,038)
Loss for the year from discontinued operations after tax	(22,993)	(3,854,217)	(3,877,210)
Loss for the year	(8,650,248)	-	(8,650,248)

(b) Correction of error in classification of borrowings

Non-current bank borrowings have been reclassified as current in the prior year due to a timing issue in relation to the renewal of the Group's finance facilities and to ensure compliance with Australian Accounting Standards. Under AASB101 *Presentation of Financial Statements* , unless there is an "unconditional right to defer settlement for at least twelve months after the reporting period", all borrowings must be disclosed as current in the statement of financial position. As at 30 June 2010, the Group was in the process of renegotiating the terms of its finance facility and a formal offer had not yet been received from the bank. As a result, this did not satisfy the requirements under AASB101 and the borrowings should have been classified as current in the 30 June 2010 financial report.

The net effect of this adjustment on each of the line items affected is as follows:

	2010 $ Reported	$ Adjustment	2010 $ Restated
Consolidated statement of financial position at the end of the earliest comparative period			
Current borrowings	3,188,506	16,078,323	19,266,829
Non-current borrowings	18,303,166	(16,078,323)	2,224,843

There was no impact on balances for the financial year ended 30 June 2009 and therefore a third balance sheet is not considered necessary.

Note 38 Company Details

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

The principal place of business are:
Oldfields Holdings 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 43, are in accordance with the Corporations Act 2001 and:
   (a) comply with Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
   (b) give a true and fair view of the financial position as at 30 June 2011 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 Accounting Standards; and
   (c) the financial statements and notes for the financial year give a true and fair view; and

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.

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

Director

Raymond John Titman

Dated this 20th day of September 2011

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, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies, other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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*.

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PKF | ABN 83 236 985 726
Level 10, 1 Margaret Street | Sydney | New South Wales 2000 | Australia

Opinion

In our opinion:

(a) the financial report of Oldfields Holdings Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

We draw attention to Note 1 'Going Concern' of the financial report, which describes uncertainty related to the consolidated entity's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial report. The financial report does not include adjustments relating to the recoverability and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Oldfields Holdings Limited and controlled entities for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001.*

PKF

PKF

Paul Bull
Partner

20 September 2011
Sydney

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

The following information is current as at 31 July 2011:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary	Number Redeemable
1 – 1,000	71	Nil
1,001 – 5,000	86	Nil
5,001 – 10,000	31	Nil
10,001 – 100,000	93	Nil
100,001 – and over	43	Nil
	324	Nil

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 are:

Shareholder	Number Ordinary	Number Preference
Randell Management Services	19,692,264	Nil
Aymtold Properties Pty/UFBA	6,900,000	Nil
Lymgrange Pty Limited/Chris & Marilyn Hext/Hext Fam Inv/Nepean Car & Truck	4,801,228	Nil
Starball Pty Ltd/Man Investments/Chiara Mankarios	3,021,090	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.	Randell Management Services	19,692,264	35.3%
2.	Aymtold Properties Pty/UFBA	6,900,000	12.4%
3.	Lymgrange Pty Limited/Chris & Marilyn Hext/Hext Fam Inv/Nepean Car & Truck	4,801,228	8.6%
4.	Starball Pty Ltd/Man Investments/Chiara Mankarios	3,021,090	5.4%
5.	Dixson Trust Pty Limited	2,000,000	3.6%
6.	Mr Warwick Every-Burns	1,500,000	2.7%
7.	Lost Ark Nominees Pty Limited	1,400,000	2.5%
8.	Mr Rodney Boyce Hass	1,326,082	2.4%
9.	Oceanridge Limited	1,202,544	2.2%
10.	Carryoak Pty Ltd	1,200,000	2.2%
11.	Locope Pty Ltd	751,500	1.3%
12.	Dr Gordon Bradley Elkington	701,228	1.3%
13.	Mr Christopher Michael Giles	700,000	1.3%
14.	Mr Paul John Simpson	700,000	1.3%
15.	Wingroad Pty Limited	689,657	1.2%
16.	Luton Pty Ltd	679,887	1.2%
17.	The Genuine Snake Oil Company	527,560	0.9%
18.	Mr Brian Garfield Benger	520,000	0.9%
19.	Mr Mark Sheffield Hancock	500,000	0.9%
20.	Sanperez Pty Ltd	500,000	0.9%
		49,313,040	88.5%

2. The name of the company secretary is Robert Allan Coleman.

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 address:
Boardroom Pty Limited. Level 7, 207 Kent Street, Sydney

5. **Stock Exchange Listing**

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

6. **Unquoted Securities**

Options over Unissued Shares

A total of 350,000 options are on issue. 350,000 options are on issue to two holders of ordinary securities.

OLDFIELDS HOLDINGS LIMITED AND CONTROLLED ENTITIES
ABN 02 000 307 988

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Oldfields Holdings Limited is committed to high standards of corporate governance and adopts wherever possible the principles outlined in the Corporate Governance Principles and Best Practice Recommendations with 2010 amendments, published by the ASX Corporate Governance Council.

The recommendations are written in a principles based fashion and individual boards are able to choose whether to follow the recommended practices or to adopt other practices that are better suited to the individual circumstances of the Group. Given the size and specific circumstances of Oldfields Holdings Limited the Board recognises that some of the best practice recommendations are not suited to obtaining the best shareholder outcomes at the present time. This situation is monitored by the Board and the recommendations will be adopted as and when the Group's circumstances allow.

All relevant best practice recommendations of the ASX Corporate Governance Council have been applied for the financial year ended 30 June 2011 unless specifically disclosed below. Where a recommended practice has not been followed a detailed description of the practices adopted in its stead is provided together with a commentary on how the risks of non-adoption of the recommended practice are mitigated.

Recommendation	Recommended Practice	Oldfields' Practice
Recommendation 1.1	Establish functions reserved for the board and for senior management.	The recommended practice is adopted.
Recommendation 1.2	Disclose the process for evaluation of senior executives.	The recommended practice is adopted.
Recommendation 1.3	Provide information indicated in the Guide.	The indicated information is provided.
Recommendation 2.1	Majority of the Board should be independent Directors.	The majority of the Board is not independent and the risk management process is disclosed.
Recommendation 2.2	The Chair should be an Independent Director.	The recommended practice is adopted.
Recommendation 2.3	The Chair and the CEO should not be the same person.	The recommended practice is adopted.
Recommendation 2.4	The Board should establish a nominations Committee.	Nominations are considered by the whole board.
Recommendation 2.5	Disclose the process for evaluation of the performance of the Board, its committees and individual directors.	The process is disclosed. No formal evaluation was undertaken in the reporting period.
Recommendation 2.6	Provide information indicated in the Guide.	The indicated information is provided.
Recommendation 3.1	Establish and Disclose a Code of Conduct.	The recommended practice is adopted.
Recommendation 3.2	Establish a Diversity Policy.	The recommended practice will be considered for adoption subsequent to year end.
Recommendation 3.3	Adopt measurable diversity targets.	The recommended practice will be considered for adoption subsequent to year end.
Recommendation 3.4	Report on the proportion of women.	The recommended practice is adopted.
Recommendation 3.5	Provide information indicated in the Guide.	The recommended practice is adopted.
Recommendation 4.1	The Board should establish an Audit Committee.	The recommended practice is adopted.
Recommendation 4.2	The audit committee should be structured to: • consist only of non-executive directors; • consist of a majority of independent directors; • be chaired by an independent chair, who is not chair of the board; and • have at least three members.	The committee has only two members, one of whom is not independent, and is chaired by the Chairperson of the Board.
Recommendation 4.3	The audit committee should have a formal charter.	The recommended practice is adopted.
Recommendation 4.4	Provide the information indicated in the Guide.	The information is disclosed.
Recommendation 5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a	The recommended practice is adopted. The policy is disclosed.

CORPORATE GOVERNANCE STATEMENT

Recommendation	Recommended Practice	Oldfields' Practice
	senior executive level for that compliance and disclose those policies or a summary of those policies.	
Recommendation 5.2	Provide the information indicated in the Guide.	The information is provided.
Recommendation 6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	The recommended practice is adopted. The policy is disclosed.
Recommendation 6.2	Provide the information indicated in the Guide.	The recommended practice is adopted.
Recommendation 7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The recommended practice is adopted. The Risk Management Statement is disclosed.
Recommendation 7.2	The board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.	The recommended practice is adopted.
Recommendation 7.3	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	The recommended practice is adopted.
Recommendation 7.4	Provide the information indicated in the Guide.	The indicated information is provided.
Recommendation 8.1	The board should establish a remuneration committee.	The recommended practice is adopted.
Recommendation 8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair • has at least three members.	The committee does not have a majority of independent directors, is chaired by the Chairperson of the Board who is an independent director and has only two members.
Recommendation 8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The recommended practice is adopted.
Recommendation 8.4	Provide the information indicated in the Guide.	The indicated information is provided.

Up-to-date information is available on the Group's website which contains a clearly marked corporate governance section.

CORPORATE GOVERNANCE STATEMENT

Principle 1. LAY SOLID FOUNDATIONS FOR MANAGEMENT & OVERSIGHT

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

The Board of Directors are accountable to the shareholders for the performance of the Group. The Board sets the strategic direction and delegate's responsibility for the management of the Group to the Chief Executive Officer.

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

Each Board member must, at all times, act honestly, fairly and diligently in all respects in accordance with the Group's Code of Conduct and all laws that apply to the Group.

Key matters reserved for the Board include:

- Oversight of the Group, including its control, accountability and compliance systems;
- Appointment, monitoring, managing performance 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 Group and its operations is delegated to senior executive management. The expectations of senior executive management are outlined in Board decisions which are communicated to the Chief Executive Officer and recorded in the Board Minutes and also in the position descriptions and KPI's for each senior executive role.

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 executive management are evaluated each year on their performance against stated objectives, goals and key performance indicators (KPI's).

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

Recommendation 1.3 – Provide information indicated in the Guide to reporting on Principle 1.

- 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.

Principle 2. STRUCTURE THE BOARD TO ADD VALUE

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

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; and
- The Board should comprise persons with a broad range of skills and experience appropriate to the needs of the Group.

Recommendation 2.1 – 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 Group or an officer of, or otherwise associated directly with, a substantial shareholder of the Group;
- Has not within the last three years been employed in an executive capacity by the Group 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 Group or another group member, or an employee materially associated with the service provided; and
- Is not a material supplier or customer of the Group or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

At the date of this report only the Chairperson is an independent director.

The following directors do not meet the independence criteria listed above:

- William Lewis Timms: appointed 18th December 2009, currently a non-executive director and substantial shareholder;
- Christopher Charles Hext: appointed 29th June 2001, resigned 8th July 2011, formerly a non-executive director and substantial shareholder;
- Christopher Giles: appointed 24th September 2010, currently an executive director; and
- Ray Titman: appointed 23rd July 2010, currently an executive director.

The board manages the risk of having a majority of non-independent directors through the provision of a well-qualified independent Chairperson, restrictions on trading in shares, restrictions on related party transactions, a close relationship with the principal provider of debt funding and a strong independent audit with a focus on controls.

Recommendation 2.2 – The Chair should be an Independent Director.

The current Chair, Julie Garland McLellan is an independent director.

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 Group, 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 has undergone a significant change in composition during the reporting period and has not completed a formal evaluation process within that period. A formal evaluation will be undertaken as a matter of course in 2012. The Chairperson performs an informal evaluation of individual directors and also of each board meeting.
During the course of the year the following meetings were held and attended:

Director	Eligible to Attend	Meetings Attended
Julie Garland McLellan	4	4
Christopher Charles Hext	12	10
William Lewis Timms	12	12
Raymond John Titman	12	12
Christopher Michael Giles	10	10

Information is supplied to the Board in advance of the scheduled board meetings so that each director may make independent assessment of the data and the Board as a whole may 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 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 Group which may affect independence are stated in Recommendation 2.1;
- The Group 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 Group's auditors, financial and legal advisors on any matter relating to the performance of the Group or the Board;
- 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 Group;
- 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; and
- Any departures from recommendations relating to Principal 2 have been disclosed in the discussion of the relevant recommendation.

Principle 3. PROMOTE ETHICAL AND RESPONSIBLE DECISION – MAKING

Recommendation 3.1 – Establish and Disclose a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board has a code of conduct for directors and Group 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 behavior.

Recommendation 3.2 – Establish a Diversity Policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Subsequent to the end of the reporting period the Board will consider adopting a Diversity Policy. The policy would include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Recommendation 3.3 –Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

The policy will be considered subsequent to year end, and if adopted, the objectives relating to the following year will be disclosed in that report.

Recommendation 3.4 –Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

The current proportion of women as at 30 June 2011 is:

	No. of Women	No. of Men	% of Women
Board	1	3	25
Corporate	17	6	74
Paint Applications	7	15	32
Treco Garden Sheds	2	14	13
Scaffolding	6	64	9
Scaffolding - China	8	21	28
Total	41	123	25

Recommendation 3.5 - Provide information recommended in the Guide on Principal 3.

A copy of the Code of Conduct can be obtained from the Corporate Governance section of the Group's website.

Principle 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 Group's financial reports present a true and fair view, in all material respects, of the Group's financial position 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 Group's website; and
- 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 – The audit committee should be structured so that it consists only of non-executive directors, consists of a majority of independent directors, is chaired by an independent chair, who is not chair of the board, and has at least three members.

The Audit Committee:

- Consists only of non-executive directors, however all directors are entitled to receive the papers of the committee and to attend meetings of the committee and to meet with the auditors;
- Is chaired by an independent chairperson. It is recommended that the Chairperson of the Audit Committee is not the Chairperson of the Board. In the case of Oldfields Holdings Limited, there are only two non-executive directors on the Board. One is Chairperson of the Board and resides in Sydney and the other is a substantial shareholder and resides in Perth. The Board has determined that given the need for the Chairperson of the Audit Committee to work closely with the auditors, it is more appropriate for the most independent and locally residing director to take this role. The Board reviews committee composition as changes to the Board occur and will review this arrangement at such times in the future.
- Has two members. Given the size and structure of the Board, as discussed in Recommendation 2.1, the Board feels that two members both of whom are financially literate, is sufficient at this time.

The risk with a small committee is that the members will lack the diversity to raise and recognise issues. The risk with having the Chairperson of the Board being Chairperson of the audit committee is that there is a lack of independent oversight due to the concentration of power and information in one person. This risk is managed through specific working arrangements with the auditors having access to the full board at any time upon their request and through ensuring that the Chairperson of the Board and audit committee is a well-qualified independent director. It is intended to review this arrangement and adopt the recommended practice if and when the board composition changes.

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. The committee also meets in private, with management without the external auditor and, at a separate time, 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:
- Julie Garland McLellan (Chairperson); and
- William Lewis Timms.

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 are contained in the Directors' Report.

Departures from recommendations included in Principle 4 have been disclosed in the discussion of the relevant recommendations.

Principle 5. THE BOARD MAKES TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1 – Establish policy on ASX Listing Rule disclosure requirements and ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Group has established procedures to ensure compliance with ASX Listing Rules which require 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 Group's website.

Recommendation 5.2 - Provide information recommended in the Guide on Principal 5.

The information is provided above.

Principle 6. RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1 – Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

The Group has developed and implemented a shareholder communication strategy. The Group promotes effective communication with shareholders and encourages effective participation at the Group's general meetings.

Shareholders and other parties will be able to access the following information from the Group'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; and
- Details of notices of shareholders meetings including information on general meetings.

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

Recommendation 6.2: Companies should provide the information indicated in the Guide to reporting on Principle 6.

The Shareholder Communication Strategy is available on the Oldfields website.

Principle 7. RECOGNISE AND MANAGE RISK

Recommendation 7.1 – Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

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

A summary of these policies is contained in the Risk Management Statement which is disclosed on the Oldfields website.

Recommendation 7.2 – The board should require management to design and implement the risk management and internal control system to manage the Group's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Group's management of its material business risks.

The Group's risk management policy is designed and implemented by the Board of Directors' which 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 Group's risk management and internal compliance and control system is operating effectively and efficiently in all material aspects.

In March 2011 the Board changed its formal reporting requirement such that each line of business and the corporate head office are required to disclose to the board at each regular meeting a statement regarding the level and nature of the key risks facing the business.

Recommendation 7.3 – The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

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

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 Group website.

Principle 8. REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1 – The board should establish a remuneration committee.

The Board has established a remuneration committee. 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 Group; and
- Policies which show a clear relationship between senior executives' performance and remuneration.

Recommendation 8.2 – The remuneration committee should be structured so that it consists of a majority of independent directors, is chaired by an independent chair, and has at least three members.

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; and
- has at least three members.

The remuneration of Non-Executive Directors is by way of director's 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 - Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The Group has clearly differentiated the remuneration structure of executive and non-executive directors. The key elements of the remuneration philosophy are disclosed in the Remuneration Committee Charter which is available on the Oldfields website.

Recommendation 8.4: Companies should provide the information indicated in the Guide to reporting on Principle 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 Group's web site; and
- Departures from recommendations included in Principle 8 have been disclosed in the discussion of the relevant recommendations.

RISK MANAGEMENT STATEMENT

1. Introduction

This statement provides an overview of the Group's risk management policies and internal compliance and control systems in accordance with Principle 7 of the ASX Principles of Good Corporate Governance.

2. Responsibility

The Board of Directors are responsible for oversight on a regular basis of the Group's procedures and risk management policies. The responsibility of the Board is codified under the Board Charter, which is available on the Group's website. The Group also has an Audit Committee, the responsibilities of which are documented in the Audit Committee Charter which is also available on the Group's website.

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;
- Finance and Treasury;
- Human Resources;
- Asset Protection (insurance); and
- Codes of Conduct.

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 Group is conducted annually. There is also a formal review at least once every year. Both the audit and review are conducted by an external auditor.

The Group has an Occupational Health and Safety Committee which has received training and certification by external OH&S providers.

The Group 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 Group.

In general an external qualified auditor and or valuers are engaged by the Board in determining large asset values on acquisition of assets. An external valuation is obtained to determine and verify carrying values of investment property by an external independent registered property valuer at least every three years.

3.3. Risk Management Statements

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

Annually, the Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and Group Financial Controller are required to sign a Risk Management Statement that is provided to the Audit Committee in writing.

The CEO and CFO sign a statement regarding the adequacy of financial controls in accordance with section 295a of the Corporations Act 2001.

The Board requires management to report on the key business risks for each area of the business at each Board meeting.

3.4 Internal Audit

Given the Group's size, an internal auditor is not practical. In addition the presence of executive directors on the Board allows for detailed oversight of risks within each business by managers who are familiar with the risk environment but not directly involved in the management of that particular business.

3.5 External Covenants

The Group has voluntarily associated itself with the following self-regulated authorities:

- EOWA (Equal Opportunity for Women in the Workplace Act): The Group reports annually on targets and policy to an external agency in regards to Equal Opportunity Guidelines and Policy within the work force. The Board receives and reviews this annually; and
- Australian Packaging Covenant: The Group sets targets to reduce packaging waste and environmental impact of packaging waste. Targets are set and guidelines adopted and where possible administered by management. The Board reviews these targets annually.

The Group has also entered into an agreement with its principal lender (Westpac Banking Corporation) which provides external overview of financial risks by a representative of the Bank.

4. Formal Risk Management Practices

The Group operates a formal process for risk management which includes:

- Risk Identification;
- Risk Analysis;
- Risk Evaluation;
- Risk Mitigation;
- Risk Monitoring and Reporting; and
- Risk Communication.

The risk management process meets appropriate professional standards and is reviewed annually by the Board of Directors. 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

Risks are reported and their monitoring and management are communicated in accordance with the diagram below:

Material Risks	**General Reporting**	**Accountabilities**
	Board of Directors	
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 (CEO)	
Implement risk response or escalate to board of directors	Review and approve risk reporting and mitigation strategies	Oversight of corporate risks and adequacy of framework
	Chief Financial Officer (CFO)	
Recommend material risk escalation to CEO or Board of Directors	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 the Group'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 achieve the best outcome for the Group.

For the avoidance of doubt, Oldfields Holdings Limited has a policy of ‘not shooting the messenger’ and encourages all staff to report risks of which they are aware.