oldfields

HOLDINGS LIMITED

53rd Annual Report 2012

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ABN 92 000 307 988

OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

ABN: 92 000 307 988

Financial Report For The Year Ended
30 June 2012

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Financial Report For The Year Ended
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CONTENTS

Oldfields Holdings Limited ABN: 92 000 307 988 and Controlled Entities

APPENDIX 4E – PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

Results for announcement to market			
Key Information	**2012 $000**	**2011 $000**	**% Change**
Revenue from continuing activities	28,833	30,588	(6%)
Earnings before interest, tax, depreciation and amortisation	872	1,848	(53%)
Loss after tax from continuing operations	(1,683)	(1,274)	(32%)
Loss from discontinued operations after tax	(61)	(1,747)	97%
Loss attributable to members of the parent entity	(1,814)	(2,835)	36%

Dividends paid and proposed
There have been no dividends paid or proposed during the year.

Statement of comprehensive income with notes to the statement
Refer to page 10 of the 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited.

Statement of financial position with notes to the statement
Refer to page 11 of the 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited.

Statement of changes in equity with notes to the statement
Refer to page 12 of the 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited.

Statement of cash flows with notes to the statement
Refer to page 13 of the 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited.

Dividend reinvestment plan
There was a dividend reinvestment plan in operation during the financial year.

Net tangible assets per share			
	2012 $000	**2011 $000**	**% Change**
Net assets	756	2,694	(72%)
Net assets per share	0.013	0.048	
Net tangible assets	(393)	1,575	(125%)
Net tangible assets per share	(0.007)	0.028	

Control gained or lost over entities during the year
There were no changes in control over any associated or controlled entities during the year.

Investment in associates and joint ventures			
	% held	**2012**	**2011**
Material investments in associates and joint ventures are as follows:			
PT Ace Oldfields	49%	1,064,127	1,246,863
Enduring Enterprises	49%	51,872	125,118
Honeytree & Partners	49%	149,904	119,108
Brisbane Garden Sheds Pty Ltd	50%	-	-
As disclosed in the financial report, the consolidated entity has recognised an aggregated share of net profit from the associates and joint ventures listed above amounting to $30,368 (2011: $263,266).			

Commentary on the results for the period
The commentary on the results for the period are contained in the “Operating Results and Review of Operations for the year” section included within the directors’ report.

Status of audit
The 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited and Controlled Entities have been audited. Refer to page 47 of the 30 June 2012 financial report and accompanying notes for Oldfields Holdings Limited.

Christopher Giles

Chief Executive Officer **31 August 2012**

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 2012.

Directors

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

Julie Garland McLellan	Appointed	1 March 2011		
Christopher Michael Giles	Appointed	24 September 2010		
William Lewis Timms	Appointed	18 December 2009		
Raymond John Titman	Appointed	23 July 2010	Resigned	29 February 2012
Christopher C Hext	Appointed	29 June 2001	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 garden sheds, outdoor storage systems, avaries and pet homes;
• manufacturing and marketing of scaffolding and related equipment; and
• hire of scaffolding and related products to the building and construction industry.

There were no significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results and Review of Operations for the year

Operating Results

The consolidated group revenue from continuing operations for the financial year ended 30 June 2012 was $28,832,631 and was down 5.7% from the prior year (2011: $30,588,286). The consolidated net result after tax attributable to members of the parent entity was a loss of $1,813,981 (2011 loss $2,834,583). Whilst revenue declined by 5.7% significant cost savings were achieved to partially mitigate the impact from the lower revenues.

Profitability was also impacted by our joint venture operation in Indonesia. This business continues to invest in growing its domestic market share in the paint applications category, and it has made good progress in growing this business making PT Ace Oldfields one of the leading brands in Indonesia.

There was a significant decline in distribution costs, some of these were activity related, some were conscious cost saving programs implemented during the year, whilst others were a reallocation of costs between distribution and administration expense.

Cash inflow from operating activities was $114,294 for the year, compared to an outflow of $1,166,033 in the prior year. This is a satisfactory result considering that trade creditors and other payables reduced by $1,020,260.

The company has embarked on a disciplined cost savings strategy to eliminate waste from the business with good progress being made during the year. The full year impact of these should be evident in the coming financial year with additional savings that have recently been identified.

Review of Operations

(i) Paint Applications Division

Trading conditions improved for the business during the reporting period with revenue growth of 2.8% compared to prior year. The expected gains from new entrants in the home improvement sector foreshadowed in last year's annual report have started to materialise and further benefits from this are expected in the future. In June 2012, Oldfields announced price increases for many of the products in this segment to recover cost increases, the benefits of which are expected to flow in the upcoming year. This was the first price increase Oldfields had taken in this category since 2008/09. The division is also in the process of updating its packaging to give the product range a more consumer friendly and consistent theme, which will improve our presence on the retailers' shelves. Oldfields has recently launched a range of new synthetic filament paint brushes to replace the older style bristle filament, which is a segment of the market that continues to decline, and has also embarked on a supplier rationalisation program, the benefits of which are also starting to be felt with lower product costs.

(ii) Treco Garden Sheds Division

Sales in this division increased by 3.9% from prior year for continuing operations. Sales made to many of our major customers in the domestic market declined compared to the previous year which is the result of the continued weakness in household spending, particularly relating to discretionary items such as high quality garden sheds. This category is not expected to improve in the coming year; costs have been reduced to maintain profitability.

During the year, the paint applications and sheds sales forces were merged, which will provide improved sales representation for the sheds business. This is expected to provide some upward momentum in revenues for the sheds division in the future.

Review of Operations (continued)

(iii) Scaffold Division

Total revenue in this category was down 11.4% compared to prior year, which reflects the slow-down in the construction sector, coupled with poor weather conditions on the east coast of Australia delaying a number of projects. Pricing in our hire segment continues to be under pressure as the level of work available declines. The business continues to focus very heavily on quality, cost and customer service. These three areas of focus are helping to offset the downturn in activity, which remains at historically low levels. The cost base of the business has been significantly reduced, as efficiencies are obtained. The merger last year of the two Brisbane facilities has delivered expected savings. In addition, the management and sales representation at a number of key branches has been strengthened and improvements in the business are becoming evident.

Sales of scaffolding were lower than prior year, primarily due to a number of large one off export orders delivered during 2011 which were not recurring. Changes to workplace, health and safety legislation in New South Wales and Queensland have resulted in some additional sales in 2012,. It is expected that further sales from these changes will eventuate in 2013 as the laws come into effect in other states over the next 2-3 years.

Whilst revenue was marginally lower in the second half of the fiscal year, profitability improved as cost reduction measures and management changes were implemented.

Gross margins were impacted by the price pressure on hire rates during the year as a result of competition in the market.

With the lower cost base, improved management and sales representation, the business is now better positioned to withstand the continued slowdown in the construction sector, and will benefit when activity improves.

(iv) Property

The properties at Archerfield, Queensland and St Marys, New South Wales were sold during the year. Consideration from the sale of these properties was used to reduce the overall debt of the Group.

Financial Position

The net assets of the consolidated group have decreased by $1,938,437 to $756,100 at 30 June 2012 (from $2,694,537 at 30 June 2011). This decrease is largely due to the following factors:

- Unsustainably high net debt;
- Continued operating losses (largely generated by debt service obligations);
- Reduced construction activity affecting income from the scaffolding division;
- Reduced value of the Indonesian joint venture operation as a result of exchange rate fluctuations.

The board is pursuing debt reduction strategies and have secured the support of the debt provider until such time as these strategies can be implemented. 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

There were no significant changes in the state of affairs during the year.

Dividends Paid or Recommended

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

Events after the Reporting Period

On 30 August 2012, the Group signed a new finance facility agreement with its existing debt provider that will extend to June 2015. As part of this agreement the Group will buy back $10 million of debt for a consideration $5 million. The total consideration to buy back the debt will be funded through a capital raising which involves the issue of new equity, subordinate senior loan notes or a combination of both. In addition to the debt buy back, the debt provider will swap senior debt for a Deferred Senior Loan Note (DSLN) for approximately $2,500,000 with a 10 year maturity. The terms of the loan note are disclosed in Note 33.

Future Developments, Prospects and Business Strategies

To improve the consolidated group's profit and maximise shareholder wealth, the following developments are intended for implementation in the near future:

(i) Continued focus on the Group's core business and customer service to drive marketing and sales.
(ii) Completion of the agreement with the principal lender and implementation of the recapitalisation (as described above).

Information on Directors

Julie Garland McLellan	—	Non-Executive Director and Chairman (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	—	Chairman of the Remuneration Committee and Chairman of the Audit Committee
Directorships held in other listed entities during the three years prior to the current year	—	Bounty Mining 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)
Christopher Michael Giles	—	Executive Director and Chief Executive Officer (Appointed 29 February 2012)
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
Raymond John Titman	—	Executive Director and Chief Executive Officer (Resigned 29 February 2012)
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	—	Former member of the Remuneration Committee
Christopher C Hext	—	Non-Executive Director and Chairman (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 Chairman 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 Allan Coleman - Bachelor of Commerce (Accounting), CPA. Robert has held various senior management roles in companies of all sizes.

Meetings of Directors

During the financial year, 17 meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Audit Committee		Remuneration	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Julie Garland McLellan	14	14	2	2	1	1
Christopher Michael Giles	14	14	-	-	-	-
William Lewis Timms	14	14	2	2	1	1
Raymond John Titman	8	8	-	-	-	-
Christopher C Hext	-	-	-	-	-	-

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 from their conduct whilst acting in the capacity of directors 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, there were no unissued ordinary shares of Oldfields Holdings Limited under options.

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 procedures 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 BDO Chartered Accountants for non-audit services provided during the year ended 30 June 2012:

	$
Taxation and related services	62,562
	62,562

Auditor’s Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 9 of the financial report.

REMUNERATION REPORT

Remuneration policy

The remuneration policy of Oldfields Holdings Limited has been designed to align key management personnel (KMP) 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 high-quality KMP 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 KMP of the consolidated group is as follows:

• The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.

• All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.

REMUNERATION REPORT

Remuneration policy (continued)

• The remuneration committee reviews KMP packages annually by reference to the consolidated group’s performance, executive performance and comparable information from industry sectors.

The performance of KMP 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 change 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.

KMP receive a superannuation guarantee contribution required by the government, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to KMP 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.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. 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 KPIs 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 from organisations such as Standard & Poors.

No performance-based remuneration has been paid during or since the end of the year for any key management personnel.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position Held as at 30 June 2012 and any change during the year
Julie Garland McLellan	Non-executive director
Christopher Michael Giles	Executive director
William Lewis Timms	Non-executive director
Raymond John Titman	Executive director, resigned 29 February 2012
Christopher C Hext	Non-executive director, resigned 8 July 2011
Robert Allan Coleman	Company Secretary and Chief Financial Officer

The employment terms and conditions of KMP 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% - 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.

REMUNERATION REPORT

Changes in Directors and Executives During the Year

On 8 July 2011, Christopher C Hext retired as a Director.
On 29 February 2012, Raymond John Titman resigned as Chief Executive Officer and Director.
On 29 February 2012, Christopher Michael Giles was appointed as Chief Executive Officer.

Remuneration Details for the Year Ended 30 June 2012

The following table of benefits and payments details, in respect to the financial year, the components of remuneration for each member of KMP of the consolidated group:

Table of Benefits and Payments for the year ended 30 June 2012

	Short-term benefits		**Post Employment Benefits**	**Long-term benefits**		
2012	Salary, Fees and Leave $	Non-monetary $	Pension and superannuation $	LSL $	**Termination benefits $**	**Total $**
Group Key Management Personnel						
Julie Garland McLellan	90,000	-	10,000	-	-	100,000
Christopher Michael Giles	204,765	11,111	18,000	-	-	233,876
William Lewis Timms	39,540	-	3,559	-	-	43,099
Raymond John Titman	159,320	23,424	15,378	11,551	-	209,673
Christopher C Hext	2,585	-	-	-	-	2,585
Robert Allan Coleman	159,999	15,948	14,400	-	-	190,347
Total	656,209	50,483	61,337	11,551	-	779,580

	Short-term benefits		**Post Employment Benefits**	**Long-term benefits**		
2011	Salary, Fees and Leave $	Non-monetary $	Pension and superannuation $	LSL $	**Termination benefits $**	**Total $**
Group Key Management Personnel						
Julie Garland McLellan	26,250	-	2,917	-	-	29,167
Christopher Michael Giles	163,375	4,530	14,400	-	-	182,305
William Lewis Timms	50,190	-	4,517	-	-	54,707
Raymond John Titman	164,331	20,337	14,580	-	-	199,248
Christopher C Hext	79,733	-	7,176	-	-	86,909
Robert Allan Coleman	160,000	15,290	14,400	-	-	189,690
Anthony Mankarios	9,961	7,787	4,592	-	91,060	113,400
Total	653,840	47,944	62,582	-	91,060	855,426

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.

C. M. Giles

Christopher Michael Giles

Dated: 31st day of August 2012

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Australia

DECLARATION OF INDEPENDENCE BY PAUL BULL TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED

As lead auditor of Oldfields Holdings Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Paul Bull

Partner

BDO East Coast Partnership

Sydney, 31 August 2012

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
Sales revenue	3	28,832,631	30,588,286
Cost of sales		(15,463,757)	(15,506,894)
Gross profit		13,368,874	15,081,392
Other income	3	213,282	570,095
Distribution expenses		(8,379,591)	(9,805,015)
Marketing expenses		(531,045)	(597,647)
Occupancy expenses		(1,347,037)	(1,430,438)
Administrative expenses		(3,488,444)	(3,359,490)
Finance costs		(1,352,062)	(1,389,629)
Impairment expenses		(58,325)	(45,659)
Share of net profits of associates and joint venture entities	17	30,368	263,266
Loss before income tax	4	(1,543,980)	(713,125)
Income tax expense	5	(138,648)	(560,810)
Net loss from continuing operations		(1,682,628)	(1,273,935)
Loss for the year from discontinued operations after tax	6	(61,407)	(1,747,108)
Net loss for the year		(1,744,035)	(3,021,043)
Other comprehensive income:			
Net loss on revaluation of land and buildings	5c	-	(68,705)
Effective portion of gain(loss) on cash flow hedges	5c	9,889	(21,172)
Exchange differences on translating foreign controlled entities		(204,291)	(431,481)
Other comprehensive income for the year, net of tax		(194,402)	(521,358)
Total comprehensive income for the year		(1,938,437)	(3,542,401)
Net profit(loss) attributable to:			
Members of the parent entity		(1,813,981)	(2,834,583)
Non-controlling interest		69,946	(186,460)
		(1,744,035)	(3,021,043)
Total comprehensive income attributable to:			
Members of the parent entity		(2,008,383)	(3,355,941)
Non-controlling interest		69,946	(186,460)
		(1,938,437)	(3,542,401)
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)	10	(3.24)	(6.14)
Diluted earnings per share (cents)	10	(3.24)	(6.14)
From continuing operations:			
Basic earnings per share (cents)	10	(3.13)	(2.35)
Diluted earnings per share (cents)	10	(3.13)	(2.35)
From discontinued operations:			
Basic earnings/(loss) per share (cents)	10	(0.11)	(3.78)

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 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	384,321	757,753
Trade and other receivables	12	3,832,690	4,303,972
Inventories	13	4,313,525	5,122,274
Other assets	14	581,168	2,107,940
Current tax assets	24	14,907	-
		9,126,611	12,291,939
Non-current assets held for sale	15	-	2,199,396
TOTAL CURRENT ASSETS		9,126,611	14,491,335
NON-CURRENT ASSETS			
Investments accounted for using the equity method	16	1,265,903	1,491,089
Property, plant and equipment	19	8,980,177	9,656,244
Intangible assets	21	1,149,189	1,119,989
Deferred tax assets	24	41,429	35,330
TOTAL NON-CURRENT ASSETS		11,436,698	12,302,652
TOTAL ASSETS		20,563,309	26,793,987
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	22	3,773,092	5,015,273
Borrowings	23	14,542,163	17,573,392
Current tax liabilities	24	2,731	83,513
Provisions	25	1,000,245	985,191
Derivative liability	26	2,042	11,931
TOTAL CURRENT LIABILITIES		19,320,273	23,669,300
NON-CURRENT LIABILITIES			
Borrowings	23	398,323	364,538
Deferred tax liabilities	24	6,812	359
Other provisions	25	81,801	65,253
TOTAL NON-CURRENT LIABILITIES		486,936	430,150
TOTAL LIABILITIES		19,807,209	24,099,450
NET ASSETS		756,100	2,694,537
EQUITY			
Issued capital	27	18,751,301	18,751,301
Reserves	36	(1,204,135)	(1,009,733)
Retained earnings		(17,235,486)	(13,529,156)
Parent interest		311,680	4,212,412
Non-controlling interest		444,420	(1,517,875)
TOTAL EQUITY		756,100	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 CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

	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 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 currency 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)
Balance at 30 June 2011	18,751,301	(13,529,156)	(11,931)	-	(997,802)	-	(1,517,875)	2,694,537
Balance at 1 July 2011	18,751,301	(13,529,156)	(11,931)	-	(997,802)	-	(1,517,875)	2,694,537
Loss attributable to members of parent entity	-	(1,813,981)	-	-	-	-	-	(1,813,981)
Profit attributable to non-controlling interests	-	-	-	-	-	-	69,946	69,946
Total other comprehensive income for the year	-	-	9,889	-	(204,291)	-	-	(194,402)
Transactions with owners, in their capacity as owners								
De-recognition of non-controlling interest upon disposal of H&O Products Pty Ltd	-	(1,892,349)	-	-	-	-	1,892,349	-
Balance at 30 June 2012	18,751,301	(17,235,486)	(2,042)	-	(1,202,093)	-	444,420	756,100

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 2012

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,104,434	36,710,903
Rent received		104,907	234,250
Interest received		158	184
Payments to suppliers and employees		(30,970,780)	(36,377,307)
Finance costs		(924,623)	(1,461,142)
Income tax paid		(199,802)	(269,588)
Interest paid on director's loan		-	(3,333)
Net cash provided by/(used in) operating activities	31	114,294	(1,166,033)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		4,027,693	1,787,967
Proceeds from sale of investments in associated companies		-	1,054,138
Payment for businesses acquired		-	(45,760)
Purchase of property, plant and equipment		(633,376)	(1,376,183)
Purchase of intangible assets		(132,497)	-
Payment for shares issued by associated companies		-	(231,920)
Net cash provided by investing activities		3,261,820	1,188,242
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		-	3,094,192
Proceeds from borrowings		582,269	364,634
Proceeds from borrowings from related parties		150,000	-
Repayment of borrowings		(4,608,914)	(1,888,960)
Overdraft restructure to borrowings		-	1,000,000
Net cash (used in)/provided by financing activities		(3,876,645)	2,569,866
Net (decrease)/increase in cash held		(500,531)	2,592,075
Cash and cash equivalents at beginning of financial year		431,409	(2,160,666)
Cash and cash equivalents at end of financial year	11	(69,122)	431,409

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, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 31 August 2012 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Group is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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 stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Oldfields Holdings Limited and its Australian wholly-owned entities have entered into a deed of cross guarantee under which the company and it's subsidiaries guarantee the debts of each other.

Going Concern

The Group made a loss for the year ended 30 June 2012 of $1,744,035 (2011: $3,021,043). The Group has also reported a net current asset deficiency of $10,193,662 (2011: $9,177,965) which is due to the classification of bank loans as current in accordance with the requirements of AASB101 *Presentation of Financial Statements* (refer note 23). 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:

- On 30 August 2012, the Group signed a new finance facility agreement with its existing debt provider that will extend to June 2015. As part of this agreement the Group will buy back $10 million of debt for a consideration $5 million. The total consideration to buy back the debt will be funded through a capital raising which involves the issue of new equity, subordinate senior loan notes or a combination of both. In addition to the debt buy back, the debt provider will swap senior debt for a Deferred Senior Loan Note (DSLN) for approximately $2,500,000 with a 10 year maturity. The terms of the loan note are disclosed in Note 33.
- On 30 August 2012, the Group also received a debt forbearance agreement which will extend to 31 October 2012 for the above proposed capital raising;
- The directors' are working to achieve the conditions precedent in the facility agreement and will continue to support the prudent management of cash whilst growing the core businesses to a level at which they will be sustainably generating positive operating cashflows; and
- The Group's debts are being paid as and when they fall due.

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 18 to the financial statements.

In preparing the consolidated financial statements, all intragroup 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) Principles of Consolidation (continued)

Goodwill

Goodwill is carried at cost less any 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.

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 interests 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 amounts 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 method.

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 profit or loss in the period in which they are incurred.

Note 1 Summary of Significant Accounting Policies (continued)

(d) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(s) for further discussion on the determination of impairment losses.

(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 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 17.

(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 carried 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 recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. 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 recoverable amount is made when impairment indicators are present (refer to Note 1(s) 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 recognised as expenses in 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 company 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	2.5%
Leasehold improvements	20-33%
Plant and equipment	5-33%
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.

Note 1 Summary of Significant Accounting Policies (continued)

(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 initially measured at cost and subsequently measured at fair value. The fair value of an investment property is the amount for which the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Fair values of investment properties are determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in the statement of comprehensive income in the period in which they occur.

(l) Intangibles Other than Goodwill

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. They 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 lives 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.

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

(m) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(n) 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.

(o) 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 any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(p) 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.

(q) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising 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 recognised 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.

(r) 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 transactions 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.

Note 1 Summary of Significant Accounting Policies (continued)

(r) Financial Instruments (continued)

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as 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) over 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 amount with a consequential recognition of an income or expense item 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 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 amount being included in profit or loss.

(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.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(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.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being 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 any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. 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 classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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 recognised 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 statement of comprehensive income in the periods when the hedged item will affect profit or loss.

Note 1 Summary of Significant Accounting Policies (continued)

(r) Financial Instruments (continued)

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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 when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount 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 profit or loss.

(s) 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.

(t) 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 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.

Note 1 Summary of Significant Accounting Policies (continued)

(u) 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.

(v) 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.

(w) Critical Accounting Estimates and Judgments

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

Key Estimates

(i) Impairment - General

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.

Key Judgments

(i) 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.

(ii) Provision for impairment of inventories

The provision for impairment of inventories 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 inventories, and other factors that affect inventory obsolescence.

(ii) 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, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(x) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

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

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

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; and
- 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 other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

Note 1 Summary of Significant Accounting Policies (continued)

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

— *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 and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

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 are not expected to significantly impact the Group.

— *AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009–11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees.

The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

— *AASB 13: Fair Value Measurement and AASB 2011–8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009–11, 2010–7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

— *AASB 2011–9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

— *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011–8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;
(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and
(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2 Parent Information

	2012	2011
	$	$
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.		
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	27,592	10,277,758
Non-current Assets	2,615,099	2,668,469
TOTAL ASSETS	2,642,691	12,946,227
LIABILITIES		
Current Liabilities	5,252,604	631,345
TOTAL LIABILITIES	5,252,604	631,345
EQUITY		
Issued Capital	18,751,301	18,751,301
Retained earnings	(21,359,172)	(6,424,488)
Reserves	(2,042)	(11,931)
TOTAL EQUITY	(2,609,913)	12,314,882
STATEMENT OF COMPREHENSIVE INCOME		
Loss before income tax	(14,941,412)	(2,143,066)
Total comprehensive income	(14,931,523)	(1,582,852)

Loss for the year

The loss for the year for Oldfields Holdings Ltd includes the write back of subsidiary loan accounts of $16,826,688 (2011: $2,142,172) which are eliminated on consolidation.

Guarantees

Oldfields Holdings Limited and its Australian wholly-owned entities have entered into a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other.

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2012 or 30 June 2011.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2012 or 30 June 2011.

Note 3 Revenue and Other Income

	Note	Consolidated Group 2012	Consolidated Group 2011
(a) Revenue from continuing operations		$	$
Sales revenue			
— sale of goods		17,383,992	17,687,475
— rental revenue of scaffold equipment		11,448,639	12,900,811
		28,832,631	30,588,286
Other income			
— gain on disposal of property, plant and equipment		-	4,000
— investment loan write back		-	223,081
— interest received from other persons		158	174
— export market development grant		32,895	36,449
— other income		180,229	306,391
Total other income		213,282	570,095
(b) Total revenue and other income from continuing operations			
Attributable to members of the parent entity		25,566,554	26,868,043
Attributable to non-controlling interests		3,479,359	4,290,338
		29,045,913	31,158,381
(c) Revenue and other income from discontinued operations			
Attributable to members of the parent entity		65,128	3,869,054
Attributable to non-controlling interests		-	-
	6	65,128	3,869,054
(d) Income from continuing operations and discontinued operations			
Attributable to members of the parent entity		25,631,682	30,737,097
Attributable to non-controlling interests		3,479,359	4,290,338
		29,111,041	35,027,435

Note 4 Loss for the Year

	Consolidated Group	
Loss before income tax from continuing operations includes the following specific expenses:	2012	2011
	$	$
Cost of sales	15,463,757	15,506,894
Interest expense on financial liabilities owed to:		
— Associated companies	45,828	2,295
— Related parties	13,035	72,000
— Other persons	1,269,022	1,315,334
Other borrowing costs	24,177	-
Foreign currency translation losses	56,814	47,661
Impairment of goodwill	-	45,659
Impairment of assets	58,325	-
Bad and doubtful debts:		
— trade receivables	(87,548)	(62,816)
Rental expense on operating leases		
— minimum lease payments	1,186,468	1,312,841

Note 5 Income Tax Expense

		Consolidated Group	
		2012	2011
		$	$
(a)	The components of tax expense comprise:		
	Current tax	(492,795)	(259,782)
	Deferred tax	(354)	(26,060)
	Recoupment of prior year tax losses	(16,246)	(83,191)
	Deferred tax assets not recognised during the year	648,043	929,842
		138,648	560,810
(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% (2011: 30%)		
	— consolidated group	(463,194)	(213,938)
	Add:		
	Tax effect of:		
	— non-deductible depreciation and amortisation	(106,958)	27,068
	— other non-allowable items	23,072	18,737
	— capital loss on disposal of investment in associate	15,179	-
		(531,901)	(168,133)
	Less:		
	Tax effect of:		
	— share of net profits of associates and joint venture entities netted directly	9,110	131,354
	— net tax effect profit/(loss) from overseas operations	(47,862)	(33,236)
	— current year deferred tax assets not recognised	(648,043)	(929,842)
	— capital costs creating new deferred tax assets	-	19,591
	Recoupment of prior year tax losses not previously brought to account	16,246	83,191
	Income tax attributable to entity	138,648	560,810
	The applicable weighted average effective tax rates are as follows:	-9.0%	-78.6%

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

	2012			**2011**		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
	$	$	$	$	$	$
Loss on land and buildings revaluation	-	-	-	(98,150)	29,445	(68,705)
Gain(loss) on cash flow hedges	14,127	(4,238)	9,889	(30,246)	9,074	(21,172)
	14,127	(4,238)	9,889	(128,396)	38,519	(89,877)

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 in the financial year ended 30 June 2011.

	2012 $	2011 $
Share of net profit of associates and joint ventures	-	86,504
Loss on disposal of investment in joint venture	-	(837,902)
	-	(751,398)

(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 from the discontinued operation is as follows:

	2012 $	2011 $
Revenue	-	1,025,341
Cost of sales	-	(1,388,425)
Gross profit	-	(363,084)
Other income	-	809,067
Distribution expenses	-	(157,690)
Marketing expenses	-	(51,420)
Occupancy expenses	-	(173,723)
Administrative expenses	-	(43,657)
Impairment expense	-	(2,923)
Finance costs	-	(36,489)
Loss before income tax	-	(19,919)
Income tax expense	-	-
Loss for the year	-	(19,919)

	2012 $	2011 $
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
Net cash inflow/(outflow) from investing activities	-	228,273
Net cash inflow/(outflow) from financing activities	-	(592,246)
Net cash increase in cash generated by the discontinuing division	-	259,485

(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 from the discontinued operation is as follows:

	2012 $	2011 $
Revenue	-	10,810
Cost of sales	-	(13,593)
Gross profit	-	(2,783)
Distribution expenses	-	(19,743)
Marketing expenses	-	(2,708)
Occupancy expenses	-	(6,284)
Administrative expenses	-	(2,824)
Finance costs	-	(1,102)
Loss before income tax	-	(35,444)
Income tax expense	-	11,506
Loss for the year	-	(23,938)

	2012 $	2011 $
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)
Net cash inflow/(outflow) from investing activities	-	14,566
Net cash inflow/(outflow) from financing activities	-	-
Net cash decrease in cash generated by the discontinuing division	-	(7,033)

Note 6 Discontinued Operations (continued)

(iv) Backyard Installations Pty Ltd

During the financial year ended 30 June 2011, Backyard Installations Pty Ltd, one of the Group's retail alliances, was wound down. The loss from the discontinued operation is as follows:

	2012	2011
	$	$
Revenue	-	1,734,194
Cost of sales	-	(1,348,167)
Gross profit	-	386,027
Other income	-	2,127
Distribution expenses	-	(635,669)
Marketing expenses	-	(167,034)
Occupancy expenses	-	(132,799)
Administrative expenses	-	(17,828)
Finance costs	-	(931)
Loss before income tax	-	(566,107)
Income tax expense	-	241,162
Loss for the year	-	(324,945)

	2012	2011
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	-	(1,237)
Net cash inflow/(outflow) from investing activities	-	(1,944)
Net cash inflow/(outflow) from financing activities	-	(22,232)
Net cash decrease in cash generated by the discontinuing division	-	(25,413)

(v) Brisbane Garden Sheds Pty Ltd

During the year, the Group dissolved the joint venture entity Brisbane Garden Sheds Pty Ltd. The wind-down of this entity was completed by 30 September 2011. The profit for the year from this discontinued operation is as follows:

	2012	2011
	$	$
Share of net profit/(loss) of associates and joint ventures	3,633	12,615
	3,633	12,615

(vi) Shed Holdings Pty Ltd

During the year, the Group disposed of properties held by Shed Holdings Pty Ltd at Archerfield, Queensland and St Marys, New South Wales. The consideration from the sale of these properties was used to reduce the overall debt of the Group. The loss for the year from this discontinued operation is as follows:

	2012	2011
	$	$
Other income	65,128	287,515
Distribution expenses	(52,109)	(63,671)
Marketing expenses	-	-
Occupancy expenses	(5,423)	(81,284)
Administrative expenses	(857)	(35,672)
Impairment expense	-	(425,342)
Finance costs	(105,961)	(343,310)
Loss before income tax	(99,222)	(661,764)
Income tax expense	34,182	22,241
Loss for the year	(65,040)	(639,523)

	2012	2011
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	10,339	(4,877)
Net cash inflow/(outflow) from investing activities	3,787,275	-
Net cash inflow/(outflow) from financing activities	(3,797,670)	-
Net cash decrease in cash generated by the discontinuing division	(56)	(4,877)

Note 7 Key Management Personnel Compensation

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 (KMP) for the year ended 30 June 2012.

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

	2012	2011
	$	$
Short-term employee benefits	706,692	701,784
Post-employment benefits	61,337	62,582
Other long term benefits	11,551	-
Termination benefits	-	91,060
Share-based payments	-	-
Total KMP compensation	779,580	855,426

KMP Options and Rights Holdings

There were no options or rights held by key management personnel during the year.

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 2012	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	-	-	-	-	-
Christopher Michael Giles	700,000	-	-	-	700,000
William Lewis Timms	19,692,264	-	-	-	19,692,264
Raymond John Titman	43,924	-	-	-	43,924
Christopher C Hext	4,801,228	-	-	-	4,801,228
Robert A Coleman	-	-	-	-	-
	25,237,416	-	-	-	25,237,416

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	-	-	-	-	-
Christopher Michael Giles	-	-	-	700,000	700,000
William Lewis Timms	6,160,000	-	-	13,532,264	19,692,264
Raymond John Titman	11,962	-	-	31,962	43,924
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

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 8 Dividends

		2012	2011
		$	$
(a)	Since the start of the financial year, no dividends have been paid or declared.		
(b)	Balance of franking account at year end	728,013	632,100
		728,013	632,100

Note 9 Auditors' Remuneration

	Consolidated Group	
	2012	2011
	$	$
Remuneration of the current auditor (BDO) of the parent entity for:		
— auditing or reviewing the financial report	161,163	109,857
— taxation services	50,900	7,166
	212,063	117,023
Remuneration of the previous auditor (Hall Chadwick) of the parent entity for:		
— auditing or reviewing the financial report	-	121,217
— taxation services	11,663	11,662
	11,663	132,879
Remuneration of current auditors (PKF Hong Kong) of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	12,642	-

Note 10 Earnings per Share

		Consolidated Group	
		2012	2011
		$	$
(a)	Reconciliation of earnings to profit or loss		
	Loss for the year	(1,744,035)	(3,021,043)
	(Profit)loss attributable to non-controlling equity interest	(69,946)	186,460
	Earnings used to calculate basic EPS	(1,813,981)	(2,834,583)
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Loss from continuing operations	(1,682,628)	(1,273,935)
	Loss attributable to non-controlling equity interest in respect of continuing operations	(69,946)	186,460
	Earnings used to calculate basic EPS from continuing operations	(1,752,574)	(1,087,475)
(c)	Reconciliation of earnings to loss from discontinued operations		
	Loss from discontinued operations	(61,407)	(1,747,108)
	Loss attributable to non-controlling equity interest	-	-
	Earnings used to calculated basic EPS from discontinued operations	(61,407)	(1,747,108)
		No.	No.
(d)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	56,043,605	46,195,968

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

Note 11 Cash and Cash Equivalents

	Note	Consolidated Group	
		2012	2011
		$	$
Cash on hand		3,159	5,695
Cash at bank		381,162	752,058
	35	384,321	757,753

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	2012	2011
Cash and cash equivalents	23(f)	384,321	757,753
Bank overdrafts	23(a)	(453,443)	(326,344)
		(69,122)	431,409

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 23 for further details.

Note 12 Trade and Other Receivables

	Note	Consolidated Group 2012 $	2011 $
CURRENT			
Trade receivables		3,890,018	4,454,264
Provision for impairment		(57,328)	(247,019)
	23(f)	3,832,690	4,207,245
Amounts receivable from related parties			
— associated companies		-	96,727
Total current trade and other receivables		3,832,690	4,303,972

(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 01.07.10	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)

	Opening Balance 01.07.11	Charge for the Year	Amounts Written Off	Closing Balance 30.06.12
Consolidated Group	$	$	$	$
Current trade receivables	(247,019)	87,548	102,143	(57,328)
	(247,019)	87,548	102,143	(57,328)

Credit risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 12. 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	
2012	$	$	$	$	$	$	$
Trade and term receivables	3,890,018	57,328	351,961	3,009	-	-	3,477,720
Other receivables	-	-	-	-	-	-	-
Total	3,890,018	57,328	351,961	3,009	-	-	3,477,720

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

(b) **Financial Assets Classified as Loans and Receivables**	Note	Consolidated Group 2012 $	2011 $
Trade and other Receivables			
— Total current		3,832,690	4,303,972
— Total non-current		-	-
Financial assets	35	3,832,690	4,303,972

(c) **Collateral Pledged**

A fixed and floating charge over trade receivables has been provided for certain debt. Refer to Note 23 for further details.

Note 13 Inventories

	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT		
At cost:		
Raw materials and stores	885,723	742,348
Work in progress	615,037	438,302
Finished goods	2,711,999	3,839,702
Goods in transit	443,299	391,736
	4,656,058	5,412,088
Less provisions	(342,533)	(289,814)
	4,313,525	5,122,274

Note 14 Other Assets

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Prepayments		425,406	341,736
Assets in progress		7,300	49,438
Other debtors		148,462	1,716,766
		581,168	2,107,940
(a) **Financial Assets Classified as Loans and Receivables**			
Trade and other Receivables			
— Total current		148,462	1,716,766
— Total non-current		-	-
Financial assets	35	148,462	1,716,766

Note 15 Non-current assets held for sale

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Amounts transferred from property, plant and equipment	19	-	333,868
Amounts transferred from investment property	20	-	1,865,528
Total current assets		-	2,199,396

A contract for the sale of the property held at St Marys New South Wales was settled on 21 October 2011. The consideration from the sale of this property was used to reduce the overall debt of the Group.

Note 16 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
Associated companies	17a	1,265,903	1,491,089
		1,265,903	1,491,089

Note 17 Associated Companies

Interests are held in the following associated companies

Name	Principal Activities	Country of Incorporation	Shares	Ownership Interest 2012 %	Ownership Interest 2011 %	Carrying Amount of Investment 2012 $000	Carrying Amount of Investment 2011 $000
Unlisted:							
PT Ace Oldfields	Paint Brush Manufacturer	Indonesia	Ordinary	49.04%	49.04%	1,064,127	1,246,863
Enduring Enterprises	Hardware Reseller	Singapore	Ordinary	49.00%	49.00%	51,872	125,118
Honeytree & Partners	Hardware Marketing	Singapore	Ordinary	49.00%	49.00%	149,904	119,108
Brisbane Garden Sheds	Garden Shed Supplier	Australia	Ordinary	50.00%	50.00%	-	-
						1,265,903	1,491,089

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 17 Associated Companies (continued)

		Note	Consolidated Group 2012 $	2011 $
(a)	**Movements during the year in equity accounted investment in associated companies**			
	Balance at beginning of the financial year		1,491,089	2,712,355
	New investments during the year		-	224,995
	Share of associated company's profit after income tax	17b	30,368	349,770
	Disposals during the year		-	(1,288,016)
	Foreign currency translation losses		(255,554)	(438,623)
	Other		-	(69,392)
	Balance at end of the financial year		1,265,903	1,491,089
(b)	**Equity accounted profits of associates are broken down as**			
	Share of associate's profit from continuing operations after income tax expense		30,368	263,266
	Share of associates profit from discontinued operations after income tax expense		-	86,504
	Share of associate's profit after income tax		30,368	349,770
(c)	**Summarised presentation of aggregate assets, liabilities and performance of associates**			
	Current assets		3,853,896	3,660,940
	Non-current assets		333,376	466,208
	Total assets		4,187,272	4,127,148
	Current liabilities		1,766,467	1,768,418
	Non-current liabilities		1,154,902	867,641
	Total liabilities		2,921,369	2,636,059
	Net assets		1,265,903	1,491,089
	Revenues		5,574,830	6,077,790
	Profit after income tax of associates		30,368	349,770

Note 18 Controlled Entities

	Country of Incorporation	Percentage Owned (%)* 2012	2011
Subsidiaries of Oldfields Holdings Limited:			
Oldfields Pty Limited	Australia	100%	100%
Oldfields Advance Scaffold Pty Limited	Australia	100%	100%
Oldfields Administration Pty Limited	Australia	100%	100%
Oldfields International Pty Limited	Australia	100%	100%
Advantage Contracting Pty Limited	Australia	100%	100%
Advantage Scaffolding Pty Limited	Australia	100%	100%
Shed Holdings Pty Limited	Australia	100%	100%
Advance Scaffold Solutions Pty Limited	Australia	100%	100%
NOST Investments Pty limited	Australia	100%	100%
Subsidiaries of Oldfields Pty Limited:			
Midco Pty Limited	Australia	100%	100%
Subsidiaries of Oldfields Advance Scaffold Pty Limited:			
Adelaide Scaffold Solutions Pty Limited	Australia	60%	60%
Subsidiaries of Oldfields Administration Pty Limited:			
National Office Service Trust	Australia	100%	100%
Subsidiaries of NOST Investments Pty Limited:			
H & O Products Pty Limited	Australia	75%	75%
Subsidiaries of Oldfields International Pty Limited:			
Oldfields (NZ) Limited	New Zealand	100%	100%
Oldfields Paint Applications (NZ) Limited	New Zealand	100%	100%
Oldfields USA Incorporated	USA	100%	100%
Scaffold Management Systems Pty Limited	Australia	100%	100%
Subsidiaries of Shed Holdings Pty Limited:			
Backyard Installations Pty Limited	Australia	100%	100%
Sheds Plus Pty Limited	Australia	100%	100%
Adelaide Garden Sheds Pty Limited	Australia	100%	100%
Subsidiaries of Advance Scaffold Solutions Pty Limited:			
Scaffold The World Pty Limited	Australia	100%	100%
Foshan Advcorp Pty Limited	China	100%	100%

* Percentage of voting power is in proportion to ownership

Note 19 Property, Plant and Equipment

	Consolidated Group 2012 $	Consolidated Group 2011 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	13,092,857	13,524,740
Accumulated depreciation	(4,838,579)	(4,656,679)
	8,254,278	8,868,061
Leasehold improvements		
At cost	340,404	321,665
Accumulated amortisation	(219,646)	(175,666)
Total Leasehold Improvements	120,758	145,999
Motor vehicles:		
At cost	2,496,987	2,539,179
Accumulated depreciation	(1,891,846)	(1,896,995)
	605,141	642,184
Total property, plant and equipment	8,980,177	9,656,244

Included in the plant and equipment balance is scaffold equipment for hire held by Oldfields Advance Scaffold Pty Ltd and Adelaide Scaffold Solutions Pty Ltd amounting to $7,354,305 (2011: $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 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 increments / (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
Additions	-	18,738	369,417	258,603	646,758
Disposals	-	-	(291,817)	(1,544)	(293,361)
Revaluation increments / (decrements)	-	-	5,701	2,489	8,190
Depreciation expense	-	(43,979)	(668,817)	(324,858)	(1,037,654)
Reclassification of assets	-	-	(28,267)	28,267	-
Balance at 30 June 2012	-	120,758	8,254,278	605,141	8,980,177

(b) **Impairment Losses**

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

Note 20 Investment Property

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
Balance at beginning of year		-	2,205,320
Fair value adjustments		-	(339,792)
Reclassification as assets held for sale	15	-	(1,865,528)
Balance at end of year		-	-

A contract for the sale of the property held at St Marys New South Wales was settled on 21 October 2011. The consideration from the sale of this property was used to reduce the overall debt of the Group.

Note 21 Intangible Assets

	Consolidated Group 2012 $	Consolidated Group 2011 $
Goodwill		
Cost	5,160,370	5,160,370
Accumulated impaired losses	(4,181,376)	(4,181,376)
Net carrying amount	978,994	978,994
Trademarks and licences		
Cost	237,264	237,264
Accumulated amortisation and impairment losses	(190,833)	(172,496)
Net carrying amount	46,431	64,768
Software and other intangibles at cost	421,730	206,289
Accumulated amortisation	(247,367)	(130,062)
Impairment	(50,599)	-
Net carrying amount	123,764	76,227
Total intangibles	1,149,189	1,119,989

Consolidated Group:

	Goodwill $	Trademarks & Licences $	Software & Other $	Total $
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)
	978,994	64,768	76,227	1,119,989
Year ended 30 June 2012				
Balance at the beginning of year	978,994	64,768	76,227	1,119,989
Additions	-	-	132,497	132,497
Disposals	-	-	(1,675)	(1,675)
Amortisation charge	-	(18,337)	(32,686)	(51,023)
Impairment losses	-	-	(50,599)	(50,599)
Closing value at 30 June 2012	978,994	46,431	123,764	1,149,189

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of comprehensive income. Goodwill has an indefinite useful life.

Impairment disclosures

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

	2012 $	2011 $
Wholesale/retail segment	140,565	140,565
Scaffold segment	838,429	838,429
Total	978,994	978,994

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%	13.02%
Scaffold segment	3.00%	12.71%

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. No reasonable change to the key assumptions would cause the recoverable amount to exceed the carrying value of goodwill.

Note 22 Trade and Other Payables

	Note	Consolidated Group 2012 $	2011 $
CURRENT			
Unsecured liabilities			
Trade payables		1,997,321	3,073,808
Trade finance facility		986,027	946,011
Sundry payables and accrued expenses		788,802	990,879
Amounts payable to related parties			
— associated companies	34	942	4,575
		3,773,092	5,015,273

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

	Note	2012 $	2011 $
Trade and other payables			
— Total current		3,773,092	5,015,273
— Total non-current		-	-
Financial liabilities as trade and other payables	35	3,773,092	5,015,273

Note 23 Borrowings

	Note	Consolidated Group 2012 $	2011 $
CURRENT			
Unsecured liabilities			
Directors' loan		153,582	-
Secured liabilities			
Bank overdrafts	23a	453,443	326,344
Bank loans	23a	13,646,095	16,750,966
Hire purchase liabilities	23a	289,043	496,082
Total current borrowings		14,542,163	17,573,392
NON-CURRENT			
Unsecured liabilities			
Other related parties		174,750	139,750
Secured liabilities			
Hire purchase liabilities	23a	223,573	224,788
Total non-current borrowings		398,323	364,538
Total borrowings	35	14,940,486	17,937,930

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

	Note	2012 $	2011 $
Bank overdraft	11	453,443	326,344
Bank loan		13,646,095	16,750,966
Hire purchase liabilities		512,616	720,870
		14,612,154	17,798,180

(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 2012 and no formal offer had been received prior to the end of the year, the Group did not satisfy the AASB101 requirement.

(c) 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) During the year, the Group continued to breach its interest cover ratio covenant on a monthly basis for which a debt forbearance agreement was received from the debt provider until 31 October 2012.

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

	2012 $	2011 $
Investment property classified as available for sale	-	2,199,396
Fixed and floating charge over assets, including listed investments at market	20,563,309	24,594,591
	20,563,309	26,793,987

(f) On 30 August 2012, the Group signed a new banking facility agreement with it's existing debt provider that will extend to June 2015.

Note 23 Borrowings (continued)

(f) **Collateral provided**

The bank overdrafts of the Group are secured by a floating charge over the assets of the Group.
Hire purchase liabilities are secured by the underlying 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 2012 $	Consolidated Group 2011 $
Cash and cash equivalents	11	384,321	757,753
Trade receivables	12	3,832,690	4,207,245
Total financial assets pledged		4,217,011	4,964,998

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

(g) **Deed of cross guarantee**

Oldfields Holdings Limited and its Australian controlled entities have entered into a deed of cross guarantee under which the company and it's subsidiaries guarantee the debts of each other.

Note 24 Tax

	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT ASSETS		
Income tax receivable	14,907	-
	14,907	-
CURRENT LIABILITIES		
Income tax payable	2,731	83,513
	2,731	83,513

NON-CURRENT **Consolidated Group**	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax liability			
Other	-	359	359
Balance at 30 June 2011	-	359	359
Other	359	6,453	6,812
Balance at 30 June 2012	359	6,453	6,812
Deferred tax assets			
Provisions	59,347	(24,017)	35,330
Other	1,684	(1,684)	-
Balance at 30 June 2011	61,031	(25,701)	35,330
Provisions	35,330	6,099	41,429
Balance at 30 June 2012	35,330	6,099	41,429

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 -$80,599 (2011: $215,208)
- tax losses: operating losses $3,250,345 (2011: $2,306,536)

Note 25 Provisions

	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT		
Short-term Employee Benefits		
Opening balance at 1 July 2011	985,191	1,073,214
Additional provisions	654,476	570,467
Amounts used	(639,422)	(658,490)
Balance at 30 June 2012	1,000,245	985,191
Other		
Opening balance at 1 July 2011	-	78,633
Amounts used	-	(78,633)
Balance at 30 June 2012	-	-
Total	1,000,245	985,191

	Consolidated Group 2012 $	Consolidated Group 2011 $
NON CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2011	65,253	147,347
Additional provisions	16,548	(42,914)
Amounts used	-	(39,180)
Balance at 30 June 2012	81,801	65,253

Analysis of Total Provisions

	Consolidated Group 2012 $	Consolidated Group 2011 $
Current	1,000,245	985,191
Non-current	81,801	65,253
	1,082,046	1,050,444

Provision for Employee Benefits

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

Other provisions in the prior year relate to redundancy payments on winding up H&O Products Pty Ltd.

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(o).

Note 26 Derivatives

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Forward exchange contracts		2,042	11,931
	35	2,042	11,931

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 27 Issued Capital

	Consolidated Group	
	2012	2011
	$	$
56,043,605 (2011: 56,043,605) fully paid ordinary shares	18,751,301	18,751,301
	18,751,301	18,751,301

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

(a) Ordinary Shares

	Consolidated Group	
	2012	2011
	No.	No.
At the beginning of the reporting period	56,043,605	27,995,763
Shares issued during the year		
— 21 July 2010	-	5,067,308
— 30 November 2010	-	22,980,534
At the end of the reporting period	56,043,605	56,043,605

On 21 July 2010, the company issued 5,067,308 ordinary shares at $0.17 each to shareholders on the basis of 1 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 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. 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) Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value 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 23.

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 2012 and 30 June 2011 are as follows:

		Consolidated Group	
		2012	2011
	Note	$	$
Total borrowings	22, 23	18,713,578	22,953,203
Less cash and cash equivalents	11	(384,321)	(757,753)
Net debt		18,329,257	22,195,450
Total equity		756,100	2,694,537
Total capital		19,085,357	24,889,987
Gearing ratio		96%	89%

Note 28 Capital and Leasing Commitments

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
(a) **Finance Lease Commitments**			
Payable — minimum lease payments			
— not later than 12 months		324,105	549,033
— between 12 months and 5 years		252,008	243,369
— later than 5 years		-	-
Minimum lease payments		576,113	792,402
Less future finance charges		(63,497)	(71,531)
Present value of minimum lease payments	23	512,616	720,871

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

	Consolidated Group 2012 $	Consolidated Group 2011 $
(b) **Operating Lease Commitments**		
Non-cancellable operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	782,548	1,143,839
— between 12 months and 5 years	923,843	1,519,438
— later than 5 years	-	-
	1,706,391	2,663,277

The property leases are non-cancellable leases with a 3-5 year terms, with rent payable monthly in advance. Contingent rental provisions within the lease agreements require that minimum lease payments shall be increased by the lower of the change in the consumer price index (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 2012 or 30 June 2011.

Note 30 Operating Segments

General 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 as 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 prior 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. This segment ceased operation during the year with the sale of properties at Archerfield, Queensland and St Marys, New South Wales.

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, being the chief operating decision makers 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 of 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.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs. If intersegment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates. This policy represents a departure from that applied to the statutory financial statements.

(c) **Segment assets**

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most 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 2012	**Wholesale Retail $**	**Scaffolding $**	**Consumer $**	**Property $**	**Corporate $**	**Total $**
Continuing operations:						
Revenue						
External sales	12,373,978	16,536,779	-	-	-	28,910,757
Other revenue	194,110	68,524	-	-	3,666,247	3,928,881
Inter-segment sales	-	-	-	-	-	(3,793,725)
Total group revenue	12,568,088	16,605,303	-	-	3,666,247	29,045,913
Reconciliation of segment result to group net loss before tax						
Segment net loss before tax	(587,410)	(952,767)	-	-	(7,073)	(1,547,250)
Inter-segment elimination						3,270
Net loss before tax from continuing operations						(1,543,980)
Share of net profit from associates after tax	30,368	-	-	-	-	30,368
Impairment losses	(7,726)	(50,599)	-	-	-	(58,325)
Discontinued operations:						
Revenue						
Other revenue	-	-	-	65,128	-	65,128
Total group revenue	-	-	-	65,128	-	65,128
Segment net loss before tax from discontinued operations	3,633	-	-	(99,222)	-	(95,589)

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	343,371	33,246	-	7,251,467	7,959,463
Inter-segment sales	-	-	-	-	-	(7,467,777)
Total group revenue	12,324,356	19,017,089	33,246	-	7,251,467	31,158,381
Reconciliation of segment result to group net profit/(loss) before tax						
Segment net profit/(loss) before tax	(2,526,855)	(386,473)	(126,071)	-	2,259,489	(779,910)
Inter-segment elimination						66,785
Net loss before tax from continuing operations						(713,125)
Share of net profit from associates after tax	263,226	-	-	-	-	263,226
Impairment losses	-	(45,760)	-	-	-	(45,760)
Discontinued operations:						
Revenue						
External sales	1,745,003	-	1,025,342	-	-	2,770,345
Other revenue	2,127	-	809,067	287,515	-	1,098,709
Total group revenue	1,747,130	-	1,834,409	287,515	-	3,869,054
Segment net loss before tax from discontinued operations	(1,340,388)	-	(19,915)	(661,714)	-	(2,022,017)

Note 30 Operating Segments (continued)

(ii) **Segment assets**

30 June 2012	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment assets	7,276,341	13,971,350	-	-	4,475,839	25,723,530
Intersegment eliminations						(5,160,221)
Total group assets						20,563,309
Included in segment assets are:						
— Equity accounted associates and joint ventures	1,265,903	-	-	-	-	1,265,903

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
Included in segment assets are:						
— Equity accounted associates and joint ventures	1,491,089	-	-	-	-	1,491,089

(iii) **Segment liabilities**

30 June 2012	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Segment liabilities	(6,497,946)	(4,312,328)	-	66,605	(7,120,605)	(17,864,274)
Intersegment eliminations						(1,942,935)
Total group liabilities						(19,807,209)

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)

(iv) **Revenue by geographical region**

Revenue, including revenue from discontinued operations, attributable to external customers is disclosed below, based on the location of the external customer:

30 June 2012	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Domestic	11,329,583	16,014,039	-	65,128	3,666,247	31,074,997
International	1,238,505	591,264	-	-	-	1,829,769
Inter-segment elimination	-	-	-	-	-	(3,793,725)
Total revenue	12,568,088	16,605,303	-	65,128	3,666,247	29,111,041

30 June 2011	Wholesale Retail $	Scaffolding $	Consumer $	Property $	Corporate $	Total $
Domestic	12,730,750	18,279,147	1,867,655	287,515	7,251,467	40,416,534
International	1,340,736	737,942	-	-	-	2,078,678
Inter-segment elimination	-	-	-	-	-	(7,467,777)
Total revenue	14,071,486	19,017,089	1,867,655	287,515	7,251,467	35,027,435

Note 31 Cash Flow Information

	Consolidated Group	
	2012	2011
	$	$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(1,744,035)	(3,021,043)
Non-cash flows in loss		
Depreciation and amortisation	1,091,092	1,248,522
Accrued interest charges	525,186	226,017
Net loss on disposal of property, plant and equipment	130,843	570,555
Unrealised exchange gains/losses	44,751	(109,438)
Write back of loans to related parties	-	(990,649)
Net loss on disposal of investment in associate	-	751,399
Net loss on revaluation of investment property	-	393,354
Write back prior year revenue accrued	-	57,137
Write back of prior year provision for dividend	-	16,673
Write back of prior year accrual of interest payable	-	(2,710)
Impairment loss	58,325	77,596
Share of associated companies net profit after income tax and dividends	(34,001)	(362,335)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	471,282	(1,924,102)
(Increase)/decrease in prepayments and other current assets	(153,905)	1,417,461
(Increase)/decrease in inventories	808,750	(1,150,650)
Increase/(decrease) in trade payables and accruals	(1,020,260)	1,399,070
Increase/(decrease) in income taxes payable	(95,690)	14,420
Increase/(decrease) in deferred taxes payable	354	(26,060)
Increase/(decrease) in provisions	31,602	248,750
Cash flow from operations	114,294	(1,166,033)

Note 32 Share-based Payments

A summary of the movements of all company options issued is as follows:

	Consolidated Group	
	Number	Weighted average exercise price
Options outstanding as at 30 June 2010	350,000	1.20
Options outstanding as at 30 June 2011	350,000	
Expired	(350,000)	
Options outstanding as at 30 June 2012	-	
Options exercisable as at 30 June 2012:	-	
Options exercisable as at 30 June 2011:	350,000	

Note 33 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period:

- On 30 August 2012, the Group signed a new finance facility agreement with its existing debt provider that will extend to June 2015. As part of this agreement the Group will buy back $10 million of debt for a consideration $5 million. The total consideration to buy back the debt will be funded through a capital raising which involves the issue of new equity, subordinate senior loan notes or a combination of both. In addition to the debt buy back, the debt provider will swap senior debt for a Deferred Senior Loan Note (DSLN) for approximately $2,500,000 with a 10 year maturity. The main terms of this loan

- The DSLN is secured against assets of the Group;
- Interest will be capitalised and paid either on termination or early repayment;
- If the DSLN is repaid or partially repaid within the first 5 years, it will attract interest at 12% pa;
- If the DSLN is repaid or partially repaid after the first 5 years, the amount of interest paid will be dependent upon the share price of the company, but capped at 12% pa;
- In the event that the weighted average share price of the company is the same or below the issue price of the capital raised at the time of repayment after the first 5 years, the only payment due will be the original debt;
- The DSLN noteholder will be entitled to any dividend payments made by the company;
- Entitlement to dividends will be based on the value of the DSLN divided by the issue price of the rights issue; and
- Other normal conditions apply in respect to meeting gearing and interest cover ratios.

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 that 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 7: Interests of Key Management Personnel Compensation.

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 17: Associated Companies.

iv. **Other Related Parties**

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(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	
		2012	2011
		$	$
i	**Associated Companies**		
	Sales of Treco Garden Sheds by Oldfields Pty Ltd to Brisbane Garden Sheds	-	364,223
	Purchase of paint application products by Oldfields Pty Ltd from Enduring Enterprises	787,466	1,552,037
	Interest paid to Enduring Enterprises	45,828	2,295
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	233,376
	Interest paid to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	37,767	54,000
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		
	Balance at the beginning of the year	139,750	299,750
	Loans advanced	60,000	-
	Loan repayment received	(25,000)	(160,000)
	Balance at the end of the year	174,750	139,750

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

Loan payable to Timms & Timms Superannuation Fund, being a related party of William Lewis Timms (non-executive director)		
Loans advanced during the year	150,000	-
Interest accrued	3,582	-
Balance at the end of the year	153,582	-

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:

		Consolidated Group	
		2012	2011
	Note	$	$
Financial Assets			
Cash and cash equivalents	11	384,321	757,753
Loans and receivables	12b, 14a	3,981,152	6,020,738
Total Financial Assets		4,365,473	6,778,491
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	22	2,787,065	4,069,262
— Trade Finance Facility	22	986,027	946,011
— Borrowings	23	14,940,486	17,937,930
— Derivative Instruments	26	2,042	11,931
Total Financial Liabilities		18,715,620	22,965,134

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. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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 invoice date.

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 amount 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 (refer Note 12(a) for details).

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

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.

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 analyses 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 with the next annual review date being 31 July 2013. 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	
	2012	2011	2012	2011	2012	2011	2012	2011
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	14,099,538	17,077,310	-	-	-	-	14,099,538	17,077,310
Trade and other payables	3,773,092	5,015,273	-	-	-	-	3,773,092	5,015,273
Amounts payable to related parties	153,582	-	174,750	139,750	-	-	328,332	139,750
Financial lease liabilities	289,043	496,082	223,573	224,788	-	-	512,616	720,870
Forward exchange contracts	2,042	11,931						
Total contractual outflows	18,317,297	22,600,596	398,323	364,538	-	-	18,713,578	22,953,203
Less bank overdrafts	(453,443)	(326,344)					(453,443)	(326,344)
Total expected outflows	17,863,854	22,274,252	398,323	364,538	-	-	18,260,135	22,626,859

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	384,321	757,753	-	-	-	-	384,321	757,753
Trade, term and loans receivables	3,981,152	6,020,738	-	-	-	-	3,981,152	6,020,738
Total anticipated inflows	4,365,473	6,778,491	-	-	-	-	4,365,473	6,778,491
Net outflow on financial instruments	(13,498,381)	(15,495,761)	(398,323)	(364,538)	-	-	(13,894,662)	(15,848,368)

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 23(e) 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 here appropriate to the value of up to 100% of it's US dollar requirements over a maximum 90-day period.

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 the end of the reporting period 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 2012	**$**	**$**
+/- 2% in interest rates	325,266	325,266
+/- 5% in $A/$US	223,285	223,285

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2011	**$**	**$**
+/- 2% in interest rates	355,964	355,964
+/- 5% in $A/$US	274,229	274,229

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Note 35 Financial Risk Management (continued)

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 amounts as presented in the statement of financial position. Fair value is the amount 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 amounts 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 (ie term receivables, held-to-maturity assets, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

	2012		2011	
Consolidated Group	Carrying Amount $	Fair Value $	Carrying Amount $	Fair Value $
Financial assets				
Cash and cash equivalents	384,321	384,321	757,753	757,753
Trade and other receivables	3,832,690	3,832,690	4,207,245	4,207,245
Loans and advances - related parties	-	-	96,727	96,727
Investments in associated entities	1,265,903	1,265,903	1,491,089	1,491,089
Total financial assets	5,482,914	5,482,914	6,552,814	6,552,814
Financial liabilities				
Trade and other payables	3,773,092	3,773,092	5,015,273	5,015,273
Hire purchase liabilities	512,616	512,616	720,870	720,870
Derivative liabilities	2,042	2,042	11,931	11,931
Other related parties	328,332	328,332	139,750	139,750
Bank debt	14,099,538	14,099,538	17,077,310	17,077,310
Total financial liabilities	18,715,620	18,715,620	22,965,134	22,965,134

Note 36 Reserves

a. **Asset Revaluation Reserve**
The revaluation reserve 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 cash flow hedge reserve records revaluations of items designated as cash flow hedges.

Note 37 Company Details

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

The principal place of business is:
Oldfields Holdings Limited
8 Farrow Road, Campbelltown, NSW, 2560

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

In accordance with a resolution of the directors of Oldfields Holdings Limited, the directors of the company declare that:

1. the financial statements and notes 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 compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group;
2. 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;
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

The company and its Australian wholly-owned entities have entered into a deed of cross guarantee under which the company and it's subsidiaries guarantee the debts of each other.

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

Director C. M. Giles

Christopher Michael Giles

Dated this 31st day of August 2012

Tel: 61 2 9251 4100
Fax: 61 2 9240 9821
www.bdo.com.au

Level 10, 1 Margaret St
Sydney NSW 2000
Australia

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 2012, 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 and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 gives a true and fair view and 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Oldfields Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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 2012 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 also comply with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 'Going Concern' in the financial report, which indicates that the consolidated entity incurred a net loss of $1,744,035 during the year ended 30 June 2012 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by $10,193,662. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 8 of the directors' report for the year ended 30 June 2012. 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 for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Paul Bull
Partner
31 August 2012
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 30 June 2012:

1. **Shareholding**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary	Number Redeemable
1 – 1,000	71	Nil
1,001 – 5,000	83	Nil
5,001 – 10,000	31	Nil
10,001 – 100,000	87	Nil
100,001 – and over	42	Nil
	314	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
Ufba Pty Ltd	6,000,000	Nil
Lymgrange and related parties	4,801,228	Nil
Starball and related parties	3,595,484	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	35.1%
2.	Ufba Pty Ltd	6,000,000	10.7%
3.	Lymgrange and related parties	4,801,228	8.6%
4.	Starball and related parties	3,595,484	6.4%
5.	Mr Rodney Boyce Hass	2,310,582	4.1%
6.	Dixson Trust Pty Limited	2,000,000	3.6%
7.	Mr Warwick Every-Burns &	1,500,000	2.7%
8.	Myall Resources Pty Ltd	1,400,000	2.5%
9.	Oceanridge Limited	1,250,000	2.2%
10.	Benger Superannuation Pty	1,157,698	2.1%
11.	Dr Gordon Bradley Elkington	763,554	1.4%
12.	Locope Pty Ltd	751,500	1.3%
13.	Mr Christopher Michael Giles	700,000	1.2%
14.	Mr Paul John Simpson	700,000	1.2%
15.	Luton Pty Ltd	679,887	1.2%
16.	The Genuine Snake Oil Company	527,560	0.9%
17.	Mr Brian Garfield Benger	520,000	0.9%
18.	Mr Mark Sheffield Hancock &	500,000	0.9%
19.	Sanperez Pty Ltd	500,000	0.9%
20.	Kon Holdings Pty Limited	329,218	0.6%
		49,678,975	88.6%

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 addresses
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**

There are no unquoted or unissued 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 2012 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 chairman should be an independent director.	The recommended practice is adopted.
Recommendation 2.3	The chairman 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 is adopted.
Recommendation 3.3	Adopt measurable diversity targets.	The recommended practice is adopted.
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 chairman 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 senior executive level for that compliance and disclose those policies or a summary of those	The recommended practice is adopted. The policy is disclosed.

CORPORATE GOVERNANCE STATEMENT

Recommendation	Recommended Practice	Oldfields' Practice
	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 chairman 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 three directors, comprising two non-executive directors, including the chairman, and one executive director.

The board has adopted the following principles:

- The same individual should not exercise the roles of chairman 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 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 chairman 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 shareholder; and
- Ray Titman: appointed 23rd July 2010, resigned 29 February 2012, formerly an executive director and shareholder.

The board manages the risk of having a majority of non-independent directors through the provision of a well-qualified independent chairman, 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 chairman, Julie Garland McLellan is an independent director.

Recommendation 2.3 – The chairman 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 2013. The chairman 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	14	14
Christopher Michael Giles	14	14
William Lewis Timms	14	14
Raymond John Titman	8	8

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 chairman. If the chairman 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.

During the year, the board adopted a diversity policy. The policy includes 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 current objectives for achieving gender diversity are as follows:

Measurable Objectives	Progress
All job advertisements to specify that Oldfields is an equal opportunity employer and welcomes applications irrespective of the applicants' gender, race, etc.	To be audited in June 2013
All shortlists for employment positions in the top three levels of management and for board positions to include at least one female applicant, where possible.	To be audited in June 2013
All shortlisted applicants to be interviewed by a female as well as a male staff member prior to a final decision on employment, where possible.	To be audited in June 2013
Develop online diversity training module (including discrimination, bullying and harassment) for all employees by Dec 2012.	All staff currently trained through induction face to face and paper based training.

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 2012 is:

	No. of Women	No. of Men	% of Women
Board	1	2	33
Corporate	9	4	70
Sales	5	12	29
Paint Applications	6	5	55
Sheds Division	2	10	17
Scaffolding	7	49	1
Scaffolding - China	9	19	32
Total	39	101	28

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.
A copy of the Diversity Policy can be obtained from the Corporate Governance section of the Oldfields website.
The proportion of women within the company is disclosed.

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 chairman. It is recommended that the chairman of the audit committee is not the chairman of the board. In the case of Oldfields Holdings Limited, there are only two non-executive directors on the board. One is chairman 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 chairman 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 chairman of the board being chairman 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 chairman 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 (Chairman); 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.

A Work Health and Safety Committee has been established to monitor and recommend changes to safe working practices and a safe working environment. The chairman 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, CFO 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:

- Work 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 a Work 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.