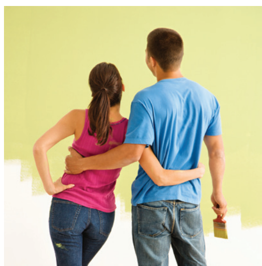
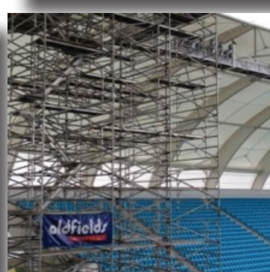
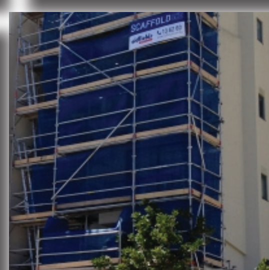
oldfields
HOLDINGS LIMITED

54th Annual Report 2013



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OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

ABN: 92 000 307 988

Financial Report For The Year Ended
30 June 2013

OLDFIELDS HOLDINGS LIMITED
AND CONTROLLED ENTITIES

ABN: 92 000 307 988

Financial Report For The Year Ended 30 June 2013

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

APPENDIX 4E –FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

Results for announcement to market			
Key Information	**2013 $000**	**2012 $000**	**% Change**
Revenue from continuing activities	26,644	28,833	-7.6%
Earnings before interest, tax, depreciation and amortisation	954	873	9.3%
Profit/(loss) after tax from continuing operations	4,640	(1,683)	N/A
Loss from discontinued operations after tax	-	(61)	100%
Profit/(loss) attributable to members of the parent entity	4,487	(1,814)	N/A

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

Statement of profit and loss and other comprehensive income with notes to the statement
Refer to page 10 of the 30 June 2013 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 2013 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 2013 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 2013 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			
	2013 $000	**2012 $000**	**% Change**
Net assets	7,634	756	909.7%
Net assets per share	9.0 cents	1.0 cents	
Net tangible assets	6,458	(393)	N/A
Net tangible assets per share	7.9 cents	(0.8) cents	

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

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

APPENDIX 4E –FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2013

Investment in associates and joint ventures				
	% held		**Value ($)**	
Material investments in associates and joint ventures are as follows:	**2013**	**2012**	**2013**	**2012**
PT Ace Oldfields	34%	49%	774,066	1,064,127
Enduring Enterprises	34%	49%	(6,687)	51,872
Honeytree & Partners	34%	49%	107,648	149,904
Brisbane Garden Sheds Pty Ltd	0%	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 $2,057 (2012: $30,368).				

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 2013 financial report and accompanying notes for Oldfields Holdings Limited and Controlled Entities have been audited. Refer to page 42 of the 30 June 2013 financial report and accompanying notes for Oldfields Holdings Limited.

Christopher Giles

Chief Executive Officer **29 August 2013**

DIRECTORS' REPORT

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 2013.

Directors

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

Christopher Michael Giles	Appointed	24 September 2010		
William Lewis Timms	Appointed	18 December 2009		
Stephen Charles Hooper	Appointed	23 May 2013		
Julie Garland McLellan	Appointed	1 March 2011	Resigned	23 May 2013

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 and painters tools;
- manufacturing, marketing and exporting of garden sheds, outdoor storage systems, aviaries 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 2013 was $26,644,174 (2012: $28,832,631) which was down 7.6% from the prior year. The consolidated net profit after tax attributable to members of the parent entity was $4,486,973 (2012 loss $1,813,981). This result includes other income of $5.5million from the buy-back of senior debt where the Group purchased $8million of debt from its primary lender for a payment of $2.5million. Gross margins improved from 48.3% to 48.7%, which was primarily attributable to efficiency gains and improved labour utilisation in the scaffold division. Operating overhead cost savings of $1,090,943 were achieved during the year which helped offset the impact of lower revenue.

Excluding other income from the debt buy-back, the Group made a net loss from continuing operations after tax of $860,247 (2012: $1,682,305). Whilst the loss was significantly lower than in the prior year, the result was still unsatisfactory, however investments were made during the year in new products, packaging, and marketing materials and efficiency improvements in business processes. These initiatives will drive profitable growth in the coming year which will accelerate when activity increases in the building and construction industry.

Net debt has reduced substantially over the past 12 months as a result of the debt buy-back completed in December 2012, lower interest rates and asset sales in the prior year. Cash interest bearing debt reduced from $14,556,165 as at 30 June 2012 to $4,772,174 as at 30 June 2013. This reduction resulted in a decrease of $813,478 in borrowing costs for the year.

Cash interest bearing debt comprises of:

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Cash and cash equivalents	11	(677,404)	(384,321)
Bank overdraft	21	855,184	453,443
Hire purchase liabilities	21	531,282	512,616
Bank loans	21	3,919,902	13,646,095
Loans from related parties	21	143,750	328,332
		4,772,714	**14,556,165**

Cash inflow from operating activities was $1,064,247 for the year, compared to $114,294 in the prior year. Improving the operating cash flow has been a major area of focus for the Group over the last 12 months, with the improvement this year being primarily from more efficient working capital management and lower interest payments.

In order to combat the slowdown in the building and construction industry, a continued focus on driving efficiencies needed to be made during the year. These efficiency initiatives resulted in reduced distribution expenses of $235,047 and was primarily from the scaffold division, which is still well positioned in the market to benefit from an uplift in activity in the building and construction industry when this occurs. Early in the year a full review was made of administrative costs and a number of efficiency savings were made. These savings are being reinvested back into the business to drive growth. The focus going forward will be achieving top line profitable growth through increasing the geographic coverage for our scaffolding business, the launch of a channel differentiated range of products for the paint applications business and the development of new sales channels for the garden sheds business.

Financial Position

The net assets of the consolidated group have increased by $6,878,315 from $756,100 as at 30 June 2012 to $7,634,415 as at 30 June 2013. This increase is largely due to the refinancing of the company's debt during the year, partially offset by the net loss from operations for the year.

Operating Results and Review of Operations for the year (continued)

Statement of Profit and Loss

	2013 $000's	2012 $000's	Change %	2011 $000's
Sales revenue	26,644	28,833	-7.6%	30,588
Gross profit (excluding depreciation and amortisation)	12,969	13,938	-6.9%	15,081
Gross Margin %	*48.7%*	*48.3%*	+40 bps	*49.3%*
Operating expenses (excluding depreciation and amortisation)	(12,218)	(13,308)	-8.2%	(14,020)
Other	202	244	-17.1%	788
Earnings before interest, tax, depreciation and amortisation (EBITDA) *	**954**	**873**	**9.3%**	**1,849**
Depreciation and amortisation	(1,034)	(1,089)	-5.0%	(1,172)
Earnings before interest and tax (EBIT) *	**(80)**	**(216)**	**-62.7%**	**677**
Interest expense	(515)	(1,328)	-61.3%	(1,390)
Income tax expense	(167)	(139)	20.5%	(561)
Revaluation of deferred senior loan note	(98)	-	N/A	-
Loss after tax from continuing operations	**(860)**	**(1,682)**	**-48.9%**	**(1,274)**
Debt buy-back	5,500	-	N/A	-
Loss for the year from discontinued operations after tax	-	(61)	-100.0%	(1,747)
Net profit/(loss) for the year	**4,640**	**(1,744)**	**N/A**	**(3,021)**
Net cash provided by operating activities	**1,064**	**114**	**831.1%**	**(1,166)**
Earnings per share (excluding debt buy-back)**	($0.01)	($0.03)	-54.9%	($0.06)
Net assets per share	$0.09	$0.01	588.6%	$0.05

*** Calculations above exclude the one-off $5.5million debt buy back and revaluation of the derivative element of the deferred senior loan note**

**** Calculations of earnings per share are based on a weighted average number of shares (refer note 10) and exclude the one-off $5.5million debt buy-back.**

Review of Operations

(i) Consumer Products Division

Paint Applications

Revenue for paint applications was in line with the prior year. Whilst the division has benefited from the new retail landscape in the hardware market, revenue declines have been experienced in the professional painting market and was impacted by the decline in new building approvals during the year. In addition to this, a private label contract was lost during the year which impacted top line revenue growth but with minimal impact on profitability.

The division has benefited from investment in modernising the brand, new products, and new marketing materials. The division is also continuing to invest in creating channel differentiation amongst its product range, which will provide a point of difference between the professional and do-it-yourself (DIY) markets. New packaging and products launched to date have received excellent customer feedback and this is expected to continue in the coming year with more products being updated.

Progress made during the year will provide a good base for future profitable growth. To support the new products launched during the year, a full marketing support program is in place to ensure the ongoing success of these products. A supplier rationalisation program was also undertaken, with the number of suppliers reduced. This has allowed the division to negotiate better costs, reduced logistics costs and improved inventory management. Staff training for all sales staff was completed during the year and new customer service initiatives were put in place for a telemarketing function to be implemented in the coming year.

Treco Garden Sheds

The garden shed division declined in the last year. Domestic sales reduced as a result of continued decline in discretionary consumer spending and the lack of distribution in major hardware retail outlets. Revenue growth in the international market was significantly impacted by the high Australian dollar, however subsequent to year end, there appears to be some uplift in sales in the European market following the decline of the Australian dollar.

The garden shed division has recently undergone some management changes and a renewed focus is being made to generate increased revenue and profitability, particularly in the domestic market with a clear focus on gaining additional retail distribution.

Review of Operations (continued)

(ii) Scaffold Division

Total revenue in the scaffold division was down 9.6% compared to prior year, primarily due to a decline in sales of scaffolding equipment due to a large one off sale received in early 2012 which was not repeated in the current year. Gross margins from this division improved further this year and operating overheads were reduced which improved profitability considerably on an earnings before interest and tax (EBIT) basis. There was an increase in the demand for scaffolding hire in the second half of the year as activity showed signs of a recovery in some areas. The scaffolding division continues to focus on customer service, quality, and costs; the benefits of which are being seen as many new accounts have become regular customers. This year, the division was also impacted by a customer in South Australia being placed into administration which resulted in a bad debt of $83,647.

Activity in the building and construction industry appears to have increased recently, particularly in south east Queensland, Sydney, and South Australia. Victoria, Western Australia and Newcastle remain stable. Construction activity, particularly in Victoria and Western Australia has been quiet for some time and competitive activity is intense in the scaffold hire and sales industry.

Changes to Workplace, Health and Safety legislations in New South Wales and Queensland were expected to provide an uplift in sales of scaffolding for the financial year, however as a result of lower business activity these increased sales have not yet materialised. It is expected that when building activity increases further, the need for additional scaffolding to comply with the new legislation requirements from hire industry customers will eventuate.

Future Developments, Prospects and Business Strategies

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

- Continued investment in new products and branding in the paint applications division;
- Development of a clearly differentiated product range of products for the paint specialist market;
- Expansion of domestic coverage of the scaffold division with new distributors in areas not currently covered;
- Increase the international footprint of the scaffold division by working closer with current distributors as they move into new countries; and
- Leverage new landscape of the DIY hardware market to grow the garden sheds division domestically.

Significant Changes in State of Affairs

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

Dividends Paid or Recommended

Dividends paid or declared for payment during the financial year are as follows:

Dividends paid to non-controlling interest during the financial year ended 30 June 2013 were $148,512.

Events after the Reporting Period

There have been no significant events after the end of the reporting period.

Information on Directors

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	—	1,400,000 shares held
William Lewis Timms	—	Non-executive Director and Chairman (Appointed 18 December 2009)
Qualifications	—	Bachelor of Business (Accounting and Audit), Real Estate and Business Agent.
Experience	—	25 years experience in accounting and audit, 20 years experience in commercial real estate and project management
Interest in Shares and Options	—	39,384,528 shares held
Special Responsibilities	—	Member of the Audit Committee and Member of the Remuneration Committee
Stephen Charles Hooper	—	Non-executive Director (Appointed 23 May 2013)
Qualifications	—	Bachelor of Science
Experience	—	20 years experience in senior executive roles in the fast moving consumer goods industry, with a focus on supply chain management
Interest in Shares and Options	—	Nil shares held
Special Responsibilities	—	Chairman of the Audit Committee and Chairman of the Remuneration Committee
Julie Garland McLellan	—	Non-executive Director and Chairman (Resigned 23 May 2013)
Qualifications	—	FAICD, Diploma and Advanced Diploma in Company Directorship, Graduate Diploma in 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	—	Former Chairman of the Audit Committee and Former Chairman of the Remuneration 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)

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

	Directors' Meetings		Audit Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christopher Michael Giles	12	12	-	-	-	-
William Lewis Timms	12	12	2	2	1	1
Stephen Charles Hooper	2	2	-	-	-	-
Julie Garland McLellan	10	10	2	2	1	1

Indemnifying Officers or Auditor

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

- The company has paid premiums to insure all past, present and future directors against liabilities for costs and expenses incurred by them in defending legal proceedings arising from their conduct while 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 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 East Coast Partnership for non-audit services provided during the year ended 30 June 2013:

	$
Taxation and related services	26,080
	26,080

Auditor’s Independence Declaration

The lead auditor’s independence declaration for the year ended 30 June 2013 is included on page 9 of the financial report.

AUDITED 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 the 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, and performance incentives.

• Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.

• 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 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, which is currently 9% (9.25% from 1 July 2013) of the individual's average weekly ordinary time earnings (AWOTE), 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.

Engagement of Remuneration Consultants

During the financial year, there were no consultants engaged by the remuneration committee to review the elements of KMP remuneration and provide recommendations.

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.

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 2013 and any change during the year	Non-performance based remuneration
Christopher Michael Giles	Executive Director	100%
William Lewis Timms	Non-executive Director	100%
Stephen Charles Hooper	Non-executive Director	100%
Julie Garland McLellan	Non-executive Director, resigned 23 May 2013	100%
Robert Allan Coleman	Company Secretary and Chief Financial Officer	100%

Service Agreements

Remuneration and other terms of employment for key management personnel are set out below.

There are no termination payment benefits other than the contracted notice periods.

	Base Salary	Term of agreement	Notice Period (either party)
Christopher Michael Giles	200,000	Unspecified - commenced 24 September 2010	Unspecified
Robert Allan Coleman	160,000	12 months rolling - commenced 24 February 2010	3 months, except within 1 month prior to extension date

AUDITED REMUNERATION REPORT

Changes in Directors and Executives

On 23 May 2013, Julie Garland McLellan resigned as a Director.
On 23 May 2013, Stephen Hooper commenced as a Director.

Remuneration Details for the Year Ended 30 June 2013

The following table of benefits and payments details, in respect to the 2013 and 2012 financial years, the components of remuneration for each member of KMP of the consolidated group:

Table of Benefits and Payments for the year ended 30 June 2013

	Short-term benefits		**Post Employment Benefits**	**Long-term benefits**		
	Salary, Fees and Leave	Non-monetary	Pension and superannuation	LSL	**Termination benefits**	**Total**
2013	$	$	$	$	$	$
Group Key Management Personnel						
Christopher Michael Giles	200,000	6,922	18,000	-	-	224,922
William Lewis Timms	41,245	-	3,712	-	-	44,957
Stephen Charles Hooper	3,823	-	344	-	-	4,167
Julie Garland McLellan	80,885	-	8,987	-	-	89,872
Raymond John Titman	1,490	-	-	12,911	63,158	77,559
Robert Allan Coleman	160,000	14,774	14,400	-	-	189,174
Total KMP	487,443	21,696	45,443	12,911	63,158	630,651

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

Securities Received that are not Performance Related

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

END OF AUDITED REMUNERATION REPORT

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.

....

Christopher Michael Giles

Dated: 29 August 2013

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Fax: 61 2 9240 9821
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Level 11, 1 Margaret St
Sydney NSW 2000
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 2013, 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

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

Paul Bull
Partner

BDO Audit East Coast Partnership

Sydney, 29 August 2013

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

		Consolidated Group	
		2013	2012
	Note	$	$
Sales revenue	3	26,644,174	28,832,631
Cost of sales		(14,246,765)	(15,463,757)
Gross profit		12,397,409	13,368,874
Other income	3	5,683,583	213,282
Distribution expenses		(8,134,875)	(8,379,591)
Marketing expenses		(405,159)	(531,045)
Occupancy expenses		(1,372,407)	(1,347,037)
Administrative expenses		(2,765,059)	(3,488,444)
Finance costs	4	(524,584)	(1,352,062)
Revaluation of deferred senior loan note derivative component		(97,553)	-
Gain on reduction of investment in associated companies		23,410	-
Share of profit from associates		2,057	30,368
Impairment expense		-	(58,325)
Profit/(loss) before income tax	4	4,806,822	(1,543,980)
Tax expense	5	(167,070)	(138,648)
Net profit/(loss) from continuing operations		4,639,752	(1,682,628)
Profit/(loss) for the year from discontinued operations after tax	6	-	(61,407)
Net profit/(loss) for the year		4,639,752	(1,744,035)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value gains on cash flow hedges (effective portion), net of tax	5c	(3,562)	9,889
Exchange differences on translating foreign operations, net of tax		(34,164)	(204,291)
Other comprehensive income for the year		(37,726)	(194,402)
Total comprehensive income for the year		4,602,026	(1,938,437)
Net profit/(loss) attributable to:			
Members of the parent entity		4,486,972	(1,813,981)
Non-controlling interest		152,780	69,946
		4,639,752	(1,744,035)
Total comprehensive income attributable to:			
Members of the parent entity			
- From continuing operations		4,449,246	(1,946,976)
- From discontinued operations		-	(61,407)
Non-controlling interest		152,780	69,946
		4,602,026	(1,938,437)
Earnings per share			
From continuing and discontinued operations			
Basic earnings per share (cents)	10	6.45	(3.24)
Diluted earnings per share (cents)	10	6.45	(3.24)
From continuing operations:			
Basic earnings per share (cents)	10	6.45	(3.13)
Diluted earnings per share (cents)	10	6.45	(3.13)
From discontinued operations:			
Basic earnings/(loss) per share (cents)	10	-	(0.11)

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 2013

	Note	Consolidated Group 2013 $	2012 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	677,404	384,321
Trade and other receivables	12	3,622,227	3,832,690
Inventories	13	4,047,827	4,313,525
Other assets	14	371,300	581,168
Current tax assets	23	42,439	14,907
TOTAL CURRENT ASSETS		8,761,197	9,126,611
NON-CURRENT ASSETS			
Investments accounted for using the equity method	15	875,027	1,265,903
Property, plant and equipment	18	8,221,565	8,980,177
Intangible assets	19	1,176,699	1,149,189
Deferred tax assets	23	32,540	41,429
TOTAL NON-CURRENT ASSETS		10,305,831	11,436,698
TOTAL ASSETS		19,067,028	20,563,309
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	2,437,649	3,773,092
Borrowings	21	1,261,216	14,542,163
Short-term provisions	22	938,269	1,000,245
Current tax liabilities	23	-	2,731
Derivative liability	24	5,604	2,042
TOTAL CURRENT LIABILITIES		4,642,738	19,320,273
NON-CURRENT LIABILITIES			
Borrowings	21	4,998,375	398,323
Long-term provisions	22	35,818	81,801
Deferred tax liabilities	23	51,054	6,812
Derivative liability	24	1,704,628	-
TOTAL NON-CURRENT LIABILITIES		6,789,875	486,936
TOTAL LIABILITIES		11,432,613	19,807,209
NET ASSETS		7,634,415	756,100
EQUITY			
Issued capital	25	21,176,101	18,751,301
Reserves	33	(1,241,861)	(1,204,135)
Retained earnings		(12,748,513)	(17,235,486)
Parent interest		7,185,727	311,680
Non-controlling interest		448,688	444,420
TOTAL EQUITY		7,634,415	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 CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2013

	Note	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Non-controlling interests	Total
		$	$	$	$	$	$
Consolidated Group							
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, and other transfers							
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
Balance at 1 July 2012		18,751,301	(17,235,486)	(2,042)	(1,202,093)	444,420	756,100
Profit attributable to members of parent entity		-	4,486,972	-	-	-	4,486,972
Profit attributable to non-controlling interests		-	-	-	-	152,780	152,780
Total other comprehensive income for the year		-	-	(3,562)	(34,164)	-	(37,726)
Transactions with owners, in their capacity as owners, and other transfers							
Shares issued during the year		2,613,259	-	-	-	-	2,613,259
Transaction costs		(188,459)	-	-	-	-	(188,459)
Dividends paid to non-controlling interests during the year	9	-	-	-	-	(148,512)	(148,512)
Balance at 30 June 2013		21,176,101	(12,748,514)	(5,604)	(1,236,257)	448,688	7,634,414

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 2013

	Note	Consolidated Group	
		2013	2012
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		29,620,391	32,104,434
Interest received		7,576	158
Rent received		-	104,907
Payments to suppliers and employees		(28,235,358)	(30,970,780)
Finance costs		(365,386)	(924,623)
Income tax paid		(145,144)	(199,802)
Interest paid on director's loan		(7,410)	-
Other income received		189,578	-
Net cash provided by operating activities	29a	1,064,247	114,294
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		253,643	4,027,693
Purchase of property, plant and equipment		(485,823)	(633,376)
Purchase of intangibles		(77,887)	(132,497)
Net cash (used in)/provided by investing activities		(310,067)	3,261,820
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of additional shares		2,613,259	-
Payments relating to issue of additional shares		(188,459)	-
Proceeds from borrowings		484,173	582,269
Repayment of borrowings		(3,462,307)	(4,608,914)
Loan from related parties			
- repayments made		(160,992)	-
- proceeds from borrowings		-	150,000
Dividends paid by controlled entities to non-controlling interests		(148,512)	-
Net cash used in financing activities		(862,838)	(3,876,645)
Net increase/(decrease) in cash held		(108,658)	(500,531)
Cash and cash equivalents at beginning of financial year	11	(69,122)	431,409
Cash and cash equivalents at end of financial year	11	(177,780)	(69,122)

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Oldfields Holdings Limited and Controlled Entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, Oldfields Holdings Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 29 August 2013 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 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 Australian Accounting Standards Board 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 its subsidiaries guarantee the debts of each other.

Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 June 2013, the Group had an accumulated deficit of $12,748,513 (2012: $17,235,486). Consolidated net profit for the 12 months ended 30 June 2013 was $4,639,753 (2012: loss of $1,744,035), after recognising other income of $5.5 million as result of the debt buy-back. Cash inflows from operating activities for the period ending 30 June 2013 was $1,064,247 (2012: $114,294). The directors believe the going concern assumption to be appropriate for the following reasons:

- On 21 December 2012, the Group signed a new facility agreement with its existing debt provider that will extend, subject to yearly reviews, to June 2015. As part of the agreement, the Group purchased $8million of debt from its primary lender for a payment of $2.5million. The Group has met it's debt covenants for the year. In addition, the debt provider swapped senior debt for a Deferred Senior Loan Note for $2,370,224 with a 10 year maturity;
- Continued improvement in operating results compared to prior years as a result of stringent cashflow management, supplier rationalisation and cost reduction programs which will continue into the coming year;
- The Group has in place a working capital facility of $1.25m which was not fully utilised as at 30 June 2013 and is regularly monitored; and
- The Groups debts are being paid as and when the 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 amounts 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 17 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 statements showing profit or loss and other 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 business combinations are recognised as expenses in profit or loss when incurred.

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

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.

Note 1 Summary of Significant Accounting Policies (continued)

(a) Principles of Consolidation (continued)

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 remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. 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 being 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 a 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 the view to resale. The results of discontinued operations are presented separately on the face of the statement of comprehensive income and in note 6.

(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.

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

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

Revenue recognised in relation to the debt buy back has been recognised at the time the transaction occurred and the liability forgiven.

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

(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.

(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. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

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.

Note 1 Summary of Significant Accounting Policies (continued)

(d) Income Tax (continued)

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 within 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 (ATO) that it had formed an income tax consolidated group to apply from 1 July 2003. The tax consolidated group has also entered into 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 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(q) 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 proportion 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) 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 16.

(i) 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.

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(q) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss 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
Leasehold improvements	20-33%
Plant and equipment	5-33%
Motor vehicles	18-20%

Note 1 Summary of Significant Accounting Policies (continued)

(i) Property, Plant and Equipment (continued)

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 recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(j) 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. Amortisation charges are included in distribution, administration and marketing expenses in the statement of comprehensive income.

(k) 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.

(l) 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.

(m) 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.

(n) 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 rate 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.

(o) 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.

(p) 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.

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.

Note 1 Summary of Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

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 amounts 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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. Changes in their fair value are recognised in the profit or loss, unless they qualify for hedge accounting.

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 hedge).

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 profit or loss, 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 profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss.

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.

Note 1 Summary of Significant Accounting Policies (continued)

(p) Financial Instruments (continued)

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.

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

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

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

(r) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the Group’s entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional 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. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(s) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

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

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement 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.

(u) 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.

(ii) Employee entitlement provisions - Long Service Leave
As discussed in note 1(m), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(iii) Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1(q). The recoverable amounts of cash generating units have been determined base on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 1 Summary of Significant Accounting Policies (continued)

(u) Critical Accounting Estimates and Judgments (continued)

Key Estimates (continued)

(iv) Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable benefits will be available to utilise those temporary differences and losses.

(v) Derivatives
The Group uses valuation techniques to estimate the fair value of certain derivative financial instruments. Information on the key assumptions used in estimating the fair values of these instruments is found at note 24 and note 32.

Key Judgments

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

(vii) 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 the inventories, and other factors that affect inventory obsolescence.

(vii) Estimation of useful lives of assets
The consolidated entity determined 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 down.

(v) 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).*

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.

These Standards were mandatorily applicable for annual reporting periods commencing on or after 1 January 2013. However, AASB 2012–6: *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures* (issued September 2012) defers the mandatory application date of AASB 9 from 1 January 2013 to 1 January 2015. In light of this change to the mandatory effective date, the Group is expected to adopt AASB 9 and AASB 2010–7 for the annual reporting period ending 31 December 2015. Although the directors anticipate that the adoption of AASB 9 and AASB 2010–7 may have a significant impact on the Group’s financial instruments, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 10: *Consolidated Financial Statements,* AASB 11: *Joint Arrangements,* AASB 12: *Disclosure of Interests in Other Entities,* AASB 127: *Separate Financial Statements* (August 2011) and AASB 128: *Investments in Associates and Joint Ventures* (August 2011) (as amended by AASB 2012–10: *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*), and AASB 2011–7: *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (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. This Standard is not expected to significantly impact the Group's 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).

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's financial statements.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued.

The revisions made to AASB 127 and AASB 128 are not expected to significantly impact the Group's financial statements.

Note 1 Summary of Significant Accounting Policies (continued)

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

- AASB 13: *Fair Value Measurement* and AASB 2011–8: *Amendments to Australian Accounting Standards arising from AASB 13* (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 expected to result in more detailed fair value disclosures, but are not expected to significantly impact the amounts recognised in the Group's financial statements.

- AASB 2011–4: *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable for annual reporting periods beginning on or after 1 July 2013).

  This Standard makes amendments to AASB 124: *Related Party Disclosures* to remove the individual key management personnel disclosure requirements (including paras Aus29.1 to Aus29.9.3). These amendments serve a number of purposes, including furthering trans-Tasman convergence, removing differences from IFRSs, and avoiding any potential confusion with the equivalent *Corporations Act 2001* disclosure requirements.

  This Standard is not expected to significantly impact the Group's financial report as a whole because:
  - some of the disclosures removed from AASB 124 will continue to be required under s 300A of the Corporations Act, which is applicable to the Group; and
  - AASB 2011-4 does not affect the related party disclosure requirements in AASB 124 applicable to all reporting entities, and some of these requirements require similar disclosures to those removed by AASB 2011-4.

- AASB 2012–2: *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 2012–2 principally amends AASB 7: *Financial Instruments: Disclosures* to require entities to include information that will enable users of their financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

  This Standard adds application guidance to AASB 132: *Financial Instruments: Presentation* to address potential inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.

  This Standard is not expected to significantly impact the Group's financial statements.

- AASB 2012–5: *Amendments to Australian Accounting Standards arising from Annual Improvements 2009–2011 Cycle* (applicable for annual reporting periods commencing on or after 1 January 2013).

  This Standard amends a number of Australian Accounting Standards as a consequence of the issuance of *Annual Improvements to IFRSs 2009–2011 Cycle* by the International Accounting Standards Board, including:
  - AASB 1: First-time Adoption of Australian Accounting Standards to clarify the requirements in respect of the application of AASB 1 when an entity discontinues and then resumes applying Australian Accounting Standards;
  - AASB 101: Presentation of Financial Statements and
    AASB 134: Interim Financial Reporting to clarify the requirements for presenting comparative information;
  - AASB 116: Property, Plant and Equipment to clarify the accounting treatment of spare parts, stand-by equipment and servicing equipment;
  - AASB 132 and Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments to clarify the accounting treatment of any tax effect of a distribution to holders of equity instruments; and
  - AASB 134 to facilitate consistency between the measures of total assets and liabilities an entity reports for its segments in its interim and annual financial statements.

- *AASB127 Separate Financial Statements (Revised)*
  AASB128 Investments in Associates and Joint Ventures (Reissued)

  These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB10, AASB11 and AASB12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

  This Standard is not expected to significantly impact the Group's financial statements.

- *AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint*

  The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make numerous consequential changes to a range of Australian Accounting Standards and Interpretations, following the issuance of AASB 10, AASB 11, AASB 12 and revised AASB 127 and AASB 128. The adoption of these amendments from 1 July 2013 will not have a material impact on the consolidated entity.

- *AASB 2012 9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039*

  This amendment is applicable to annual reporting periods beginning on or after 1 January 2013. The amendment removes reference in AASB 1048 following the withdrawal of Interpretation 1039. The adoption of this amendment will not have a material impact on the consolidated entity.

- *AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments*

  These amendments are applicable to annual reporting periods beginning on or after 1 January 2013. They amend AASB 10 and related standards for the transition guidance relevant to the initial application of those standards. The amendments clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments. The adoption of these amendments will not have a material impact on the consolidated entity.

Note 1 Summary of Significant Accounting Policies (continued)

(w) New, revised or amending Accounting Standards and Interpretations adopted

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

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

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

— *AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income*
The consolidated entity has applied AASB 2011-9 amendments from 1 July 2012. The amendments requires grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

Note 2 Parent Information

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

	2013 $	2012 $
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current assets	241,228	27,592
Non-current assets	2,313,087	2,615,099
TOTAL ASSETS	2,554,315	2,642,691
LIABILITIES		
Current liabilities	1,387,057	5,252,604
Non-current liabilities	5,999,921	-
TOTAL LIABILITIES	7,386,978	5,252,604
EQUITY		
Issued capital	21,176,101	18,751,301
Retained earnings	(26,003,160)	(21,359,172)
Reserves	(5,604)	(2,042)
TOTAL EQUITY	(4,832,663)	(2,609,913)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Loss before tax	(1,145,112)	(14,941,412)
Total comprehensive income	(1,148,674)	(14,931,523)

Loss for the year

The loss for the year for Oldfields Holdings Limited includes the write back of subsidiary loan accounts of $6,653,034 (2012: $16,826,688) 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 2013 or 30 June 2012.

Contractual commitments

The parent entity did not have any contractual commitments as at 30 June 2013 or 30 June 2012.

Note 3 Revenue and Other Income

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
(a) Revenue from continuing operations			
Sales revenue			
— sale of goods		15,672,617	17,383,992
— rental revenue of scaffold equipment		10,971,557	11,448,639
		26,644,174	28,832,631
Other income			
— debt buy-back		5,500,000	-
— remission of interest		137,558	-
— interest received from other persons		7,575	158
— export market development grant		-	32,895
— other income		38,450	180,229
Total other income		5,683,583	213,282
(b) Total revenue and other income from continuing operations			
Attributable to members of the parent entity		28,825,470	25,566,554
Attributable to non-controlling interests		3,502,287	3,479,359
		32,327,757	29,045,913
(c) Revenue and other income from discontinued operations			
Attributable to members of the parent entity		-	65,128
	6	-	65,128
(d) Income from continuing operations and discontinued operations			
Attributable to members of the parent entity		28,825,470	25,631,682
Attributable to non-controlling interests		3,502,287	3,479,359
		32,327,757	29,111,041

Note 4 Profit/loss for the Year

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Profit/loss before income tax from continuing operations includes the following specific expenses:			
Expenses			
Cost of sales		14,246,765	15,463,757
Inventory recognised as an expense during the year		7,766,433	8,556,556
Interest expense on financial liabilities at fair value through profit or loss:			
— Directors	31	7,410	3,582
— Associated companies	31	5,685	45,828
— Related parties	31	27,240	13,035
— Other persons		379,545	1,207,570
— Hire purchase charges		55,738	57,870
— Unwinding of discount on deferred senior loan		46,325	-
— Other borrowing costs		2,641	24,177
Total finance cost		524,584	1,352,062
Foreign currency translation (loss)/profit		(11,156)	56,814
Impairment of assets		-	58,325
Employee benefits expense		8,490,889	8,662,812
Depreciation expense		984,015	1,032,131
Amortisation expense		50,377	56,544
Bad and doubtful debts:			
— trade receivables		81,780	(87,548)
Total bad and doubtful debts		81,780	(87,548)
Rental expense on operating leases			
— minimum lease payments		1,198,426	1,186,468

Note 5 Income Tax Expense

		Note	Consolidated Group 2013 $	2012 $
(a)	The components of tax (expense)/income comprise:			
	Current tax		1,604,075	(385,837)
	Deferred tax	23	(53,131)	(354)
	Loss on disposal of investment in associated companies		25,087	-
	Recoupment of prior year tax losses		67,928	(16,246)
	Debt buy-back reducing prior year losses		(1,650,000)	-
	Current year deferred tax assets not recognised		173,111	541,085
			167,070	138,648
(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% (2012: 30%)		1,442,047	(463,194)
	Add:			
	Tax effect of:			
	— other non-allowable items		6,354	23,072
	— capital loss on disposal of investment in associate		-	15,179
	— unwinding of discount on DSLN not assessable		13,898	-
	— Revaluation of derivative element of DSLN not assessable		29,265	-
			1,491,564	(424,943)
	Add/(Less):			
	Tax effect of:			
	— share of net profits of associates and joint venture entities netted directly		617	9,110
	— net tax effect profit/(loss) from overseas operations		(110,171)	(47,862)
	— debt buy-back reducing prior year losses		1,650,000	-
	— current year losses not recognised		(173,111)	(541,085)
	— loss on disposal of investment in associated companies		25,087	-
	Recoupment of prior year tax losses not previously brought to account		(67,928)	16,246
	Income tax attributable to entity		167,070	138,648
	The applicable weighted average effective tax rates are as follows:		3.5%	-9.0%

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

		2013			2012		
	Note	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Consolidated Group		$	$	$	$	$	$
Gain(loss) on cash flow hedges	24	(5,089)	1,527	(3,562)	14,127	(4,238)	9,889
		(5,089)	1,527	(3,562)	14,127	(4,238)	9,889

Note 6 Discontinued Operations

(a) Brisbane Garden Sheds Pty Ltd

During 2012, 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:

	2013 $	2012 $
Share of net profit of associates and joint ventures	-	3,633
	-	3,633

(b) Shed Holdings Pty Ltd

During 2012, 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:

	2013 $	2012 $
Other income	-	65,128
Distribution expenses	-	(52,109)
Occupancy expenses	-	(5,423)
Administrative expenses	-	(857)
Finance costs	-	(105,961)
Loss before income tax	-	(99,222)
Income tax expense	-	34,182
Loss for the year	-	(65,040)

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

	2013	2012
Net cash inflow/(outflow) from operating activities	-	10,339
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)

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 2013.

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

	2013	2012
	$	$
Short-term employee benefits	509,139	706,692
Post-employment benefits	45,443	61,337
Other long term benefits	12,911	11,551
Termination benefits	63,158	-
Total KMP compensation	630,651	779,580

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 2013	**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**
Christopher Michael Giles	700,000	-	-	700,000	1,400,000
William Lewis Timms	19,692,264	-	-	19,692,264	39,384,528
Stephen Charles Hooper	-	-	-	-	-
Julie Garland McLellan	-	-	-	-	-
Raymond John Titman	43,924	-	-	(20,000)	23,924
Robert Allan Coleman	-	-	-	-	-
	20,436,188	-	-	20,372,264	40,808,452

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**
Christopher Michael Giles	700,000	-	-	-	700,000
William Lewis Timms	19,692,264	-	-	-	19,692,264
Stephen Charles Hooper	-	-	-	-	-
Julie Garland McLellan	-	-	-	-	-
Raymond John Titman	43,924	-	-	-	43,924
Robert Allan Coleman	-	-	-	-	-
	20,436,188	-	-	-	20,436,188

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 31: Related Party Transactions.

For details of loans to KMP, refer to Note 31: Related Party Transactions.

Note 8 Auditors' Remuneration

	Consolidated Group	
	2013	2012
	$	$
Remuneration of the current auditor (BDO) of the parent entity for:		
— auditing or reviewing the financial report	151,904	161,163
— taxation services	26,080	50,900
	177,984	212,063
Remuneration of the previous auditor (Hall Chadwick) of the parent entity for:		
— taxation services	-	11,663
	-	11,663
Remuneration of current auditors (BDO Hong Kong) of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	10,457	-
Remuneration of previous auditors (PKF Hong Kong) of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	13,526	12,642

Note 9 Dividends

	Consolidated Group	
	2013	2012
	$	$
(a) Since the start of the financial year, no dividends have been paid or declared by the parent entity.		
(b) Balance of franking account at year end	772,951	728,013

(c) During the year, fully franked dividends were paid by Adelaide Scaffold Solutions Pty Limited (subsidiary of Oldfields Holdings Limited) to Sibley Investments Pty Limited, being the minority interest holder of the entity. Total dividends paid for the year were $148,512.

Note 10 Earnings per Share

		Consolidated Group	
		2013	2012
		$	$
(a)	Reconciliation of earnings to profit or loss		
	Profit (loss) for the year	4,639,752	(1,744,035)
	Profit attributable to non-controlling equity interest	(152,780)	(69,946)
	Earnings used to calculate basic EPS	4,486,972	(1,813,981)
(b)	Reconciliation of earnings to profit or loss from continuing operations		
	Profit (loss) from continuing operations	4,639,752	(1,682,628)
	Profit attributable to non-controlling equity interest in respect of continuing operations	(152,780)	(69,946)
	Earnings used to calculate basic EPS from continuing operations	4,486,972	(1,752,574)
(c)	Reconciliation of earnings to profit or loss from discontinued operations		
	Profit (loss) from discontinued operations	-	(61,407)
	Profit attributable to non-controlling equity interest	-	-
	Earnings used to calculated basic EPS from discontinued operations	-	(61,407)
		No.	No.
(d)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	69,575,276	56,043,605

(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	
		2013	2012
		$	$
Cash on hand		3,056	3,159
Cash at bank		674,348	381,162
	32	677,404	384,321

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	2013	2012
Cash and cash equivalents		677,404	384,321
Bank overdrafts	21	(855,184)	(453,443)
		(177,780)	(69,122)

A floating charge over cash and cash equivalents has been provided for certain debt. Refer to Note 21 for further details.

Note 12 Trade and Other Receivables

	Note	Consolidated Group	
		2013	2012
		$	$
CURRENT			
Trade receivables		3,641,250	3,890,018
Provision for impairment	12a	(19,023)	(57,328)
Total current trade and other receivables		3,622,227	3,832,690

(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 01.07.11	Charge for the year	Amounts written off	Amounts recovered	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)

	Opening balance 01.07.12	Charge for the year	Amounts written off	Amounts recovered	Closing balance 30.06.13
Consolidated Group	$	$	$	$	$
Current trade receivables	(57,328)	(81,780)	135,720	(15,635)	(19,023)
	(57,328)	(81,780)	135,720	(15,635)	(19,023)

Note 12 Trade and Other Receivables (continued)

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

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		Past due and	Past due but not impaired (days overdue)				Within initial
	Gross Amount	impaired	<30	31-60	61-90	>90	trade terms
2013	$	$	$	$	$	$	$
Trade and term receivables	3,641,250	19,023	194,031	194,650	-	-	3,233,546
Total	3,641,250	19,023	194,031	194,650	-	-	3,233,546

Consolidated Group		Past due and	Past due but not impaired (days overdue)				Within initial
	Gross Amount	impaired	<30	31-60	61-90	>90	trade terms
2012	$	$	$	$	$	$	$
Trade and term receivables	3,890,018	57,328	351,961	3,009	-	-	3,477,720
Total	3,890,018	57,328	351,961	3,009	-	-	3,477,720

		Consolidated Group	
		2013	2012
(b) **Financial Assets Classified as Loans and Receivables**	**Note**	$	$
— Total current		3,622,227	3,832,690
— Total non-current		-	-
Financial assets	32	3,622,227	3,832,690

(c) **Collateral Pledged**

A fixed and floating charge over trade receivables has been provided for certain debt. Refer to Note 21 for further details.

Note 13 Inventories

	Consolidated Group	
	2013	2012
	$	$
CURRENT		
At cost:		
Raw materials and stores	744,929	885,723
Work in progress	429,555	615,037
Finished goods	2,713,457	2,711,999
Goods in transit	431,356	443,299
	4,319,297	4,656,058
Less: provisions	(271,470)	(342,533)
	4,047,827	4,313,525

Note 14 Other Assets

	Note	Consolidated Group	
		2013	2012
		$	$
CURRENT			
Prepayments		286,491	425,406
Other debtors		84,809	148,462
Assets in progress		-	7,300
		371,300	581,168
Financial Assets Classified as Loans and Receivables			
Trade and other Receivables			
— Total current		84,809	148,462
— Total non-current		-	-
	32	84,809	148,462

Note 15 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Associated companies	16	875,027	1,265,903
		875,027	1,265,903

Note 16 Associated Companies

Interests are held in the following associated companies

Name	Principal activities	Country of incorporation	Shares	Ownership interest 2013 %	Ownership interest 2012 %	Carrying amount of investment 2013 $000	Carrying amount of investment 2012 $000
Unlisted:							
PT Ace Oldfields	Paint Brush Manufacturer	Indonesia	Ordinary	34.00%	49.04%	774,066	1,064,127
Enduring Enterprises	Hardware Reseller	Singapore	Ordinary	34.00%	49.00%	(6,687)	51,872
Honeytree & Partners	Hardware Marketing	Singapore	Ordinary	34.00%	49.00%	107,648	149,904
Brisbane Garden Sheds	Garden Shed Supplier	Australia	Ordinary	0.00%	50.00%	-	-
						875,027	1,265,903

(i) On 17 October 2012, the Group reduced it's interest in the associated companies PT Ace Oldfields, Enduring Enterprises and Honeytree and Partners. This resulted in a decrease in the ownership interest of the investments from 49% to 34%. Consideration received in relation to this sale was $391,820 and was received in the form of a write back of the trade payable balance owing to the associated companies at the time the transaction occurred. The gain on the disposal of these shares was $23,410.

(ii) During 2012, the Group dissolved the joint venture entity Brisbane Garden Sheds Pty Ltd. The wind-down of this entity was completed by 30 September 2011.

(iii) With exception to Brisbane Garden Sheds, 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	Consolidated Group 2013 $	Consolidated Group 2012 $
(a)	**Movements during the year in equity accounted investment in associated companies**			
	Balance at beginning of the financial year		1,265,903	1,491,089
	Share of associated company's profit after income tax	16b	2,057	30,368
	Foreign currency translation losses		(5,014)	(255,554)
	Dividend revenue from associated company	31(b)	(19,508)	-
	Disposals during the year		(368,411)	-
	Balance at end of the financial year		875,027	1,265,903
(b)	**Equity accounted profits of associates are broken down as follows:**			
	Share of associate's profit before income tax expense		2,057	30,368
	Share of associate's income tax expense		-	-
	Share of associate's profit after income tax		2,057	30,368
(c)	**Summarised presentation of aggregate assets, liabilities and performance of associates**			
	Current assets		2,822,681	3,853,896
	Non-current assets		281,422	333,376
	Total assets		3,104,103	4,187,272
	Current liabilities		1,166,002	1,766,467
	Non-current liabilities		1,063,073	1,154,902
	Total liabilities		2,229,075	2,921,369
	Net assets		875,028	1,265,903
	Revenues		3,965,352	5,574,830
	Profit after income tax of associates		2,057	30,368

Note 17 Controlled Entities

	Country of Incorporation	Percentage Owned (%)* 2013	2012
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 Scaffold Limited	China	100%	100%

* Percentage of voting power is in proportion to ownership

Note 18 Property, Plant and Equipment

	Consolidated Group 2013 $	2012 $
Plant and equipment:		
At cost	12,833,902	13,092,857
Accumulated depreciation	(5,344,916)	(4,838,579)
	7,488,986	8,254,278
Leasehold improvements		
At cost	384,657	340,404
Accumulated amortisation	(267,523)	(219,646)
	117,134	120,758
Motor vehicles		
At cost	2,275,560	2,496,987
Accumulated depreciation	(1,660,115)	(1,891,846)
	615,445	605,141
Total property, plant and equipment	8,221,565	8,980,177

Included in plant and equipment balance is scaffold equipment for hire held by Oldfields Advance Scaffold Pty Ltd and Adelaide Scaffold Solutions Pty Ltd amounting to $6,702,767 (2012: $7,354,305).

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.

	Leasehold Improvements $	Plant and Equipment $	Motor Vehicles $	Total $
Balance at 1 July 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	-	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
Additions	44,217	161,543	322,140	527,900
Disposals	-	(255,657)	(46,840)	(302,497)
Depreciation expense	(51,587)	(667,776)	(264,652)	(984,015)
Reclassification of assets	3,746	(3,402)	(344)	-
Balance at 30 June 2013	117,134	7,488,986	615,445	8,221,565

Note 19 Intangible Assets

	Consolidated Group 2013 $	Consolidated Group 2012 $
Goodwill		
Cost	5,160,370	5,160,370
Accumulated impairment losses	(4,181,376)	(4,181,376)
	978,994	978,994
Trademarks and licences		
Cost	177,447	237,264
Accumulated amortisation and impairment losses	(144,090)	(190,833)
	33,357	46,431
Software and other intangibles at cost	372,236	421,730
Accumulated amortisation	(207,888)	(247,367)
Impairment	-	(50,599)
	164,348	123,764
Total intangibles	1,176,699	1,149,189

Movements in Carrying Amounts

	Goodwill $	Trademarks & Licences $	Software & Other $	Total $
Balance at 1 July 2011	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)
Balance at 30 June 2012	978,994	46,431	123,764	1,149,189
Additions	-	-	77,887	77,887
Disposals	-	-	(50,599)	(50,599)
Amortisation charge	-	(13,074)	(37,303)	(50,377)
Impairment losses	-	-	50,599	50,599
Balance at 30 June 2013	978,994	33,357	164,348	1,176,699

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 profit or loss. Goodwill has an indefinite useful life.

Impairment disclosures

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

	2013 $	2012 $
Consumer products segment	140,564	140,564
Scaffold division segment	838,430	838,430
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 Year 1	Growth Rate Years 2 - 5	Terminal Value	Discount Rate
Consumer products segment	7.50%	3.00%	3.00%	19.57%
Scaffold segment	4.00%	4.00%	3.00%	17.33%

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.

The calculation of value in use is most sensitive to changes in the discount rate. As disclosed in Note 1, the directors have made judgements and estimates in respect of impairment testing of goodwill and intangible assets. Should these estimates not occur the resulting goodwill and intangible assets may vary in carrying amount. If the discount rate was to increase by 3%, goodwill would not need to be impaired with all other assumptions remaining constant, for both the scaffold and consumer products segments.

Note 20 Trade and Other Payables

	Consolidated Group 2013 $	Consolidated Group 2012 $
CURRENT		
Unsecured liabilities		
Trade payables	1,496,621	1,997,321
Trade finance facility	-	986,027
Sundry payables and accrued expenses	941,028	788,802
Amounts payable to associated companies	-	942
	2,437,649	3,773,092
Financial liabilities at amortised cost classified as trade and other payables		
— Total current	2,437,649	3,773,092
	2,437,649	3,773,092

Note 21 Borrowings

	Note	Consolidated Group 2013 $	2012 $
CURRENT			
Unsecured liabilities			
Directors' loan		-	153,582
		-	153,582
Secured liabilities			
Bank overdrafts	21a,d	855,184	453,443
Bank loans	21a,d	144,750	13,646,095
Hire purchase liabilities	26	261,282	289,043
		1,261,216	14,388,581
Total current borrowings		1,261,216	14,542,163
NON-CURRENT			
Unsecured liabilities			
Other related parties		143,750	174,750
		143,750	174,750
Secured liabilities			
Bank loans	21a,d	3,775,152	-
Hire purchase liabilities	26	270,000	223,573
Debt element of deferred senior loan note		809,473	-
		4,854,625	223,573
Total non-current borrowings		4,998,375	398,323
Total borrowings		6,259,591	14,940,486

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

	2013 $	2012 $
Bank overdraft	855,184	453,443
Bank loan	3,919,902	13,646,095
Debt element of deferred senior loan note	809,473	-
Hire purchase liabilities	531,282	512,616
	6,115,841	14,612,154

(b) On 21 December 2012, the Group renewed its facility agreement with the bank for an additional 2 years 6 months. As part of this agreement, the Group bought back $8 million of debt for a consideration of $2.5 million which was funded through capital raising which involved the issue of new equity.

The current facility agreement includes normal commercial terms and conditions which are subject to such covenants as interest cover ratios; capital expenditure limits; gearing ratios; and the Group cannot create or acquire a new subsidiary unless that subsidiary becomes a party to the agreement.

In addition, the bank swapped senior debt for a Deferred Senior Loan Note (DSLN) for $2,370,224 with a 10 year maturity. The main terms of the loan note are as follows:

- The DSLN is secured against assets of the Group;
- Interest will be capitalised and paid either on termination or early payment;
- If the DSLN is repaid or partially repaid within the first 5 years, it will attract interest at 12% p.a;
- 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 Group, but capped at 12% per annum;
- 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 the repayment after the first 5 years, the only payment due will be the original debt;
- The DSLN noteholder will also be entitled to receive a payment to the equivalent value of any dividend payment made by the Group;
- Entitlement to a dividend-triggered payment will be based on the face value of the DSLN divided by the issue price upon commencement of the facility agreement; and
- Other normal conditions apply in respect to meeting gearing and interest cover ratios.

Accordingly, the DSLN has been identified as containing two main components: the core debt and a derivative element capturing the capital appreciation payment, interest and dividend-triggered entitlement (refer note 24). The core debt is the residual after calculating the fair value of the embedded derivative and has been discounted by 12% to net present value over the expected term of the DSLN (being 10 years) and is included in non-current borrowings.

As at 30 June 2012, all bank loans were 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 date", the borrowings must be classified as current.

(c) The carrying amounts of non-current assets pledged as security are:

	2013 $	2012 $
Floating charge over total current and non-current assets	19,067,028	20,563,309

(d) **Collateral provided**

The bank overdrafts and bank loans 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	2013 $	2012 $
Cash and cash equivalents	11	677,404	384,321
Trade receivables	12	3,622,227	3,832,690
Total financial assets pledged		4,299,631	4,217,011

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

(e) **Deed of cross guarantee**

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.

Note 22 Provisions

	Consolidated Group	
	2013	2012
CURRENT	$	$
Short-term Employee Benefits		
Opening balance at 1 July 2012	1,000,245	985,191
Additional provisions	611,625	654,476
Amounts used	(673,601)	(639,422)
Balance at 30 June 2013	938,269	1,000,245
NON CURRENT		
Long-term Employee Benefits		
Opening balance at 1 July 2012	81,801	65,253
Additional provisions	1,777	16,548
Unused amounts reversed	(47,760)	-
Balance at 30 June 2013	35,818	81,801
Analysis of Total Provisions		
Current	938,269	1,000,245
Non-current	35,818	81,801
	974,087	1,082,046

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

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(m).

Note 23 Tax Balances

	Consolidated Group	
	2013	2012
	$	$
CURRENT ASSETS		
Income tax receivable	42,439	14,907
	42,439	14,907
CURRENT LIABILITIES		
Income tax payable	-	2,731
	-	2,731

	Opening Balance	Charged to Income	Closing Balance
NON-CURRENT	$	$	$
Deferred tax liability			
Other	359	6,453	6,812
Balance at 30 June 2012	359	6,453	6,812
Other	6,812	44,242	51,054
Balance at 30 June 2013	6,812	44,242	51,054
Deferred tax assets			
Provisions	35,330	6,099	41,429
Balance at 30 June 2012	35,330	6,099	41,429
Provisions	41,429	(8,889)	32,540
Balance at 30 June 2013	41,429	(8,889)	32,540

The amount of deductible temporary differences and unused tax losses (at tax effected amounts) for which no deferred tax assets have been brought to account:

— temporary differences -$286,314 (2012: -$80,599)
— tax losses: operating losses $2,095,915 (2012: $3,250,345)
— tax losses: capital losses $81,908 (2012: nil)

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility set out in Note 1(b) occur. These amounts have no expiry date.

Note 24 Derivatives

	Note	Consolidated Group 2013 $	2012 $
CURRENT			
Forward exchange contracts		5,604	2,042
	32	5,604	2,042
NON CURRENT			
Derivative element of deferred senior loan note	32	1,704,628	-
		1,704,628	-

(a) Forward exchange contracts

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 these 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.

(b) Derivative Element - Deferred Senior Loan Note (capital appreciation, interest and dividend-triggered entitlement)

The capital appreciation, interest and dividend-triggered entitlement components of the Deferred Senior Loan Note, the details of which have been set out in note 21, have been accounted for as a derivative financial instrument liability on the basis that interest payments are indexed to the value of issued capital, but capped at 12% p.a. The assessed fair value of the derivative takes into account the expected cashflows incorporating the term (10 years) and discount rate used (12%).

(c) **Total current and non-current secured liabilities:**

	2013	2012
Derivative element of deferred senior loan note	1,704,628	-
	1,704,628	-

Note 25 Issued Capital

	Consolidated Group 2013 $	2012 $
Fully paid ordinary shares 82,176,198 (2012: 56,043,605)	21,176,101	18,751,301
	21,176,101	18,751,301

The company has authorised share capital amounting to 82,176,198 ordinary shares.

(a) **Ordinary Shares**

	Consolidated Group 2013 No.	2012 No.
At the beginning of the reporting period	56,043,605	56,043,605
Shares issued during the year		
— 24 December 2012	26,132,593	-
At the end of the reporting period	82,176,198	56,043,605

On 24 December 2012, the company issued 26,132,593 ordinary shares at $0.10 each to shareholders on the basis of 1 share for every 1 share held.

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.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

(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 include ordinary share capital and financial liabilities, supported by financial assets.

The Group is subject to financing covenants as detailed in Note 21. The Group has complied with these covenants for the financial year.

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 2013 and 30 June 2012 are as follows:

	Note	Consolidated Group 2013 $	2012 $
Total borrowings	21	6,259,591	14,940,486
Less cash and cash equivalents	11	(677,404)	(384,321)
Net debt		5,582,187	14,556,165
Total equity		7,634,415	756,100
Total capital		13,216,602	15,312,265
Gearing ratio		42%	95%

Note 26 Capital and Leasing Commitments

		Note	Consolidated Group 2013 $	2012 $
(a)	**Finance Lease Commitments**			
	Payable — minimum lease payments			
	— not later than 12 months		300,749	324,105
	— between 12 months and 5 years		304,048	252,008
	— later than 5 years		-	-
	Minimum lease payments		604,797	576,113
	Less: future finance charges		(73,515)	(63,497)
	Present value of minimum lease payments	21	531,282	512,616

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

		Consolidated Group 2013 $	2012 $
(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	1,155,492	782,548
	— between 12 months and 5 years	1,767,952	923,843
	— later than 5 years	-	-
		2,923,444	1,706,391

The property leases are non-cancellable leases with 1-5 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 term for an additional term of 1-5 years.

Note 27 Contingent Liabilities and Contingent Assets

The Group does not have any significant contingent liabilities or contingent assets as 30 June 2013 or 30 June 2012.

Note 28 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) *Consumer Products*
The consumer products segment manufactures and markets paint brushes, paint rollers, painters tools, 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 related products to the building and construction industry.

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 with 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.

Note 28 Operating Segments (continued)

(i) **Segment performance**

30 June 2013	Consumer Products $	Scaffolding $	Property $	Corporate / Unallocated $	Total $
Continuing operations:					
Revenue					
Sales revenue	11,720,000	14,975,358	-	-	26,695,358
Inter-segment sales	-	-	-	-	(51,184)
	11,720,000	14,975,358	-	-	26,644,174
Other income	53,700	99,725	-	8,258,183	8,411,608
Inter-segment other income	-	-	-	-	(2,728,025)
	53,700	99,725	-	8,258,183	5,683,583
Total segment revenue	11,773,700	15,075,083	-	8,258,183	32,327,757
Reconciliation of segment result to group net profit/loss before tax					
Segment net profit/(loss) loss before tax	(670,300)	(34,701)	-	5,424,300	4,719,299
Inter-segment elimination					87,524
Net profit before tax from continuing operations					4,806,823
Share of net profit from associates after tax	2,057	-	-	-	2,057
Finance costs	250,842	187,885	-	(51,701)	387,026
Depreciation and amortisation expense	209,526	770,866	-	53,996	1,034,388
Income tax expense	(942)	168,012	-	-	167,070

30 June 2012	Consumer Products $	Scaffolding $	Property $	Corporate / Unallocated $	Total $
Continuing operations:					
Revenue					
Sales revenue	12,373,978	16,536,778	-	-	28,910,756
Inter-segment sales	-	-	-	-	(78,125)
	12,373,978	16,536,778	-	-	28,832,631
Other income	194,110	68,524	-	3,666,247	3,928,881
Inter-segment other income	-	-	-	-	(3,715,599)
	194,110	68,524	-	3,666,247	213,282
Total segment revenue	12,568,088	16,605,302	-	3,666,247	29,045,913
Reconciliation of segment result to group net profit/loss before tax					
Segment net loss before tax	(587,410)	(952,767)	-	(7,073)	(1,547,250)
Inter-segment elimination					3,270
Net profit before tax from continuing operations					(1,543,980)
Share of net profit from associates after tax					
Impairment losses	(7,726)	(50,599)	-	-	(58,325)
Finance costs	481,345	654,638	-	215,921	1,351,904
Depreciation and amortisation expense	201,546	833,982	-	53,147	1,088,675
Income tax expense	-	104,466	-	34,182	138,648
Discontinued operations:					
Revenue					
Other income	-	-	65,128		65,128
Total segment revenue	-	-	65,128	-	65,128
Segment net loss before tax from discontinued operations	3,633	-	(99,222)	-	(95,589)

(ii) **Revenue by geographical region**

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

30 June 2013	Consumer Products $	Scaffolding $	Property $	Corporate / Unallocated $	Total $
Domestic	10,449,916	14,340,318	-	8,258,183	33,048,417
International	1,323,784	734,765	-	-	2,058,549
Intersegment eliminations					(2,779,209)
Total revenue	11,773,700	15,075,083	-	8,258,183	32,327,757

30 June 2012	Consumer Products $	Scaffolding $	Property $	Corporate / Unallocated $	Total $
Domestic	11,329,583	16,014,038	-	3,666,247	31,009,868
International	1,238,505	591,264	-	-	1,829,769
Intersegment eliminations	-	-	-	-	(3,793,724)
Total revenue	12,568,088	16,605,302	-	3,666,247	29,045,913

Note 28 Operating Segments (continued)

(iii) **Segment assets**

30 June 2013	**Consumer Products** $	**Scaffolding** $	**Property** $	**Corporate / Unallocated** $	**Total** $
Segment assets	6,757,001	12,928,854	-	4,013,820	23,699,675
Intersegment eliminations					(4,632,647)
Total group assets					19,067,028
Included in segment assets are:					
— Equity accounted associates and joint ventures	875,027	-	-	-	875,027

30 June 2012	**Consumer Products** $	**Scaffolding** $	**Property** $	**Corporate / Unallocated** $	**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

(iv) **Segment liabilities**

30 June 2013	**Consumer Products** $	**Scaffolding** $	**Property** $	**Corporate / Unallocated** $	**Total** $
Segment liabilities	1,932,328	1,474,258	-	7,386,978	10,793,564
Intersegment eliminations					639,049
Total group liabilities					11,432,613

30 June 2012	**Consumer Products** $	**Scaffolding** $	**Property** $	**Corporate / Unallocated** $	**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

(v) **Non-current assets by geographical region**

The location of non-current segment assets by geographical location is disclosed below:

	30 June 2013 $	**30 June 2012** $
Domestic	9,255,698	10,038,254
International	1,017,593	1,357,015
Non-current assets	10,273,291	11,395,269

Note 29 Cash Flow Information

	Consolidated Group 2013 $	Consolidated Group 2012 $
(a) **Reconciliation of Cash Flow from Operations with Profit after Income Tax**		
Profit after income tax	4,639,752	(1,744,035)
Non-cash flows in profit		
Debt buy-back	(5,500,000)	-
Restructure of trade finance facility to borrowings	1,011,778	-
Depreciation and amortisation	1,034,388	1,091,092
Accrued interest charges	105,463	525,186
Non-cash acquisitions of property, plant and equipment	(34,777)	-
Net (gain)/loss on disposal of property, plant and equipment	53,607	130,843
Net (gain)/loss on disposal of investments in associated companies	(23,410)	-
Non-cash proceeds on disposal of investments in associated companies	391,820	-
Non-cash dividend received from associated companies	19,508	
Unrealised exchange gains/losses	(29,153)	44,751
Unrealised (gain)/loss on investments and derivatives	143,878	-
Impairment loss	-	58,325
Share of associated companies' net profit after income tax and dividends	(2,057)	(34,001)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	210,462	471,282
(Increase)/decrease in prepayments and other current assets	202,567	(153,905)
(Increase)/decrease in inventories	265,697	808,750
Increase/(decrease) in trade payables and accruals	(1,339,244)	(1,020,260)
Increase/(decrease) in income taxes payable	(31,205)	(95,690)
Increase/(decrease) in deferred taxes payable	53,131	354
Increase/(decrease) in provisions	(107,958)	31,602
Cash flow from operations	1,064,247	114,294

Note 29 Cash Flow Information (continued)

(b) **Non-cash Investing Activities**

Reduction of investment in associated companies
On 17 October 2012, the Group reduced it's interest in associated companies, being PT Ace Oldfields, Enduring Enterprises and Honeytree and Partners. This resulted in a decrease in the ownership interest of the investments from 49% to 34%. Consideration received in relation to this sale was $391,820 and was received in the form of an offset of the trade payable balance owing to the associated companies at the time the transaction occurred. The gain on the disposal of these shares was $23,410.

(c) **Non-cash Financing Activities**

Restructure of Trade Finance Facility to Borrowings
In February 2013, the trade finance facility of $1,011,778 was converted to core debt as part of the renewed facility agreement with the Group's bankers on 21 December 2012.

Note 30 Events After the Reporting Period

There have been no significant events occurring after 30 June 2013.

Note 31 Related Party Transactions

Related Parties

(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 16: 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	
		2013	2012
		$	$
i.	**Associated Companies**		
	Purchase of paint application products by Oldfields Pty Ltd from Enduring Enterprises	1,070,569	787,466
	Interest paid to Enduring Enterprises	5,685	45,828
	Dividends received from Honeytree & Partners	19,508	-
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
	Interest paid to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	27,240	37,767
	Dividends paid to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd	148,512	-
iii.	***Loans from Other Related Parties***		
	Loan payable to Sibley Investments Pty Ltd, being the holder of a minority interest in Adelaide Scaffold Solutions Pty Ltd.		
	Beginning of the year	174,750	139,750
	Loans advanced	-	60,000
	Loan repayment paid	(31,000)	(25,000)
	End of the year	143,750	174,750

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

	2013	2012
Loan payable to Timms & Timms Superannuation Fund, being a related party of William Lewis Timms (non-executive director)		
Beginning of the year	153,582	-
Loans advanced	-	150,000
Loan repayment paid	(160,992)	-
Interest accrued	7,410	3,582
End of the year	-	153,582

Note 32 Financial Risk Management

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

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

	Note	Consolidated Group 2013 $	Consolidated Group 2012 $
Financial Assets			
Cash and cash equivalents	11	677,404	384,321
Loans and receivables	12	3,707,036	3,981,152
Total Financial Assets		4,384,440	4,365,473
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	20	2,437,649	2,787,065
— Trade finance facility		-	986,027
— Borrowings	21	6,259,591	14,940,486
Financial liabilities at fair value through profit or loss			
— derivative instruments	24	1,710,232	2,042
Total Financial Liabilities		10,407,472	18,715,620

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 21(e) for details).

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

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

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at Note 12.

b. Liquidity risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities
- monitoring undrawn credit facilities
- maintaining a reputable credit profile
- 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 December 2013.

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 32 Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2013	2012	2013	2012	2013	2012	2013	2012
Consolidated Group	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	999,934	14,099,538	3,775,152	-	2,370,224	-	7,145,310	14,099,538
Derivative element of DSLN	-	-	-	-	1,704,628	-	1,704,628	-
Trade and other payables	2,437,649	3,773,092	-	-	-	-	2,437,649	3,773,092
Amounts payable to related parties	25,875	185,037	169,625	206,205	-	-	195,500	391,242
Financial lease liabilities	300,749	324,105	304,048	252,008	-	-	604,797	576,113
Forward exchange contracts	5,604	2,042	-	-	-	-	5,604	2,042
Total contractual outflows	3,769,811	18,383,814	4,248,825	458,213	4,074,852	-	12,093,488	18,842,027
Less bank overdrafts	(855,184)	(453,443)	-	-	-	-	(855,184)	(453,443)
Total expected outflows	2,914,627	17,930,371	4,248,825	458,213	4,074,852	-	11,238,304	18,388,584

	Within 1 Year		**1 to 5 years**		**Over 5 years**		**Total**	
	2013	2012	2013	2012	2013	2012	2013	2012
Consolidated Group	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	677,404	384,321	-	-	-	-	677,404	384,321
Trade and other receivables	3,707,036	3,981,152	-	-	-	-	3,707,036	3,981,152
Total anticipated inflows	4,384,440	4,365,473	-	-	-	-	4,384,440	4,365,473
Net (outflow) / inflow on financial instruments	1,469,813	(13,564,898)	(4,248,825)	(458,213)	(4,074,852)	-	(6,853,864)	(14,023,111)

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 21(c) for further details.

In the above table, the derivative element of the DSLN has been shown at face value due to significant uncertainty regarding the capital appreciation, interest and divdend-triggered entitlement, as disclosed in note 21(b), within the terms and conditions of the instrument without consideration for future cash outflows of interest.

c. Market Risk

i. *Interest rate risk*

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

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

ii. *Foreign exchange risk*

The board and senior management regularly monitor foreign currency movements and has undertaken to use hedging contracts where appropriate to the value of up to 100% of it's US dollar requirements over a maximum 6 week 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 2013	**$**	**$**
+/- 2% in interest rates	114,649	114,649
+/- 5% in $A/$US	278,897	278,897
Year ended 30 June 2012		
+/- 2% in interest rates	325,266	325,266
+/- 5% in $A/$US	223,285	223,285

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

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.

Note 32 Financial Risk Management (continued)

Fair Values (continued)

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 relating to the derivative liability include the discount rate used and the expected term of funding. 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 bare little relevance to the Group.

	2013		**2012**	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated Group	$	$	$	$
Financial assets				
Cash and cash equivalents	677,404	677,404	384,321	384,321
Trade and other receivables	3,707,036	3,707,036	3,981,152	3,981,152
Investments in associated entities	875,027	875,027	1,265,903	1,265,903
Total financial assets	5,259,467	5,259,467	5,631,376	5,631,376
Financial liabilities				
Trade and other payables	2,437,649	2,437,649	3,773,092	3,773,092
Hire purchase liabilities	531,282	604,797	512,616	576,113
Derivative liabilities				
- Forward exchange contracts	5,604	5,604	2,042	2,042
- Derivative element of DSLN	1,704,628	1,704,628	-	-
Other related parties	143,750	143,750	328,332	328,332
Bank overdraft	855,184	855,184	453,443	453,443
Bank loans	3,919,902	3,919,902	13,646,095	13,646,095
Debt element of DSLN	809,473	2,370,224	-	-
Total financial liabilities	10,407,472	12,041,738	18,715,620	18,779,117

The derivative element of the DSLN of $1,704,628 has been valued using Level 2 inputs in accordance with AASB13 Fair Value Measurement which are included in the terms and conditions of this instrument as disclosed in Note 21(b).

The forward exchange derivative liability of $5,064 (2012: $2,042) has been valued using Level 2 inputs in accordance with AASB13 Fair Value Measurement by reference to quoted prices in active markets.

There have been no transfers between levels during or since the end of the financial year.

Note 33 Reserves

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

b. **Cash Flow Hedge Reserve**
The hedge reserve records revaluations of items designated as cash flow hedges.

Note 34 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 2013 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 all its wholly-owned subsidiaries have entered into a deed of cross guarantee under which the company and its 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

Christopher Michael Giles

Dated this 29th day of August 2013

BDO

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Fax: +61 2 9240 9821
www.bdo.com.au

Level 11, 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 2013, the consolidated statement of profit or loss and other 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 2013 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 financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

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 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 29 August 2013

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 2013:

1. Shareholding

a. Distribution of Shareholders

Category (size of holding)	Number Ordinary	Number Redeemable
1 – 1,000	68	Nil
1,001 – 5,000	80	Nil
5,001 – 10,000	28	Nil
10,001 – 100,000	85	Nil
100,001 – and over	45	Nil
	306	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	39,384,528	Nil
Lymgrange/Chris Hext/Nepean Car	4,499,369	Nil
Dixson Trust Pty Limited	4,000,000	Nil
Starball/Chiara Mankarios/Man Inv/Tovekin	3,395,484	Nil
Mr Rodney Boyce Hass	3,082,782	Nil

d. Voting Rights

The voting rights attached to all ordinary shares are as follows:

– 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	39,384,528	47.93%
2.	Lymgrange/Chris Hext/Nepean Car	4,499,369	5.48%
3.	Dixson Trust Pty Limited	4,000,000	4.87%
4.	Starball/Chiara Mankarios/Man Inv/Tovekin	3,395,484	4.13%
5.	Mr Rodney Boyce Hass	3,082,782	3.75%
6.	Ufba Pty Ltd	3,000,000	3.65%
7.	Benger Super/Susan Benger	2,355,000	2.87%
8.	Mr Brian Garfield Benger/Shandora	1,795,614	2.19%
9.	Luton Pty Ltd	1,579,887	1.92%
10.	Dr Gordon Bradley Elkington	1,527,108	1.86%
11.	Mr Warwick Every-Burns &	1,500,000	1.83%
12.	Myall Resources Pty Ltd	1,450,000	1.76%
13.	Mr Christopher Michael Giles	1,400,000	1.70%
14.	Oceanridge Limited	1,350,000	1.64%
15.	Mr Paul John Simpson	1,200,000	1.46%
16.	Locope Pty Ltd	800,000	0.97%
17.	Nejeka Pty Ltd	573,962	0.70%
18.	The Genuine Snake Oil Company	527,560	0.64%
19.	Mr Mark Sheffield Hancock &	500,000	0.61%
20.	Sanperez Pty Ltd	500,000	0.61%
		74,421,294	90.56%

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

The address of the principal registered office in Australia is 8 Farrow Road, Campbelltown NSW 2560. Telephone (02) 4627 0777.

3. Registers of securities are held at the following addresses

Boardroom Pty Limited — Level 7, 207 Kent Street, Sydney NSW 2000

4. Stock Exchange Listing

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

5. Unquoted Securities

There are no unquoted or unissued securities as at 30 June 2013.

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 2013 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 chairman is not an independent director.
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. The committee consists only of non-executive directors and is chaired by an independent chair, who is not chair 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 policies.	The recommended practice is adopted. The policy is disclosed.

CORPORATE GOVERNANCE STATEMENT

Recommendation	**Recommended Practice**	**Oldfields' Practice**
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 an independent chair 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 Stephen Charles Hooper 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 Giles: appointed 24th September 2010, currently an executive director and shareholder; and

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, William Lewis Timms is not 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. The chairman performs an informal evaluation of individual directors and also of each board meeting.

CORPORATE GOVERNANCE STATEMENT

During the course of the year the following meetings were held and attended:

Director	Eligible to Attend	Meetings Attended
Julie Garland McLellan	10	10
Christopher Michael Giles	12	12
William Lewis Timms	12	12
Stephen Charles Hooper	2	2

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.

<u>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.</u>

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.	During the review process for June 2013 it was identified that not all advertisements specified that Oldfields is an equal opportunity employer. It is the Groups intention that all future advertisements will now clearly state that we are an equal opportunity employer.
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.	Where possible, shortlisted applicants that have been put forward, included at least one female applicant.
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.	The review process identified that applicants are interviewed by a female and male staff member.
Develop online diversity training module (including discrimination, bullying and harassment) for all employees by June 14.	All staff currently trained through induction face to face and paper based training.

<u>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.</u>

The current proportion of women as at 30 June 2013 is:

	full time		%	part-time		%	casual		%	total		%
	female	male	female	female	male	female	female	male	female	female	male	female
Board	-	1	-	-	2	-	-	-	-	-	3	-
Senior executive	-	1	-	-	-	-	-	-	-	-	1	-
Senior management	1	5	17	2	-	100	-	-	-	3	5	38
Line managers	2	12	14	-	-	-	-	-	-	2	12	14
Skilled w orkers	3	27	10	-	-	-	-	13	-	3	40	7
Administration Staff	10	8	56	1	1	50	1	-	100	12	9	57
Distribution staff	6	4	60	-	-	-	-	-	-	6	4	60
Shop floor staff	1	18	5	1	1	50	1	13	7	3	32	9
TOTAL	23	75	23	4	2	67	2	26	7	29	103	22

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.
A copy of the Workplace Gender Equality report 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, who is not chair of the board;
- 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. 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 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:
- Stephen Charles Hooper (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) and the chief financial officer (CFO) 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:

- WGE (Workplace Gender Equality 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 to 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.