

oldfields

HOLDINGS LIMITED

Appendix 4D and Financial Report
for the Half Year Ended
31 December 2011



ABN 92 000 307 988

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

APPENDIX 4D - FINANCIAL REPORT FOR THE HALF-YEAR ENDING 31 DECEMBER 2011

Results for announcement to the market

Comparative period: Half-year ending 31 December 2010

	31-Dec-11 \$'000	31-Dec-10 \$'000		% change
Revenue from continuing operations	14,872	16,048	Down	-7.33%
Earnings before interest, taxes, depreciation and amortisation (excluding discontinued operations)	524	859	Down	-39.01%
Loss after tax from continuing operations attributable to members of the parent entity	(849)	(1,020)	Down	-16.83%
Loss from discontinued operations after tax	(104)	(1,927)	Down	-94.58%
Loss attributable to members of the parent entity	(873)	(1,165)	Down	-25.13%

Dividends

No dividends have been paid or proposed during the year.
A dividend reinvestment plan is currently in operation.

Net tangible assets per share

	31-Dec-11 \$'000	30-Jun-11 \$'000		% change
Net Assets	1,758	2,695	Down	-34.77%
Net Assets (cents per share)	0.03	0.05		
Net Tangible Assets	650	1,575	Down	-58.73%
Net Tangible Assets (cents per share)	0.01	0.03		

Investment in associates and joint ventures

Material investments in associates and joint ventures are as follows:	Contribution to Result		Percentage Held
	31-Dec-11 \$'000	31-Dec-10 \$'000	
Tangshan Hengfeng Painting Accessories (disposed as at 31 October 2010)	0.0	(726.4)	0%
PT Ace Oldfields	23.7	61.2	49%
Enduring Enterprises	30.3	9.2	49%
Honeytree & Partners	14.0	5.4	49%
Brisbane Garden Sheds Pty Limited	4.8	0.4	50%

Audit status

This half-year financial report has been reviewed by the Group's auditors, PKF.



Robert Coleman
Company Secretary

28 February 2012

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

DIRECTORS' REPORT

Your directors present their report, together with the financial statements of the Group, being the Company and its controlled entities for the half-year ended 31 December 2011.

Directors

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

Julie Garland McLelland	Appointed 1 March 2011
William Lewis Timms	Appointed 18 December 2009
Raymond John Titman	Appointed 23 July 2010
Christopher Michael Giles	Appointed 24 September 2010

Principal Activities and Significant Changes in Nature of Activities

The principal activities of the consolidated group during the period were:

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

Summary of Events During and Following the Half-Year Period to December 2011

Operating Results

The consolidated group revenue from continuing operations for the six months to 31 December 2011 is \$14,872,278. This is down 7.3% from \$16,047,890 in same period in 2010. This reflects the downturn in the building and construction industry which is partially offset by revenue growth in the sheds and paint applications divisions.

Cost of sales, distribution, marketing and administrative expenses are all reduced compared to the previous period and reflect both the downturn in construction-related activity leading to lower direct variable costs and a continued focus on cost control.

The consolidated net loss after tax attributable to members for the six months to 31 December 2011 was a loss of \$848,534 compared to a loss of \$1,020,212 for the corresponding period to 31 December 2010.

Net cash used in operating activities reduced to \$224,737 from \$686,532 in the previous period. This performance reflects lower interest payments due to the reduction in borrowings and improved working capital management. The company continues to focus on opportunities to strengthen the balance sheet by debt reduction.

The consolidated earnings before interest, taxes, depreciation and amortisation on continuing operations decreased to \$523,993 for the half-year ended 31 December 2011 compared to \$859,196 for half-year ended 31 December 2010.

Review of Operations

(i) Paint Applications Division

The Paint Applications business continues to focus efforts on improving customer service. The division is coming out of a decline in sales and profitability that has lasted for several years. Sales and operating results have improved over the six month period. A new brush range was introduced shortly after the end of the period and has been well received by customers. Sales growth for this division is highly related to the successful growth of major customers. Oldfields is a supplier to both Masters and Mitre 10. In December 2011 Oldfields was recognised by Mitre 10 as one of only five suppliers to exceed target rates for 'in time in full' delivery of stock.

(ii) Treco Garden Sheds Division

Treco Garden Sheds has also increased sales within the last six months. The division is currently generating sales and profitability above those of the comparable 6 month period to December 2010. The closure of the Group's retail outlets has resulted in a significant turnaround in business performance. The operations are now profitable and the focus is on achieving growth through introduction of new products such as the small greenhouses and planters. New distribution channels are coming on-stream and are expected to support additional opportunities for revenue and profit growth.

DIRECTORS' REPORT

(iii) Scaffold Division

The Scaffold Division has had a disappointing six months to December 2011. Revenue is below the comparable period last year and below internal targets. The prior year included activity relating to the 'Building the Education Revolution' projects which have now ceased. Building activity has been subdued during the reporting period, and mirrors the downturn in the overall building sector. Sales revenue has declined due to large orders fulfilled in the prior year for a customer in the Middle East which have not been repeated. Large orders fulfilled after 31 December 2011 will redress the poor revenue performance. Management is focused on supporting revenue generation and continued cost control.

(iv) Pt Ace Oldfields Indonesia

The Group's investment in PT Ace Oldfields Indonesia continues to provide a reliable source of supply of quality rollers and bristle brushware.

(v) Property

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

Financial Position

The net assets of the consolidated group have decreased by \$936,987 from 30 June 2011. This decrease is attributable to the loss incurred from the business operations largely as a result of the maintenance of a high net debt.

The board continues to investigate strategies to improve the financial stability of the business.

Significant Changes in State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the year.

Dividends Paid or Recommended

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

After Balance Date Events

There have been no other significant events which have occurred since 31 December 2011.

Future Developments, Prospects and Business Strategies

Developments, prospects and strategies will be announced as they meet disclosure standards. At the date of this report there are no announcements.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 of the half-year report.

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



Raymond Titman
Director

28 February 2012

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

DIRECTORS' DECLARATION

The director's declare that:

- (a) 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; and
- (b) in the director's opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors.

A handwritten signature in black ink, appearing to read 'Raymond Titman', with a large, stylized flourish at the end.

Raymond Titman
Director

28 February 2012



Chartered Accountants
& Business Advisers

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

To: the directors of Oldfields Holdings Limited and the entities it controlled during the period

I declare to the best of my knowledge and belief, in relation to the review for the financial half-year ended 31 December 2011 there have been:

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

PKF

Paul Bull
Partner

28 February 2012
Sydney

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Consolidated Half-year ended	
	31-Dec-11	31-Dec-10
	\$	\$
Revenue	14,872,278	16,047,890
Cost of sales	(7,808,861)	(8,222,199)
Gross profit	7,063,417	7,825,691
Other income	124,991	322,733
Distribution expenses	(4,354,798)	(5,017,262)
Marketing expenses	(265,365)	(273,997)
Occupancy expenses	(766,431)	(697,833)
Administrative expenses	(1,827,704)	(1,875,498)
Impairment expense	-	(67,995)
Finance costs	(702,184)	(619,568)
Share of net profit of associates and joint ventures	7,379	75,720
Loss before income tax	(720,695)	(328,009)
Income tax expense	(23,402)	1,234,505
(Loss)/profit from continuing operations	(744,097)	906,496
Discontinued operations		
Loss for the period from discontinued operations after tax	(104,437)	(1,926,708)
Loss for the period	(848,534)	(1,020,212)
Other comprehensive income:		
Movement in revaluation reserve on disposal of investment	-	68,705
Effective portion of gain on cash flow hedges	2,205	48,651
Exchange differences on translating foreign entities	86,248	278,142
Other comprehensive income for the period, net of tax	88,453	395,498
Total comprehensive income for the period	(760,081)	(624,714)
Loss attributable to:		
Members of the parent entity	(872,652)	(1,165,495)
Non-controlling interest	24,118	145,283
	(848,534)	(1,020,212)
Total comprehensive income attributable to:		
Members of the parent entity	(784,199)	(769,997)
Non-controlling interest	24,118	145,283
	(760,081)	(624,714)
Overall Operations		
Basic earnings per share (cents per share)	(1.51)	(2.80)
Diluted earnings per share (cents per share)	(1.51)	(2.80)
Continuing Operations		
Basic earnings per share (cents per share)	(1.32)	2.49
Diluted earnings per share (cents per share)	(1.32)	2.49
Discontinued Operations		
Basic earnings per share (cents per share)	(0.19)	(5.29)
Diluted earnings per share (cents per share)	(0.19)	(5.29)

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 31 DECEMBER 2011

	Consolidated Group	
	31-Dec-11	30-Jun-11
	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	311,468	757,753
Trade and other receivables	4,213,657	4,303,972
Inventories	4,911,189	5,122,274
Other assets	781,642	2,107,940
	<u>10,217,956</u>	<u>12,291,939</u>
Non-current assets held for sale	-	2,199,396
TOTAL CURRENT ASSETS	<u>10,217,956</u>	<u>14,491,335</u>
NON-CURRENT ASSETS		
Investments accounted for using the equity method	1,358,179	1,491,089
Property, plant and equipment	9,470,776	9,656,244
Deferred tax assets	39,981	35,330
Intangible assets	1,107,663	1,119,989
TOTAL NON-CURRENT ASSETS	<u>11,976,599</u>	<u>12,302,652</u>
TOTAL ASSETS	<u>22,194,555</u>	<u>26,793,987</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	4,997,120	5,015,273
Borrowings	13,986,641	17,573,392
Current tax liabilities	14,549	83,513
Short-term provisions	932,263	985,191
Derivatives	14,136	11,931
TOTAL CURRENT LIABILITIES	<u>19,944,709</u>	<u>23,669,300</u>
NON-CURRENT LIABILITIES		
Borrowings	420,215	364,538
Deferred tax liabilities	1,295	359
Other long-term provisions	70,786	65,253
TOTAL NON-CURRENT LIABILITIES	<u>492,296</u>	<u>430,150</u>
TOTAL LIABILITIES	<u>20,437,005</u>	<u>24,099,450</u>
NET ASSETS	<u>1,757,550</u>	<u>2,694,537</u>
EQUITY		
Issued capital	18,751,301	18,751,301
Reserves	(1,098,186)	(1,009,733)
Retained earnings	(16,294,157)	(13,529,156)
Parent interest	1,358,958	4,212,412
Non-controlling interest	398,592	(1,517,875)
TOTAL EQUITY	<u>1,757,550</u>	<u>2,694,537</u>

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 HALF-YEAR ENDED 31 DECEMBER 2011

	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Option Reserve	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Balance at 1 July 2010	15,657,109	(10,077,824)	9,241	68,705	(1,325,296)	142,226	(1,310,486)	3,163,675
Loss attributable to members of parent entity	-	(1,165,495)	-	-	-	-	-	(1,165,495)
Profit attributable to non-controlling interests	-	-	-	-	-	-	145,283	145,283
Total other comprehensive income for the period	-	-	(48,651)	(68,705)	(278,142)	-	-	(395,498)
Transfer between retained earnings and reserves	-	36,975	-	-	105,251	(142,226)	-	-
Adjustments to opening non-controlling interests	-	-	-	-	-	-	(20,929)	(20,929)
Transactions with owners in their capacity as owners:								
Shares issued during the period	3,098,392	-	-	-	-	-	-	3,098,392
Sub-total	18,755,501	(11,206,344)	(39,410)	-	(1,498,187)	-	(1,186,132)	4,825,428
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 31 December 2010	18,755,501	(11,206,344)	(39,410)	-	(1,498,187)	-	(1,186,132)	4,825,428
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	-	(872,652)	-	-	-	-	-	(872,652)
Profit attributable to non-controlling interests	-	-	-	-	-	-	24,118	24,118
Total other comprehensive income for the period	-	-	(2,205)	-	(86,248)	-	-	(88,453)
Transfer between retained earnings and non-controlling interests	-	(1,892,349)	-	-	-	-	1,892,349	-
Transactions with owners in their capacity as owners:								
Shares issued during the period	-	-	-	-	-	-	-	-
Sub-total	18,751,301	(16,294,157)	(14,136)	-	(1,084,050)	-	398,592	1,757,550
Dividends paid or provided for	-	-	-	-	-	-	-	-
Balance at 31 December 2011	18,751,301	(16,294,157)	(14,136)	-	(1,084,050)	-	398,592	1,757,550

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 HALF-YEAR ENDED 31 DECEMBER 2011**

	Consolidated Group	
	31-Dec-11	31-Dec-10
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	16,715,426	21,660,819
Rent received	100,471	99,945
Interest received	93	2
Payments to suppliers and employees	(16,297,173)	(21,520,019)
Finance costs	(615,050)	(772,204)
Income tax paid	(128,504)	(151,742)
Interest paid to Director's Loan	-	(3,333)
Net cash used in operating activities	<u>(224,737)</u>	<u>(686,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	3,908,092	354,867
Purchase of property, plant and equipment	(553,363)	(325,795)
Proceeds from disposal of shares in subsidiary	-	1,079,137
Net cash provided by investing activities	<u>3,354,729</u>	<u>1,108,209</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	483,219	379,487
Repayment of borrowings	(4,294,564)	(557,720)
Overdraft restructure to borrowings	-	1,000,000
Proceeds from issue of additional shares	-	2,863,592
Net cash (used in)/provided by financing activities	<u>(3,811,345)</u>	<u>3,685,359</u>
Net (decrease)increase in cash held	(681,353)	4,107,036
Cash and cash equivalents at beginning of period	431,409	(2,160,665)
Cash and cash equivalents at end of period	<u>(249,944)</u>	<u>1,946,371</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 1 Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes to the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current period.

There are no new and revised Standards and amendments thereof and Interpretations effective for the current reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior periods.

Note 2 Going Concern

The Group made a loss for the half-year ended 31 December 2011 of \$848,534, had a net cash outflow from operating activities of \$224,737 and continued to breach one of its bank covenants on a monthly basis as stated in Note 6. These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

Notwithstanding, the directors have taken steps subsequent to period end to ensure that the Group will continue as a going concern. These include:

- Negotiations with the Group's principal lender to provide a sustainable level of debt for the company going forward;
- Developing a plan for recapitalisation; and
- Continuing to support the prudent management of cash whilst growing the core businesses to a level at which they will be sustainably generating positive operating cashflows.

These steps are not finalised as at the date of this report, however shareholders will be advised of the Group's progress as and when appropriate. The directors have reviewed the business outlook and believe the Group will successfully achieve the matters set out above.

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

Note 3 Reconciliation of cash

	Consolidated Group	
	31-Dec-11	31-Dec-10
	\$	\$
Cash at the end of the half-year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	311,468	3,550,674
Bank overdrafts	(561,412)	(1,604,303)
	(249,944)	1,946,371

Note 4 Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

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

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

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

The Group has identified the following reportable segments:

- Wholesale/Retail
- Scaffold Division
- Consumer Products
- Property Division
- Corporate Division

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 4 Segment Information (continued)

(i) Segment performance

31 December 2011	Wholesale					Total \$
	Retail \$	Scaffolding \$	Consumer \$	Property \$	Corporate \$	
REVENUE						
External sales	6,504,116	8,395,323	-	-	-	14,899,439
Other revenue	105,004	33,219	-	-	1,947,472	2,085,695
Inter-segment elimination						(1,987,865)
Total segment revenue	6,609,120	8,428,542	-	-	1,947,472	14,997,269
Segment net profit before tax						
<i>Reconciliation of segment result to group net loss before tax</i>						
Net profit/(loss) before tax	(81,795)	(637,044)	-	-	(1,856)	(720,695)
Inter-segment elimination						-
Net loss before tax from continuing operations						<u>(720,695)</u>
Discontinued operations						
Revenue						
External sales	-	-	-	-	-	-
Other revenue	-	-	-	17,882	-	17,882
Total segment revenue	-	-	-	17,882	-	17,882
Segment net profit before tax						
Net profit/(loss) before tax from discontinued operations	4,773	-	-	(76,787)	-	<u>(72,014)</u>

(i) Segment performance

31 December 2010	Wholesale					Total \$
	Retail \$	Scaffolding \$	Consumer \$	Property \$	Corporate \$	
Continuing operations						
Revenue						
External sales	5,822,673	10,255,838	-	-	-	16,078,511
Other revenue	51,796	274,887	-	-	2,417,838	2,744,521
Inter-segment elimination						(2,452,409)
Total segment revenue	5,874,469	10,530,725	-	-	2,417,838	16,370,623
Segment net profit before tax						
<i>Reconciliation of segment result to group net loss before tax</i>						
Net profit/(loss) before tax	(100,537)	556,988	(33,329)	-	53,678	476,800
Inter-segment elimination						(804,809)
Net loss before tax from continuing operations						<u>(328,009)</u>
Discontinued operations						
Revenue						
External sales	1,031,932	-	853,447	-	-	1,885,379
Other revenue	2,126	-	809,067	129,446	-	940,639
Total segment revenue	1,034,058	-	1,662,514	129,446	-	2,826,018
Segment net profit before tax						
Net profit/(loss) before tax from discontinued operations	(372,024)	-	15,598	(131,394)	-	<u>(487,820)</u>

(ii) Revenue by geographical region

31 December 2011	Wholesale					Total \$
	Retail \$	Scaffolding \$	Consumer \$	Property \$	Corporate \$	
Domestic	6,154,082	8,167,579	-	-	1,947,472	16,269,133
International	455,038	260,963	-	-	-	716,001
Segment elimination						-
Inter-segment elimination						(1,987,865)
Total revenue	6,609,120	8,428,542	-	-	1,947,472	14,997,269
31 December 2010	Wholesale					Total \$
	Retail \$	Scaffolding \$	Consumer \$	Property \$	Corporate \$	
Domestic	5,421,605	10,112,725	-	-	2,417,839	17,952,169
International	452,863	418,000	-	-	-	870,863
Segment elimination						-
Inter-segment elimination						(2,452,409)
Total revenue	5,874,468	10,530,725	-	-	2,417,839	16,370,623

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 5 Discontinued operations

(i) Shed Holdings Pty Ltd

During the period, the Group wound down its investment property division, Shed Holdings Pty Ltd. The loss for the period from the discontinued operation is as follows:

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Other income	17,882	129,446
Distribution expenses	(2,965)	(29,812)
Occupancy expenses	(5,423)	(38,107)
Administrative expenses	(857)	(32,438)
Finance costs	(85,424)	(128,647)
Impairment expenses	-	(31,836)
Loss before income tax	(76,787)	(131,394)
Income tax expense	(32,423)	27,066
Loss for the year	(109,210)	(104,328)

(ii) Brisbane Garden Sheds Pty Ltd

During the period, the Group wound down the joint venture entity, Brisbane Garden Sheds Pty Ltd. The profit for the period from the discontinued operation is as follows:

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Share of net profit of associates and joint ventures before tax	4,773	352
Income tax expense	-	26,709
Share of net profit of associates and joint ventures after tax	4,773	27,061

(iii) Backyard Installations Pty Ltd

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

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Revenue	-	1,021,123
Cost of sales	-	(9,630)
Gross profit	-	1,011,493
Other income	-	2,126
Distribution expenses	-	(425,291)
Marketing expenses	-	(115,342)
Occupancy expenses	-	(75,219)
Administrative expenses	-	(8,279)
Finance costs	-	(239)
Loss before income tax	-	389,249
Income tax expense	-	(4,758)
Loss for the year	-	384,491

(iv) H&O Products Pty Ltd

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

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Revenue	-	853,447
Cost of sales	-	(1,212,761)
Gross profit	-	(359,314)
Other income	-	809,067
Distribution expenses	-	(151,965)
Marketing expenses	-	(51,420)
Occupancy expenses	-	(179,105)
Administrative expenses	-	(12,254)
Impairment expense	-	(2,923)
Finance costs	-	(36,489)
Profit before income tax	-	15,598
Income tax expense	-	(1,452,008)
Loss for the year	-	(1,436,410)

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Note 5 Discontinued operations (continued)

(v) Tangshan Hengfeng Paint Accessories Co.

On 31 October 2010, the Group disposed of its 47.5% interest in Tangshan Hengfeng Paint Accessories Co. The proceeds from the sale of this investment were \$1,079,137 which were received upon settlement on 25 February 2011. The loss on disposal of this investment was \$725,349 which has been included as part of the loss from discontinued operations for the half-year ended 31 December 2010.

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Share of net loss of associates and joint ventures	-	(1,049)
Loss on disposal of investment in joint venture	-	(725,349)
	-	<u>(726,398)</u>

(vi) Adelaide Garden Sheds Pty Ltd

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

	6 months ending	
	31-Dec-11	31-Dec-10
	\$	\$
Revenue	-	10,810
Cost of sales	-	(13,593)
Gross profit	-	(2,783)
Distribution expenses	-	(21,482)
Marketing expenses	-	(2,708)
Occupancy expenses	-	(6,284)
Administrative expenses	-	(866)
Finance costs	-	(1,102)
Loss before income tax	-	<u>(35,227)</u>
Income tax expense	-	(35,897)
Loss for the year	-	<u>(71,124)</u>

Note 6 Borrowings

All bank loans have been classified as current in the financial report in accordance with the requirements of AASB101 Presentation of Financial Statements. Under AASB101, unless the Group had an "unconditional right to defer settlement for at least twelve months after the reporting period", the borrowings must be classified as current. The current facility agreement is due to be renewed by August 2012 and therefore all debt has been classified as current.

The current facility agreement includes normal commercial terms and conditions which are subject to such covenants as interest cover ratios; capital expenditure limits; debt service cover ratios and the Group cannot create or acquire a new subsidiary unless that subsidiary becomes a party to the agreement. During the half-year ended 31 December 2011, the Group continued to breach one of its bank covenants on a monthly basis.

Note 7 Commitments & Contingencies

There have been no significant movements in commitments or contingencies since the previous annual reporting period, being 30 June 2011.

Note 8 Events After the Reporting Period

There have been no other significant events which have occurred since 31 December 2011.



Chartered Accountants
& Business Advisers

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

Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Oldfields Holdings Limited which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity. The consolidated entity comprises Oldfields Holdings Limited (the company) and the entities it controlled at 31 December 2011 or from time to time during the half-year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Oldfields Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the consolidated entity is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 2 in the half-year financial report, which indicates that the consolidated entity incurred a net loss of \$848,534 during the half-year ended 31 December 2011 and experienced cash outflows from operations of \$224,737 for the same period. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

**PKF****Paul Bull**
Partner**28 February 2012**
Sydney