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Appendix 4D and Financial Report for the Half Year

Ended 31 December 2014

www.oldfields.com.au | 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 2014

Results for announcement to the market

Comparative period: Half-year ending 31 December 2013

	31-Dec-14 $'000	31-Dec-13 $'000		% change
Revenue from continuing operations	**13,672**	14,160	Down	-3.45%
Earnings before interest, taxes, depreciation and amortisation	**674**	846	Down	-20.33%
Profit/(loss) after tax	**(429)**	(189)	Down	N/A
Profit/(loss) after tax attributable to members of the parent entity	**(542)**	(300)	Down	N/A

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-14 $'000	30-Jun-14 $'000		% change
Net Assets	5,589	6,042	Down	-7.50%
Net Assets (cents per share)	**6.80**	**7.35**		
Net Tangible Assets	4,560	4,997	Down	-8.74%
Net Tangible Assets (cents per share)	**5.55**	**6.08**		

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

Gregory John Park
Company Secretary **26 February 2015**

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 2014.

Directors

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

William Lewis Timms (Chairman)	Appointed 18 December 2009
Stephen Charles Hooper	Appointed 23 May 2013
Tony Joseph Grima (Managing Director)	Appointed 14 October 2013

Principal Activities and Significant Changes in Nature of Activities

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

- manufacturing, importing and marketing of paint brushes, paint rollers, painters tools and accessories;
- manufacturing and marketing of 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 2014

Operating Results

Consolidated group revenue for the half year to 31 December 2014 was $13,671,956, compared to $14,159,998 for the same period in 2013. This decrease was primarily in the consumer products division as a result of reduced trading activity with a number of major buying groups pursuing direct sourcing models and launching a range of their own private label products. National chains also declined due to increased competition in the hardware market.

The consolidated net loss after tax for the half year to 31 December 2014 was $429,135, which was worse than the previous half-year's loss of $189,440. The consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased by 20% to $674,037 compared to $845,400 for the half year ending 31 December 2013. The current period results include one-off expenses associated with cost saving initiatives which were implemented during the period. Savings from these initiatives are expected to flow through in the second half of the year.

Overall, the gross margin percentage improved slightly despite the reduction in exchange rates. Strategies have been implemented which attempt to minimise the cost impact of any significant fluctuations in major exchange rates over the next six months.

Net cash provided by operating activities increased to $528,486 during the period, compared to $444,190 for the half year ending 31 December 2013. Cash flow management continues to be a major focus for the group.

Review of Operations

Consumer Products - Paint Equipment Division

The paint equipment division declined against expectations in the current period primarily due to direct sourcing business models being implemented by customers and by the introduction of private label products. Competition in the market also intensified particularly in the Do-It-Yourself (DIY) channel. The restructure of the sales and marketing departments during the period is expected to improve the ongoing profitability of this division with savings expected to flow through in the second half of the year. Maintaining gross margins continues to be a major focus for this division with additional cost saving and product innovation initiatives being introduced during the period. Further innovation will continue to be developed for introduction in the future.

Consumer Products - Garden Sheds Division

The domestic market for garden sheds continued to decline this year, while revenue from international markets remained relatively stable. Potential growth opportunities continue to be investigated both in the domestic and international markets.

Scaffold Division

An increase in activity within the domestic housing market in New South Wales supported the scaffold division during the current period, while intense competition in the building and construction industry continued. The consolidation and relocation of branches in Queensland, Victoria and South Australia continued during the period with further changes expected in New South Wales during the second half of the year. These changes are expected to improve efficiency levels, reduce costs and enhance the profitability of the division going forward.

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

DIRECTORS' REPORT

Outlook

Profitable growth across all divisions remains a major focus for the second half of the year. Opportunities for product development and innovation will continue to be investigated, along with potential expansion of the groups customer base. Costs will continue to be vigilantly monitored and strategies for further savings will continue to be explored. A focus for the group will be a reduction in overall debt.

Comparative Statement of Profit or Loss

(Non AIFRS Information)

	Consolidated Half-year ended			
	Dec-14 $000's	**Dec-13 $000's**	**Change %**	**Dec-12 $000's**
Sales	13,672	14,160	-3.4%	13,928
Gross Margin (excluding depreciation and amortisation)	6,563	6,771	-3.1%	6,824
Gross Margin %	*48.0%*	*47.8%*	+20 bps	*49.0%*
Other revenues *	43	14	197.9%	32
Operating expenses (excluding depreciation and amortisation)	5,932	5,976	-0.7%	6,200
Share of net profit of associated entities and joint ventures	-	37	-100.0%	6
Profit on disposal of shares in associates and joint ventures	-	-	N/A	23
Earnings before interest, tax, depreciation and amortisation (EBITDA)*	**674**	**846**	**-20.3%**	**685**
Depreciation and amortisation	636	582	9.4%	510
Earnings before interest and tax (EBIT)	**38**	**264**	**-85.8%**	**176**
Interest expense	229	232	-1.4%	144
Income tax expense	124	120	3.6%	71
Revaluation of deferred senior loan note	114	101	12.0%	-
Profit/(Loss) after tax from continuing operations	**(429)**	**(189)**	**126.5%**	**(39)**
Debt buy-back	-	-	N/A	5,500
Net profit/(loss) for the half-year	**(429)**	**(189)**	**N/A**	**5,461**
Net Cash provided by operating activities	**528**	**444**	**19.0%**	**1,200**
Earnings per share (cents per share) **	(0.66)	(0.23)	**N/A**	9.55

*** Calculations above exclude the one-off $5.5million debt buy back in December 2012.**

**** Calculations of earnings per share are based on a weighted average number of shares.**

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs during or since the half-year ending 31 December 2014.

Dividends Paid or Recommended

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

After Balance Date Events

Other than the extension of the group's finance facility to 31 August 2016 as mentioned in note 1 of the financial report, there have been no other significant events which have occurred since 31 December 2014.

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.

Tony Joseph Grima

Director **26 February 2015**

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

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(b) the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the financial half-year ended on that date; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors.

Tony Joseph Grima
Director **26 February 2015**

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

As lead auditor for the review of Oldfields Holdings Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

Paul Bull
Partner

BDO East Coast Partnership

Sydney, 26 February 2015

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Half-year ended 31-Dec-14 $	31-Dec-13 $
Revenue	13,671,956	14,159,998
Cost of sales	(7,545,947)	(7,680,936)
Gross profit	6,126,009	6,479,062
Other income	42,847	14,384
Distribution expenses	(3,782,853)	(4,030,133)
Marketing expenses	(209,178)	(237,669)
Occupancy expenses	(731,219)	(702,149)
Administrative expenses	(1,400,505)	(1,288,727)
Finance costs	(236,689)	(239,844)
Revaluation of deferred senior loan note derivative component	(113,598)	(101,426)
Share of net profit of associates and joint ventures	-	36,677
Loss before income tax	(305,186)	(69,825)
Income tax expense	(123,949)	(119,615)
Loss for the period	(429,135)	(189,440)
Other comprehensive income:		
Effective portion of gain on cash flow hedges	13,353	3,589
Exchange differences on translating foreign entities	39,171	(346,568)
Other comprehensive income for the period, net of tax	52,524	(342,979)
Total comprehensive loss for the period	(376,611)	(532,419)
Profit/(loss) attributable to:		
Members of the parent entity	(542,066)	(299,945)
Non-controlling interest	112,931	110,505
	(429,135)	(189,440)
Total comprehensive income/(loss) attributable to:		
Members of the parent entity	(489,542)	(642,924)
Non-controlling interest	112,931	110,505
	(376,611)	(532,419)
	Cents	Cents
Basic earnings per share (cents per share)	(0.66)	(0.23)
Diluted earnings per share (cents per share)	(0.66)	(0.23)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

		Consolidated Group	
		31-Dec-14	30-Jun-14
	Note	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		736,548	373,252
Trade and other receivables		3,416,945	3,304,666
Inventories		4,260,255	4,811,624
Other assets		542,515	769,399
Current tax assets		-	91,392
TOTAL CURRENT ASSETS		8,956,263	9,350,333
NON-CURRENT ASSETS			
Property, plant and equipment		6,974,558	7,470,354
Intangible assets		1,029,132	1,045,512
Deferred tax assets		46,133	43,822
TOTAL NON-CURRENT ASSETS		8,049,823	8,559,688
TOTAL ASSETS		17,006,086	17,910,021
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,286,865	2,926,131
Borrowings		5,783,061	971,663
Short-term provisions		908,503	1,015,871
Current tax liabilities		37,864	-
Derivative liability		2,022,781	13,353
TOTAL CURRENT LIABILITIES		11,039,074	4,927,018
NON-CURRENT LIABILITIES			
Borrowings		161,353	4,876,726
Long-term provisions		100,171	59,277
Deferred tax liabilities		116,228	95,462
Derivative liability		-	1,909,183
TOTAL NON-CURRENT LIABILITIES		377,752	6,940,648
TOTAL LIABILITIES		11,416,826	11,867,666
NET ASSETS		5,589,260	6,042,355
EQUITY			
Issued capital	3	21,106,101	21,106,101
Reserves		12,950	(39,574)
Retained earnings		(16,005,373)	(15,463,307)
Equity attributable to the owners of Oldfields Holdings Limited		5,113,678	5,603,220
Non-controlling interest		475,582	439,135
TOTAL EQUITY		5,589,260	6,042,355

The above statement of financial position should be read in conjunction with the accompanying notes

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Foreign Currency Translation Reserve	Non-Controlling Interests	Total
Consolidated Group	$	$	$	$	$	$
Balance at 1 July 2013	21,176,101	(12,748,513)	(5,604)	(1,236,257)	448,688	7,634,415
Loss attributable to members of parent entity	-	(299,945)	-	-	-	(299,945)
Profit attributable to non-controlling interests	-	-	-	-	110,505	110,505
Other comprehensive income for the period	-	-	3,589	(346,568)	-	(342,979)
Total comprehensive income for the period	-	(299,945)	3,589	(346,568)	110,505	(532,419)
Sub-total	**21,176,101**	**(13,048,458)**	**(2,015)**	**(1,582,825)**	**559,193**	**7,101,996**
Dividends paid or provided for	-	-	-	-	(74,257)	(74,257)
Balance at 31 December 2013	**21,176,101**	**(13,048,458)**	**(2,015)**	**(1,582,825)**	**484,936**	**7,027,739**
Balance at 1 July 2014	21,106,101	(15,463,307)	(13,353)	(26,221)	439,135	6,042,355
Loss attributable to members of parent entity	-	(542,066)	-	-	-	(542,066)
Profit attributable to non-controlling interests	-	-	-	-	112,931	112,931
Other comprehensive income for the period	-	-	13,353	39,171	-	52,524
Total comprehensive income for the period	-	(542,066)	13,353	39,171	112,931	(376,611)
Sub-total	**21,106,101**	**(16,005,373)**	**-**	**12,950**	**552,066**	**5,665,744**
Dividends paid or provided for	-	-	-	-	(76,484)	(76,484)
Balance at 31 December 2014	**21,106,101**	**(16,005,373)**	**-**	**12,950**	**475,582**	**5,589,260**
	-	-	-		-	

The above statement of changes in equity should be read in conjunction with the accompanying notes

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group 31-Dec-14 $	31-Dec-13 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		14,788,467	15,519,053
Interest received		1,897	182
Payments to suppliers and employees		(14,109,971)	(14,908,973)
Finance costs		(175,669)	(159,346)
Income tax (paid)/received		23,762	(6,726)
Net cash provided by operating activities		528,486	444,190
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		133,622	118,271
Purchase of property, plant and equipment		(264,410)	(236,737)
Net cash used in investing activities		(130,788)	(118,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		283,950	340,060
Repayment of borrowings		(259,700)	(335,908)
Dividends paid to non-controlling interest		(76,484)	(74,257)
Net cash used in financing activities		(52,234)	(70,105)
Net increase in cash held		345,464	255,619
Cash and cash equivalents at beginning of period		(247,180)	(177,780)
Cash and cash equivalents at end of period	2	98,284	77,839

The above statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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* as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* . The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the annual financial report for the year ended 30 June 2014.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New, revised or amended Accounting Standards and Interpretations adopted

The group 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

Going Concern

The consolidated entity has reported a net loss of $429,135 for the half-year period ended 31 December 2014 (2013: $189,440). As at 31 December 2014, current liabilities exceed current assets by $2,082,811 (30 June 2014: net current assets of $4,423,315). The deficiency in net current assets has arisen because of the classification of the amounts outstanding under the consolidated entity's banking facilities of $7,367,801 to current under relevant accounting standards. The banking facilities were due to expire in August 2015 and at balance date the consolidated entity did not have an unconditional right to defer settlement of these facilities for a period in excess of twelve months which resulted in the reclassification for the presentation of the financial statements at 31 December 2014.

Notwithstanding the losses incurred and the deficiencies in net current assets, the half-year report has been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business on the following premises:

- On 24 February 2015, the directors received confirmation from the consolidated entity's bankers extending its banking facilities to 31 August 2016; and
- Management prepared cash flow forecasts for financial years 2015 and 2016 indicate that the consolidated entity will have adequate resources to meet its ongoing debt obligations as and when they fall due and all repayment obligations under the revised facility arrangement will be met.

Note 2 Reconciliation of cash and cash equivalents

	Consolidated Group	
	31-Dec-14	31-Dec-13
	$	$
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	736,548	560,260
Bank overdrafts	(638,264)	(482,421)
	98,284	77,839

Note 3 Issued Capital

There were no movements in the issued share capital of the Group during the half year ended 31 December 2014.

Note 4 Comparative figures

Comparative figures in the statement of profit and loss and other comprehensive income have been adjusted to conform to changes in classification for the current financial year.

Note 5 Commitments & Contingencies

There have been no significant movements in commitments or contingencies since the previous annual reporting period, being 30 June 2014.

Note 6 Events After the Reporting Period

Other than the extension of the facility agreement as noted above, there have been no other significant events which have occurred since 31 December 2014.

Note 7 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 Decisi Maker) 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 nota different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The Group has identified the following reportable segments:

- Consumer products division
- Scaffolding division

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

(i) Segment performance

31 December 2014	Consumer Products $	Scaffolding $	Total $
Revenue			
Sales revenue	5,400,006	8,298,020	13,698,026
Inter-segment sales	(22,749)	(3,320)	(26,070)
	5,377,257	8,294,700	13,671,956
Other income	100	1,330	1,430
Corporate	-	-	41,417
	100	1,330	42,847
Total segment revenue	**5,377,357**	**8,296,030**	**13,714,803**
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit/(loss) loss before tax	(329,199)	384,333	55,134
Corporate			(360,320)
Net profit/(loss) before tax from continuing operations	(329,199)	384,333	(305,186)
Income tax expense	-	(123,949)	(123,949)
Total profit/(loss) after tax	**(329,199)**	**260,384**	**(429,135)**
Share of net profit/(loss) from associates and joint ventures after tax	-	-	-

31 December 2013	Consumer Products $	Scaffolding $	Total $
Revenue			
Sales revenue	6,006,040	8,175,205	14,181,245
Inter-segment sales	(2,504)	(18,743)	(21,247)
	6,003,536	8,156,462	14,159,998
Other income	10,465	3,919	14,384
	10,465	3,919	14,384
Total segment revenue	**6,014,001**	**8,160,381**	**14,174,382**
Reconciliation of segment result to group net profit/loss before tax			
Segment net profit/(loss) loss before tax	(174,268)	430,470	256,202
Corporate			(326,027)
Inter-segment elimination			-
Net profit/(loss) before tax from continuing operations	(174,268)	430,470	(69,825)
Income tax expense	-	(119,615)	(119,615)
Total profit/(loss) after tax	**(174,268)**	**310,855**	**(189,440)**
Share of net profit/(loss) from associates and joint ventures after tax	36,677	-	36,677

The revenue reported above represents revenue generated from external customers. Segment profit represents the profit earned by each segment without allocation of head office costs, director's salaries, group borrowing costs and income tax expense. The share of profits/ (losses) of joint ventures are allocated to the relevant segment.

Note 7 Segment Information (continued)

(ii) Segment assets

31 December 2014	Consumer Products $	Scaffolding $	Total $
Segment assets	5,671,136	12,247,688	17,918,824
Corporate			3,172,890
Intersegment eliminations			(4,085,628)
Total group assets	**5,671,136**	**12,247,688**	**17,006,086**

30 June 2014	Consumer Products $	Scaffolding $	Total $
Segment assets	6,134,183	12,156,653	18,290,836
Corporate			2,984,755
Intersegment eliminations			(3,365,570)
Total group assets	**6,134,183**	**12,156,653**	**17,910,021**

(iii) Segment liabilities

31 December 2014	Consumer Products $	Scaffolding $	Total $
Segment liabilities	1,524,170	1,219,012	2,743,182
Corporate	-	-	8,089,622
Inter-segment elimination	-	-	584,022
Total group liabilities	**1,524,170**	**1,219,012**	**11,416,826**

30 June 2014	Consumer Products $	Scaffolding $	Total $
Segment liabilities	1,753,823	1,303,643	3,057,466
Corporate	-	-	7,619,218
Inter-segment elimination	-	-	1,190,982
Total group liabilities	**1,753,823**	**1,303,643**	**11,867,666**

Note 8 Fair values of financial instruments

Recurring fair value measurements

The following financial instruments are subject to recurring fair value measurements:

Derivative liabilities	31-Dec-14 $	30-Jun-14 $
— Forward exchange contracts - Level 2	-	13,353
— Deferred Senior Loan Note (DSLN) - Level 2	2,022,781	1,909,183
	2,022,781	1,922,536

Fair value hierarchy

The fair value measurements by level in the fair value measurement hierarchy are defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices within level 1 that are observable for the financial instrument, either directly (i.e. as prices), or indirectly (i.e. derived from prices);
- Level 3 - inputs that are not based on observable market data (unobservable inputs).

Transfers

During the half-year ended 31 December 2014, there were no transfers between levels.

Note 8 Fair values of financial instruments (continued)

Valuation techniques used to derive level 2 fair values

The forward exchange derivative liabilities are valued using Level 2 inputs by reference to quoted prices in active markets.

The derivative element of the DSLN of $2,022,781 (June 2014: $1,909,183) has been valued using Level 2 inputs which are included in the terms and conditions of this instrument. 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 repayment;
- If the DSLN is repaid or partially repaid within the first 5 years, it will attract interest at 12% pa;
- If the DSLN is repaid or partially repaid after the first 5 years, the amount of interest paid will be dependent upon the share price of the Group, but capped at 12% pa;
- In the event that the weighted average share price of the company is the same or below the issue price of the capital raised at the time of repayment after the first 5 years, the only payment due will be the original debt;
- The DSLN noteholder will also be entitled to receive a payment to the equivalent value of any dividend payments 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. The core debt has been discounted to net present value over the expected term of the DLSN and is included in non-current borrowings. The assessed value of the derivative takes into account the expected cash flows incorporating the term (10 years) and discount rate 12%.

Fair values of financial instruments not measured at fair value

The group also has financial assets and liabilities which are not measured at fair value on the balance sheet. The fair values of these instruments are not materially different to their carrying value as the interest rate payable is close to current market rates or the instruments are short term in nature.

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oldfields Holdings Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Oldfields Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2014, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

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 internal 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 half-year 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 2014 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*. 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 review report.

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 Oldfields Holdings Limited 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 2014 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*

BDO East Coast Partnership

BDO

Paul Bull
Partner

Sydney, 26 February 2015