OLDFIELDS HOLDINGS LIMITED

ABN: 92 000 307 988

APPENDIX 4D

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Oldfields Holdings Limited ABN 92 00 307 988

Interim Financial Report

APPENDIX 4D - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

1. Results for Announcement to the Market

	Dec-17 $'000	Dec-16 $'000	Movement Up / (Down) $'000	%
Revenues from ordinary activities	13,404	14,344	(940)	-6.6%
Profit before revaluation of derivative financial instruments & income tax	264	615	(351)	-57.1%
Profit from ordinary activities after tax attributable to the owners	1,302	360	942	261.7%
Profit after tax attributable to members of the parent entity	1,136	272	864	317.6%

The Group's net profit after tax has increased to $1,302,000 for the six months ended 31 December 2017 compared to $360,000 in 2016. The result includes a fair value adjustment to the Group's DSLN of $1,161,000. The underlying profit which is before revaluation of derivative financial instruments and income tax is lower than the prior year resulting from lower revenues from paint equipment and sheds following the decision to withdraw from unprofitable sales arrangements. Overall scaffold revenue continued to grow. The Group also invested in the sales and marketing cost structure to underpin future growth.

2. Review of Operations and Financial Results

Refer to the accompanying Half-Year Financial Report for Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows.

Also refer to the Directors' Report in the accompanying Half-Year Financial Report for details on the result, including segment information and operating performance for the half-year ended 31 December 2017.

3. Dividends

No dividends have been paid or proposed during the half-year to members of Oldfields Holdings Limited.

4. Net Tangible Assets per Security

	Dec-17 Cents per Share	Dec-16 Cents per Share
Net assets per security	6.269	5.160
Net tangible asset backing per ordinary security	5.219	4.099

5. Control Gained or Lost over Entities

There was no control gained or lost over entities by the Group during the reporting period.

6. Details of Associates and Joint Venture Entities

The Group had no investment in associates and joint ventures during the reporting period.

7. Review Status

The Oldfields Holdings Limited Half-Year Financial Report for the Period Ended 31 December 2017 has been subject to review by our external auditors. A copy of the Independent Review Report to the Owners of Oldfields Holdings Limited is included in the accompanying Half-Year Report.

Gregory John Park (Company Secretary)

Dated: 28 February 2018

oldfields

Oldfields Holdings Limited • ABN 92 000 307 988

Half Year Report

Ended 31 December 2017

Contents

Directors' Report

Your Directors present their report on the consolidated entity (referred to herein as the "Group") consisting of Oldfields Holdings Limited (referred to herein as the "Company" or "Parent Entity") and its controlled entities for the half-year ended 31 December 2017.

Directors

The names and details of the Directors of Oldfields Holdings Limited during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Richard John Abela	Managing Director
William Lewis Timms	Non-executive Director and Chairman
Stephen Charles Hooper	Non-executive Director
Gregory John Park	Executive Director

Principal Activities

The principal activities of the Group during the period were:

- manufacture, import and distribution of paint brushes, paint rollers, painter's tools and accessories;
- manufacture and distribution of garden sheds and outdoor storage systems;
- manufacture and distribution of scaffolding and related equipment; and
- hire and erection of scaffold and access solutions.

There were no significant changes in the nature of the Group's principal activities during the financial period. The majority of operations are conducted in Australia.

Review of Operations and Financial Results

Operating Results

Net operating profit for the Group after providing for income tax amounted to $1,302,000 for the half-year ended 31 December 2017 (2016: $360,000).

The Directors consider earnings before interest, tax, depreciation and amortisation ("EBITDA") to reflect the core earnings of the Group. The following table summarises the key reconciling items between statutory profit/(loss) after income tax attributable to the shareholders of the Group and EBITDA. EBITDA is a financial measure which is not prescribed by the Australian Accounting Standards Board ("AASB") and represents the profit under AASB adjusted for specific non-cash and significant items.

	Dec-17 $'000	Dec-16 $'000	Dec-15 $'000	Dec-14 $'000	Dec-13 $'000
Sales revenue	**13,404**	14,344	15,036	13,672	14,160
Profit/(loss) after income tax	**1,302**	**360**	**36**	**(429)**	**(189)**
Income tax expense	123	113	189	124	120
Profit/(loss) before income tax	1,425	473	225	(305)	(69)
Depreciation and amortisation expense	430	378	519	636	582
Net finance costs	215	156	199	229	232
Unrealised foreign exchange losses	7	-	2	-	-
Revaluation of deferred senior loan note	(1,161)	142	127	114	101
EBITDA	**916**	**1,149**	**1,072**	**674**	**846**

The Group's revenue from continuing operations for the half-year ended 31 December 2017 was $13,404,000 (2016: $14,344,000), a decrease of 6.5% compared with the prior year. Consumer division revenue decreased $1,649,000 (38.0%) while the Scaffold division has continued its growth with an increase of 7.3%.

Directors' Report (continued)

Review of Operations and Financial Results (continued)

The Group's net profit after tax was $1,302,000 (2016: $360,000). The result includes a fair value gain in relation to the Group's DSLN of $1,161,000. Excluding the fair value gain from the DSLN, the underlying profit after income tax was lower than the prior year. While lower consumer sales have impacted the result, the Group has made significant investments to marketing, innovation and staffing to drive strong revenue growth in the second half of the year and into the future. Gross profit margins have increased from 41.0% to 48.2% reflecting the focus on only selling to customers aligned to the business strategy. The consolidated EBITDA decreased from $1,149,000 for the six months ended 31 December 2016 to $916,000 for the six months ended 31 December 2017, which is a decrease of 20.3%.

Net cash provided by operating activities was $529,000 for the six months ended 31 December 2017, compared to $1,412,000 for the six months ended 31 December 2016 which reflects the impact of transitioning the business. Strong operating cash flow continues to be a major focus for the Group with increased emphasis on profitable revenue growth and further reducing working capital in 2018.

Review of Operations

(i) Consumer Products - Paint Applications and Outdoor Storage Solutions

Revenue for the consumer division decreased by 38.0% ($1,649,000) the first half of the year. Both the Paint & Outdoor Storage divisions have made major changes to their targeted customers as part of a strategy to return the Consumer segment to profitability. The EBITDA loss of $525,000 was an increase to the prior year loss of $277,000 however the business is significantly better positioned for growth in the second half of the year.

Paint sales declined $754,000 predominantly as a result of a) the non repeat of Masters sales following its closure last year (sales ceased Aug 16) & b) Oldfields no longer selling through the Mitre 10 warehouse system because of prohibitive trading terms. Whilst sales to the Mitre 10 network have been lower, all sales are now profitable and is reflected in the improved gross margin of the business. In October 2017, the division launched it's Pro-Series range of brushes which are being extremely well accepted by the paint specialist channel and demonstrates our commitment to returning to being master brush makers.

Sales of outdoor storage decreased from $1,010,000 to $117,000 for the first half of the year. In the comparative period, margins achievable through a distributorship network were not sustainable. Since the beginning of the year sheds are predominantly sold on line direct to the public. Whilst being significantly smaller in revenue at present, the division is cash positive in it's contribution and will continue to operate as it sells down inventory. The division is not core to the overall business strategy.

(ii) Scaffolding Division

For the six months ended 31 December 2017 Scaffold division revenues increased by 7.3% compared to the previous period. Whilst the Australian building industry continues to be strong, a strategic focus for the division has been to develop counter cyclical revenue channels. This strategy has resulted in a number of branches significantly exceeding their prior year comparative revenue. WA's performance is well below last year highlighting the importance to not rely on single industry trends. To underpin the growth opportunities identified, we are continuing to invest in additional hire fleet and analyse asset performance to maximise it's utilisation.

International sales for the first half decreased compared with the prior year by $407,000. Improving customer relations and the development of market specific products has been a focus which should significantly improve sales for the remainder of the year. The scaffold manufacturing operation in China continues to support both the hire and sales operations and is working on initiatives to lower costs and decrease lead times to reinforce the export growth strategy.

Financial Position

The net assets of the Group have increased by $1,046,000 from $4,106,000 at 30 June 2017 to $5,152,000 at 31 December 2017.

A key area of focus for the second half of 2018 will be to concentrate on profitable growth opportunities to continue to improve the net asset position of the Group.

Outlook

New product strategies in Paint and the multi channel focus in Scaffolding is providing growing confidence for the second half of the financial year. The restructuring of our revenue base in both Paint and Outdoor Storage divisions is nearing completion. Both are now providing positive contributions and the management team is focused on driving critical mass to deliver sustainable long term profits.

Significant Changes in State of Affairs

Since the beginning of the financial year the Outdoor Storage division operates by on-line sales. While trading with significantly lower revenue, sales have a positive contribution. The division has no carrying value of assets other than inventory which is held at the lower of cost or net realisable value.

There have been no other significant changes in the state of affairs during or since the half-year ending 31 December 2017.

Directors' Report (continued)

Dividends

Since the start of the financial year, no dividends have been paid or declared by Oldfields Holdings Limited.

Events after the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2017 which significantly affect or could affect the operations of the Group in future years.

Rounding

The parent entity has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts contained in this report and in the interim financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

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

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Richard Abela

Dated: 28 February 2018

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

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

DECLARATION OF INDEPENDENCE BY IAN HOOPER TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED

As lead auditor for the review of Oldfields Holdings Limited for the half-year ended 31 December 2017, 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.

Ian Hooper
Partner

BDO East Coast Partnership

Sydney, 28 February 2018

Half-Year Financial Report

General Information

The interim financial report includes the consolidated financial statements for Oldfields Holdings Limited (the ultimate parent entity) and its controlled entities ("Oldfields" or the "Group"). The interim financial report is presented in Australian dollars, which is Oldfields Holdings Limited's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Oldfields Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is :
8 Farrow Road
Campbelltown, NSW, 2560, Australia

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the interim financial report. The interim financial report was authorised for issue with a resolution of Directors on 28 February, 2018. The Directors have the power to amend and reissue the interim financial report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2017

	Dec-17 $'000	Dec-16 $'000
Sales revenue	13,404	14,344
Cost of sales	(6,939)	(8,457)
Gross profit	6,465	5,887
Other income	3	26
Expenses:		
Other expenses from ordinary activities:		
Sales & distribution expenses	(4,003)	(3,317)
Marketing expenses	(182)	(153)
Occupancy expenses	(696)	(657)
Administrative expenses	(1,108)	(1,007)
Finance costs	(215)	(164)
Profit before revaluation of derivative financial instruments and income tax	264	615
Revaluation of deferred senior loan note derivative component	1,161	(142)
Profit before income tax	**1,425**	**473**
Tax expense	(123)	(113)
Net profit for the period	**1,302**	**360**
Other comprehensive income:		
Items that will be reclassified subsequently to profit or loss when specific conditions are met:		
Fair value gains on cash flow hedges (effective portion), net of tax	-	-
Exchange differences on translating foreign operations, net of tax	8	(7)
Other comprehensive income for the period, net of tax	**8**	**(7)**
Total comprehensive income for the period	**1,310**	**353**
Net profit for the period attributable to:		
Members of the parent entity	1,136	272
Non-controlling interest	166	88
Total net profit for the period	**1,302**	**360**
Comprehensive income attributable to:		
Members of the parent entity	1,144	265
Non-controlling interest	166	88
Total comprehensive income for the period	**1,310**	**353**

	Note	Cents	Cents
Earnings per share from continuing operations attributable to members of the parent entity:			
Basic profit (loss) per share	4 (c)	1.382	0.331
Diluted profit (loss) per share	4 (c)	1.382	0.331

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	Dec-17 $'000	Jun-17 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	806	1,531
Trade and other receivables		3,830	3,523
Inventories		3,153	3,228
TOTAL CURRENT ASSETS		7,789	8,282
NON-CURRENT ASSETS			
Property, plant and equipment		5,180	4,883
Intangible assets		863	862
TOTAL NON-CURRENT ASSETS		6,043	5,745
TOTAL ASSETS		**13,832**	**14,027**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,268	2,367
Borrowings		2,109	2,056
Current tax liabilities		37	159
Employees benefit obligations		882	797
TOTAL CURRENT LIABILITIES		5,296	5,379
NON-CURRENT LIABILITIES			
Borrowings		1,557	1,604
Deferred tax liabilities		193	156
Employees benefit obligations		113	100
Derivative financial instruments	6	1,521	2,682
TOTAL NON-CURRENT LIABILITIES		3,384	4,542
TOTAL LIABILITIES		**8,680**	**9,921**
NET ASSETS		**5,152**	**4,106**
EQUITY			
Issued capital		21,106	21,106
Other reserves		16	8
Accumulated loss		(16,654)	(17,790)
Parent interest		4,468	3,324
Non-controlling interest		684	782
TOTAL EQUITY		**5,152**	**4,106**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2017

	Issued Capital $'000	Other Reserves $'000	Accumulated Losses $'000	Subtotal $'000	Non-Controlling Interests $'000	Total $'000
Balance at 1 July 2017	21,106	8	(17,790)	3,324	782	4,106
Comprehensive income						
Profit/(loss) for the period	-	-	1,136	1,136	166	1,302
Other comprehensive income for the period	-	8	-	8	-	8
Total comprehensive income for the period	-	8	1,136	1,144	166	1,310
Transactions with owners, in their capacity as owners:						
Dividends provided for or paid	-	-	-	-	(264)	(264)
Total transactions with owners and other transfers	-	-	-	-	(264)	(264)
Balance at 31 December 2017	**21,106**	**16**	**(16,654)**	**4,468**	**684**	**5,152**

For the half-year ended 31 December 2016

	Issued Capital $'000	Other Reserves $'000	Accumulated Losses $'000	Subtotal $'000	Non-Controlling Interests $'000	Total $'000
Balance at 1 July 2016	21,106	24	(17,837)	3,293	670	3,963
Comprehensive income						
Profit/(loss) for the period	-	-	272	272	88	360
Other comprehensive income for the period	-	(7)	-	(7)	-	(7)
Total comprehensive income for the period	-	(7)	272	265	88	353
Transactions with owners, in their capacity as owners:						
Dividends provided for or paid	-	-	-	-	(76)	(76)
Total transactions with owners and other transfers	-	-	-	-	(76)	(76)
Balance at 31 December 2016	**21,106**	**17**	**(17,565)**	**3,558**	**682**	**4,240**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2017

	Note	Dec-17 $'000	Dec-16 $'000
OPERATING ACTIVITIES			
Receipts from customers		14,401	15,652
Payments to suppliers and employees		(13,603)	(14,046)
		798	1,606
Other income received		3	26
Finance costs		(64)	(96)
Income tax paid		(208)	(124)
Net cash provided by operating activities		**529**	**1,412**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		6	29
Purchase of property, plant and equipment		(841)	(700)
Purchase of intangibles		(10)	-
Net cash used in investing activities		**(845)**	**(671)**
FINANCING ACTIVITIES			
Proceeds from borrowings		351	474
Repayment of borrowings		(625)	(1,102)
Loan from related party			
- proceeds from borrowings		-	202
- repayments made		-	(202)
Dividends paid by controlled entities to non-controlling interests		(264)	(76)
Net cash used in financing activities		**(538)**	**(704)**
Net increase (decrease) in cash and cash equivalents		**(854)**	**37**
Net increase (decrease) in cash and cash equivalents		(854)	37
Cash and cash equivalents at beginning of the period		731	459
Cash and cash equivalents at end of the period	3	**(123)**	**496**

The accompanying notes form part of these financial statements.

Notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

1. Summary of Significant Accounting Policies

This general purpose interim financial report for the half-year reporting period ended 31 December 2017 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Statement of Compliance

This general purpose interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2017 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements arising under the Australian Stock Exchange Listing Rules and *Corporations Act 2001* .

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

Basis of Preparation

The interim financial statements have been prepared on the historical cost basis except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and derivative financial instruments.

Comparative figures have been adjusted to conform to changes in classification and presentation for the current period.

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 interim financial statements are presented in Australian dollars which is the Parent Entity's functional currency.

Rounding

The parent entity has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* . Accordingly, amounts in the interim financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

Key Judgements, Estimates and Assumptions

In the process of applying the Group's accounting polices, management has made a number of judgements, applied estimates and assumptions of future events.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2017. The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

2. Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by Chief Operating Decision Maker (CODM), being 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.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Unless stated otherwise, all amounts reported to the Board of Directors, being the CODM 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.

2. Segment Information (continued)

The primary operating segments during the current financial period were:

(i) **Consumer Products**

The consumer products segment imports, manufactures and distributes paint brushes, paint rollers, painter's tools, garden sheds and outdoor storage systems.

(ii) **Scaffolding**

The scaffolding segment manufactures and distributes scaffolding and related equipment. In addition, this segment is engaged in hiring scaffold and access solutions to the building maintenance and construction industries.

2.1 Operating Segment Performance

Six months to 31 December 2017

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	2,689	10,791	(76)	13,404
Total segment revenue	2,689	10,791	(76)	13,404
Other income	3	-	-	3
Total other income	3	-	-	3
Total revenue and other income	**2,692**	**10,791**	**(76)**	**13,407**
Adjusted segment EBITDA	**(525)**	**1,506**	**(65)**	**916**
Depreciation and amortisation expense	(13)	(387)	(30)	(430)
Finance costs	(1)	(7)	(207)	(215)
Unrealised foreign exchange loss	(1)	(6)	-	(7)
Profit before revaluation of derivative financial instruments and income tax	(540)	1,106	(302)	264
Fair value adjustment to DSLN	-	-	1,161	1,161
Profit/(loss) before income tax	**(540)**	**1,106**	**859**	**1,425**
Income tax expense	-	(123)	-	(123)
Profit/(loss) after income tax	**(540)**	**984**	**859**	**1,302**

Six months to 31 December 2016

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	4,336	10,061	(53)	14,344
Total segment revenue	4,336	10,061	(53)	14,344
Other income	5	21	-	26
Total other income	5	21	-	26
Total revenue and other income	**4,341**	**10,082**	**(53)**	**14,370**
Adjusted segment EBITDA	**(277)**	**1,663**	**(237)**	**1,149**
Depreciation and amortisation expense	(20)	(326)	(32)	(378)
Finance costs	-	(8)	(148)	(156)
Unrealised foreign exchange loss	-	-	-	-
Profit before revaluation of derivative financial instruments and income tax	(297)	1,329	(417)	615
Fair value adjustment to DSLN	-	-	(142)	(142)
Profit/(loss) before income tax	**(297)**	**1,329**	**(559)**	**473**
Income tax expense	-	(113)	-	(113)
Profit/(loss) after income tax	**(297)**	**1,216**	**(559)**	**360**

All inter-segment transactions are eliminated on consolidation of the Group's financial statements.

Corporate charges are allocated to reporting segments based on a 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.

Adjusted segment EBITDA excludes discontinued operations and the effects of individually significant expenditure, such as restructuring costs, legal expenses, and impairments when the impairment is the result of an isolated non-recurring event. It also excludes the effects of equity-settled share-based payments when applicable and unrealised gains or losses on financial instruments.

Interest revenue and finance cost are not allocated to segments as this type of activity is driven by the central treasury function which manages the cash position of the Group.

2. Segment Information (continued)

2.2 Operating Segment Assets and Liabilities

As at 31 December 2017

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	2,676	15,234	(4,077)	13,832
Segment liabilities	(1,638)	(474)	(6,568)	(8,680)
Segment net assets	**1,038**	**14,759**	**(10,645)**	**5,152**

As at 30 June 2017

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	3,961	13,035	(2,969)	14,027
Segment liabilities	(2,383)	(432)	(7,106)	(9,921)
Segment net assets	**1,578**	**12,603**	**(10,075)**	**4,106**

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.

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.

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.

3. Cash and Cash Equivalents

	Dec-17 $'000	Jun-17 $'000
Cash on hand	2	2
Cash at bank	804	1,529
Total cash and cash equivalents	**806**	**1,531**

Reconciliation to cash flow statement

The above cash balance is reconciled to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	Dec-17 $'000	Dec-16 $'000
Cash and cash equivalents	806	1,249
Bank overdrafts	(929)	(753)
Balances per statement of cash flows	**(123)**	**496**

4. Earnings Per Share

		Dec-17 $'000	Dec-16 $'000
(a)	Reconciliation of earnings to profit or loss		
	Profit for the period	1,302	360
	Loss attributable to non-controlling equity interest	(166)	(88)
	Profit used to calculate basic EPS	**1,136**	**272**

		Dec-17 Number	Dec-16 Number
(b)	**Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS**	**82,176,198**	**82,176,198**

		Dec-17 Cents	Dec-16 Cents
(c)	**Profit per share**	**1.382**	**0.331**

5. Commitments and Contingencies

There has been no significant movements in commitments or contingencies since the previous reporting period, being 30 June 2017.

6. Fair Value Measurements of Financial Instruments

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Derivative financial instruments

The Group does not subsequently measure any liabilities at fair value on a non-recurring basis.

6.1 Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

Recurring fair value measurements	Dec-17 Level 2 $'000	Jun-17 Level 2 $'000
Derivative element of DSLN	1,521	2,682
Total liabilities recognised at fair value	**1,521**	**2,682**

There were no transfers between levels for assets or liabilities measured at fair value on a recurring basis during the reporting period (2016: no transfers).

6.2 Valuation techniques and inputs used to measure Level 2 fair values

The derivative element of the Deferred Senior Loan Note (DSLN) of $1,521,000 (June 2017: $2,682,000) has been valued using Level 2 inputs which are included in the terms and conditions of this instrument. The main terms of the DSLN are as follows:

- The DSLN is secured against assets of the Group and has a 10 year maturity date of 21 December 2022;
- Up to 21 December 2017 interest calculated at 12% p.a. was payable upon early repayment;
- From 21 December 2017 and up to the maturity date, the lower of accrued interest at 12% p.a. or a redemption premium is payable;
- The premium is equivalent to the difference between the Face Value of the DSLN and the market value. Market value is determined by the volume weighted average share price (VWAP) 15 business days prior to the redemption or maturity date as applicable multiplied by 23,702,240 reference shares;
- If the market value of the reference shares is calculated to be lower than the Face Value of the DSLN, the redemption premium is deemed to be nil and the only repayment due will be the Face Value of the DSLN;
- The bank is also entitled to receive a payment to the equivalent value of any dividend payment if made by the Group prior to the maturity date; and
- Other normal conditions apply in respect to meeting gearing and interest cover ratios.

The DSLN has been identified as containing two main components: the core debt being the Face Value of the Note and a derivative element capturing the redemption premium payment entitlement. The core debt has been discounted by 12% to net present value over the expected term of the DSLN (i.e. 10 years) and is included in non-current borrowings. The derivative element has been fair valued including considering of the redemption premium payable under the DSLN. Should the Group repay or partially repay the DSLN before the maturity date, the total amount payable under the DSLN could significantly differ from the respective carrying amounts. The premium is an amount determined prorata of $250,000 for every one cent above 10 cents (capped at 30 cents) of the OLH share price.

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

Due to their short-term natures, the carrying amounts of current receivables, current trade and other payables and current interest bearing liabilities is assumed to approximate their fair value.

7. Events After the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2017 which significantly affect or could affect the operations of the Group in future years.

Directors' Declaration

In the Directors' opinion:

1. the financial statements and notes thereto are in accordance with the Corporations Act 2001 and:

    (a) comply with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

    (b) give a true and fair view of the Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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Richard Abela

Dated: 28 February 2018

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

Level 11, 1 Margaret St
Sydney NSW 2000
Australia

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Oldfields Holdings Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Oldfields Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, 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 then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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 Group's financial position as at 31 December 2017 and its financial 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 the Group, 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 the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Ian Hooper
Partner

Sydney, 28 February 2018

Corporate Directory

Directors

Richard John Abela
William Lewis Timms
Stephen Charles Hooper
Gregory John Park

Company Secretary

Gregory John Park

Website

www.oldfields.com.au

Registered Office

Oldfields Holdings Limited
8 Farrow Road
Campbelltown NSW 2560

Principal Place of Business

Oldfields Holdings Limited
8 Farrow Road
Campbelltown NSW 2560

Share Register

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000

Banker

Westpac Banking Corporation
Level 12, 55 Market Street
Sydney NSW 2000

Auditor

BDO East Coast Partnership
Level 11, 1 Margaret Street
Sydney NSW 2000

Stock Exchange Listing

Oldfields Holdings Limited shares are listed on the Australian Securities Exchange
(ASX code: OLH)