Oldfields Holdings Limited

ABN 92 00 307 988

Appendix 4D

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Oldfields Holdings Limited ABN 92 00 307 988

Interim Financial Report

APPENDIX 4D - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

1. Results for announcement to the market

	Dec-19 $'000	Dec-18 $'000	Movement Up / (Down) $'000	%
Revenues from ordinary activities	12,239	12,305	(66)	(0.5)
(Loss) profit before revaluation of derivative financial instruments & income tax	(1,103)	(47)	(1,056)	2,268.2
(Loss) profit from ordinary activities after tax attributable to the owners	(487)	(214)	(273)	127.6
(Loss) profit after tax attributable to members of the parent entity	(589)	(427)	(162)	37.9

The Group's net profit after tax has decreased to a loss of $487,000 for the six months ended 31 December 2019 compared to a loss of $214,000 for the six months ended 31 December 2018. Despite lower revenue from the consumer product segment, the revenue from the scaffolding segment increased for the same period. The profitability of the business was impacted by the increase in competition and a softening of the Australian building industry. Since the beginning of the financial year, the business has been focused on internal restructure and streamline processes. Though additional costs associated with these changes have been incurred, the directors believe the full benefit will be gained in the second half of the year.

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 2019.

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-19 Cents per Share	Dec-18 Cents per Share
Net assets per security	4.606	5.486
Net tangible asset backing per ordinary security	3.567	4.447

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 2019 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.

Ka Lung Alan Lee (Company Secretary)

Dated: 27 February 2020

oldfields

Half Year Report

Year Ended 31 December 2019

ABN 92 000 307 988

www.oldfields.com.au

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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 2019.

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.

William Lewis Timms	Chairman and Non-Executive Director
Richard John Abela	Executive Director, CEO
Stephen Charles Hooper	Independent Non-Executive Director
Ka Lung Alan Lee	Company Secretary

Principal Activities

The principal activities of the Group during the period were:
- import and distribution of paint brushes, paint rollers, painter's tools and accessories;
- hire and erection of scaffolding and related products; and
- manufacture and distribution of scaffolding and related equipment.

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.

Significant Changes to Activities

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

Review of Operations and Financial Results

Operating Results

Net operating loss for the Group after providing for income tax amounted to $487,000 for the half-year ended 31 December 2019 (2018: Loss $214,000).

The Group's profit before interest, tax, depreciation and amortisation ("EBITDA") of $20,000 reduced by 97% from the prior corresponding period of $588,000.

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 Australian Accounting Standard ("AAS") and represents the profit under AAS adjusted for specific non-cash and significant items.

	Dec-19 (2) $'000	Dec-18 $'000	Dec-17 (1) $'000	Dec-16 $'000	Dec-15 $'000
Sales revenue	**12,239**	**12,305**	**13,404**	**14,344**	**15,036**
Profit/(loss) after income tax	**(487)**	**(214)**	**1,302**	**360**	**36**
Income tax expense	91	154	123	113	189
Profit/(loss) before income tax	(396)	(60)	1,425	473	225
Gain on early redemption of deferred senior loan note	(470)	-	-	-	-
Revaluation of deferred senior loan note	(237)	13	(1,161)	142	127
Profit/(loss) before income tax, gain on early redemption and revaluation	(1,103)	(47)	264	615	352
Interest income	(14)	-	-	-	-
Depreciation and amortisation expense	461	438	430	378	519
Depreciation and amortisation of right-of-use assets	606	-	-	-	-
Net finance costs	65	194	215	156	199
Unrealised foreign exchange losses	5	3	7	-	2
EBITDA	**20**	**588**	**916**	**1,149**	**1,072**

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018.

(2) The Group has initially applied AASB 16 Leases at 1 July 2019. Note 2 outlines the impact of adopting AASB 16 using the modified retrospective method, under which the comparative information is not restated.

Review of Operations and Financial Results (continued)

The Group's revenue from continuing operations for the half-year ended 31 December 2019 was $12,239,000 (2018: $12,305,000), a decrease of 0.5% compared with the prior period. Consumer division revenue decreased $80,000 (3.6%) while the Scaffold division revenue increased $14,000 (0.14%).

The Group’s net loss after tax was $487,000 (2018: Loss $214,000). This financial year is a year of transformation and the business has further streamlined processes to lower its operating costs and believes the full benefit will be gained in the second half of the year and in the new financial year. Gross profit margins decreased from 47.3% to 41.5% due to competition in the market and the lower value of the Australian dollar increasing the cost of purchases.

Net cash provided by operating activities was $526,000 for the six months ended 31 December 2019, compared to $578,000 for the six months ended 31 December 2018. The Group continues to have a strong focus on lowering inventory within the supply chain and other measures to reduce the level of working capital required.

Review of Operations

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

Revenue for the consumer division decreased by 3.6% ($80,000) during the first half of the year. Despite lower segment sales, the EBITDA loss of $353,000 was less than the prior year's loss of $370,000.

Rationalisation in the trade retail channel continues and this is having some impact on distribution channels, our business is focused on producing best in class products that improve efficiency for the trade whilst also providing value. As such, our sales to commercial and industrial customers has significantly increased this year to ensure all segments of the market have access to Oldfields.

Our focus remains on the continuing development of product and delivery of innovation. The program will be launching new and improved paint application products in the second half of the current year.

Sales within the outdoor storage segment have decreased from $106,000 to $31,000 for the first half of the year. Following the closure of manufacturing in 2017, sheds will continue to be predominantly sold online direct to the public to sell down remaining inventories.

(ii) Scaffolding Division

For the six months ended 31 December 2019 the Scaffold division revenues increased $14,000 compared to the previous period. While overall hire and erection revenues were increased, branch incomes varied between strong growth in some states versus declines in others.

The recent building industry downturn has greatly increased competitive pressures on margins and volume. The business continues to build on counter cyclical revenue streams to limit exposure to traditional construction peaks and troughs and is making headway into new channels.

Strong focus on building the pipeline allows the business to invest in additional hire fleet with the expectation of stronger results in the second half of the 2020 financial year and into the future.

National and international scaffold sales were 9.1% higher than the prior year due to a number of key international customers with increased demand. In the first half of the 2020 financial year there has been further success in improved efficiencies and reduction of lead times by our China based manufacturing facility.

Financial Position

The net assets of the Group have decreased by $599,000 from $4,384,000 at 30 June 2019 to $3,785,000 at 31 December 2019. Though all outstanding debts owed by the Company to Westpac were fully repaid, the initial payment for the equity placement of $3,000,000 has been included as “Other Financial Liabilities” as at 31 December 2019.

A key area of focus for the second half of the 2020 financial year will be to concentrate on profitable growth opportunities to improve the net asset position of the Group.

Outlook

The Directors view the trading environment to be challenging throughout the oncoming year. Growth strategies such as the development of new products and expanding channels is providing confidence for an improvement in the second half of the financial year despite the downturn in the building industry. The management team remains focused on driving for critical mass that will deliver sustainable long-term profits.

In addition to navigating through current market challenges the business is at a crucial point in its evolution. The introduction of a significant new investor has allowed the business to break previously constrictive banking arrangements which limited growth due to various covenants.

Whilst at the time of writing this report the finalisation of the share allotment is yet to complete, Oldfields is now in a position to truly develop growth plans in an unencumbered way.

Significant Changes in State of Affairs

The Company entered into a Subscription Agreement with EQM Holdings Pty Ltd (ACN 635 693 668) as trustee of the EQM Holdings Trust (referred to herein as the "Subscriber") under which the Company has agreed to issue the Subscriber with new fully paid ordinary shares equal to 51.00% of the total issued share capital of the Company on a fully diluted basis (referred to herein as "Shares") for an amount equal to $0.06 per share (referred to herein as the "Placement").

The placement was approved by the Company's shareholders at the 2019 Annual General Meeting held on 27 November 2019, the results of which were lodged with ASX that day.

Based on the number of shares to be issued to the Subscriber at settlement (being 85,530,329 Subscription Shares), the placement will raise $5,131,820 (referred to herein as the "Subscription Amount").

As at 31 December 2019, the initial payment of the subscription amount of $3,000,000 had been received by the Company and partially used to repay all outstanding debts owed by the Company to Westpac on 17 December 2019.

Once the remaining balance of the subscription amount is received, the Company will utilise the proceeds in the following order of priority:

- firstly, towards repayment of certain shareholder loans (referred to as the Timms Amounts in the AGM Notice); and
- secondly, for general working capital purposes as determined by the Board.

There have been no other significant changes in the state of affairs during or since the half-year ending 31 December 2019.

Dividends

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

Events after the Reporting Period

After the period ended 31 December 2019, the Subscriber has paid the Company a further $1,300,000 towards the subscription amount payable for the subscription shares. The Subscriber has accordingly paid the Company $4,300,000 of the total subscription amount of $5,131,820 required to be paid under the Subscription Agreement.

The Subscriber and the Company have entered into an Amending Deed on 21 February 2020 under which the Company has agreed to extend the last date for payment of the balance of the subscription amount from 16 February 2020 until 26 March 2020 at the latest.

Under the terms of the Amending Deed, prior to receiving the balance of the subscription amount, the Company is authorised to use the funds received to date towards repayment of all outstanding debts owed to Westpac, certain shareholder loans (referred to as the Timms Amounts in the 2019 Notice of AGM) and for working capital purposes.

As at the date of this financial report, the Company has now fully repaid all outstanding debts owed to Westpac and the Timms Amounts in full using the funds received to date.

The Company will issue the subscription shares to the Subscriber within two (2) business days of receiving the balance of the subscription funds. The balance of those funds, once received, will be applied for working capital purposes as determined by the Board.

There are no other matters or circumstances that have arisen since 31 December 2019 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.

Richard Abela

Dated: 27 February 2020

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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 2019, 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, 27 February 2020

Half-Year Financial Report

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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 27 February, 2020. 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 2019

	Note	Dec-19[(2)] $'000	Dec-18 $'000
Sales revenue	4	12,239	12,305
Cost of sales		(7,156)	(6,489)
Gross profit		5,083	5,816
Other income		32	13
Expenses:			
Other expenses from ordinary activities:			
Sales & distribution expenses		(3,882)	(3,765)
Marketing expenses		(113)	(101)
Occupancy expenses		(117)	(756)
Administrative expenses		(2,041)	(1,060)
Finance costs		(65)	(194)
Loss before gain on early redemption and revaluation of derivative financial instruments and income tax		(1,103)	(47)
Gain on early redemption of deferred senior loan note	8	470	-
Revaluation of deferred senior loan note derivative component	8	237	(13)
Loss before income tax		**(396)**	**(60)**
Tax expense		(91)	(154)
Net loss from continuing operations		**(487)**	**(214)**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(21)	(4)
Other comprehensive income for the period, net of tax		**(21)**	**(4)**
Total comprehensive income for the period		**(508)**	**(218)**
Net (loss) profit for the period attributable to:			
Members of the parent entity		(589)	(427)
Non-controlling interest		102	213
Total net loss for the period		**(487)**	**(214)**
Comprehensive income attributable to:			
Members of the parent entity		(610)	(431)
Non-controlling interest		102	213
Total comprehensive income for the period		**(508)**	**(218)**

	Note	Cents	Cents
Earnings per share from continuing operations attributable to members of the parent entity:			
Basic loss per share	6 (c)	(0.717)	(0.520)
Diluted earnings per share	6 (c)	(0.717)	(0.520)

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018.

(2) The Group has initially applied AASB 16 Leases at 1 July 2019. Note 2 outlines the impact of adopting AASB 16 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Dec-19(2) $'000	Jun-19 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		863	423
Trade and other receivables		3,803	3,905
Inventories		2,599	2,544
Current tax assets		32	-
TOTAL CURRENT ASSETS		7,297	6,872
NON-CURRENT ASSETS			
Right-of-use asset	2	3,372	-
Property, plant and equipment		4,372	4,589
Intangible assets		854	852
TOTAL NON-CURRENT ASSETS		8,598	5,441
TOTAL ASSETS		**15,895**	**12,313**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		3,454	2,853
Borrowings	8	925	1,884
Other financial liabilities	8	3,000	-
Current tax liabilities		-	21
Employees benefit obligations		792	763
Lease liabilities	2	1,075	-
TOTAL CURRENT LIABILITIES		9,246	5,521
NON-CURRENT LIABILITIES			
Borrowings	8	307	1,869
Deferred tax liabilities		163	186
Employees benefit obligations		63	116
Derivative financial instruments		-	237
Lease liabilities	2	2,331	-
TOTAL NON-CURRENT LIABILITIES		2,864	2,408
TOTAL LIABILITIES		**12,110**	**7,929**
NET ASSETS		**3,785**	**4,384**
EQUITY			
Issued capital		21,106	21,106
Other reserves		26	47
Accumulated loss		(18,047)	(17,458)
Parent interest		3,085	3,695
Non-controlling interest		700	689
TOTAL EQUITY		**3,785**	**4,384**

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018.

(2) The Group has initially applied AASB 16 Leases at 1 July 2019. Note 2 outlines the impact of adopting AASB 16 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2019

	Issued Capital $'000	Other Reserves $'000	Retained Earnings $'000	Subtotal $'000	Non-Controlling Interests $'000	Total $'000
Balance at 1 July 2019	21,106	47	(17,458)	3,695	689	4,384
Comprehensive income						
Profit (loss) for the period	-	-	(589)	(589)	102	(487)
Other comprehensive income for the period	-	(21)	-	(21)	-	(21)
Total comprehensive income for the period	-	(21)	(589)	(610)	102	(508)
Transactions with owners, in their capacity as owners						
Dividends provided for or paid	-	-	-	-	(91)	(91)
Total transactions with owners and other transfers	-	-	-	-	(91)	(91)
Balance at 31 December 2019	**21,106**	**26**	**(18,047)**	**3,085**	**700**	**3,785**

For the half-year ended 31 December 2018

	Issued Capital $'000	Other Reserves $'000	Retained Earnings(1) $'000	Subtotal $'000	Non-Controlling Interests(1) $'000	Total $'000
Balance at 1 July 2018	21,106	38	(16,534)	4,610	728	5,338
Adjustment on initial application of AASB 15	-	-	(443)	(443)	(39)	(482)
Adjusted balance at 1 July 2018	21,106	38	(16,977)	4,167	689	4,856
Comprehensive income						
Profit (loss) for the period	-	-	(427)	(427)	213	(214)
Other comprehensive income for the period	-	(4)	-	(4)	-	(4)
Total comprehensive income for the period	-	(4)	(427)	(431)	213	(218)
Transactions with owners, in their capacity as owners						
Dividends provided for or paid	-	-	-	-	(130)	(130)
Total transactions with owners and other transfers	-	-	-	-	(130)	(130)
Balance at 31 December 2018	**21,106**	**34**	**(17,404)**	**3,736**	**772**	**4,508**

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018.

(2) The Group has initially applied AASB 16 Leases at 1 July 2019. Note 2 outlines the impact of adopting AASB 16 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2019

	Note	Dec-19[2] $'000	Dec-18 $'000
OPERATING ACTIVITIES			
Receipts from customers		13,511	13,829
Payments to suppliers and employees		(12,785)	(12,942)
		726	887
Other income received		32	13
Finance costs		(65)	(52)
Income tax paid		(167)	(270)
Net cash provided by operating activities		**526**	**578**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	8
Purchase of property, plant and equipment		(436)	(662)
Net cash used in investing activities		**(436)**	**(654)**
FINANCING ACTIVITIES			
Proceeds from borrowings		746	424
Proceeds from shares to be issued	8	3,000	-
Repayment of borrowings		(2,733)	(395)
Loan from related party			
- proceeds from borrowings	10	-	200
Lease repayments		(572)	-
Dividends paid by controlled entities to non-controlling interests		(91)	(169)
Net cash provided by financing activities		**350**	**60**
Net increase (decrease) in cash and cash equivalents		**440**	**(16)**
Net increase (decrease) in cash and cash equivalents		440	(16)
Cash and cash equivalents at beginning of the period		423	(172)
Cash and cash equivalents at end of the period	5	**863**	**(188)**

The accompanying notes form part of these financial statements.

(1) The Group has initially applied AASB 15 Revenue from Contracts with Customers at 1 July 2018.

(2) The Group has initially applied AASB 16 Leases at 1 July 2019. Note 2 outlines the impact of adopting AASB 16 using the modified retrospective method, under which the comparative information is not restated.

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 2019 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 2019 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 Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. All other 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 2019. 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.

Going Concern

As disclosed in the consolidated financial statements, the Group generated a loss after tax of $487,000 for the half-year ended 31 December 2019 (2018: Loss $214,000) and a loss before gain on early redemption and revaluation of derivative financial instruments and income tax of $1,103,000 for the half-year ended 31 December 2019 (2018: $47,000). As at 31 December 2019 the Group had net current liabilities of $1,949,000 which included the initial payment for the equity placement of $3,000,000 recognised as "Other Financial Liabilities" (see Note 8). As detailed in Note 8, the initial payment will be converted to equity subsequent to 31 December 2019. In addition to the receipt of the remaining balance of the placement subscription amount (see Note 9), the Directors also believe that the Group will generate future profits and positive operating cash flows and as such, the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the consolidated financial report.

2. Changes in Accounting Policies

New and Revised Standards that are Effective for these Financial Statements

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

AASB 16: Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases. The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The Group has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continued to be reported under IAS 17. The application of AASB 16 does not impact the statement of cash flows.

Impact on financial statements

On transition to AASB 16 on 1 July 2019, the Group recognised a right-of-use asset of $3,372,000 and a lease liability of $3,406,000, recognising the expense of $34,000 in the current year profit and loss due to the immaterial value. The Group has recognised an additional depreciation charge during the period of $606,000 in relation to depreciation of the right-of-use asset, and additional finance costs of $75,000 due to interest expense on the lease liability. When measuring the lease liabilities, the Group discounted these lease payments using its incremental borrowing rate at the date of initial application of AASB 16. The rate applied was 5.75%.

	Dec-19		
	Applying AASB 16 $'000	Applying AASB 117 $'000	Movement $'000
Consolidated Statement of Profit or Loss			
Depreciation and amortisation expense	461	461	-
Depreciation and amortisation of right-of-use assets	606	-	606
Finance expenses	65	(10)	75
Other expenses from ordinary activities	5,086	5,733	(647)
Consolidated Statement of Financial Position			
Right-of-use asset	3,372	-	3,372
Current lease liabilities	(1,075)	-	(1,075)
Non-current lease liabilities	(2,331)	-	(2,331)
Accumulated losses	18,047	18,013	34
Consolidated Statement of Cash Flows			
Cash flows provided by operating activities	526	(46)	572
Cash flows provided by financing activities	350	922	(572)

3. 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.

3. 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 scaffolding and access solutions to the building maintenance and construction industries.

3.1 Operating Segment Performance

Six months to 31 December 2019	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	2,220	10,024	(5)	12,239
Total segment revenue	2,220	10,024	(5)	12,239
Other income	27	5	-	32
Total other income	27	5	-	32
Total revenue and other income	**2,247**	**10,029**	**(5)**	**12,271**
Adjusted segment EBITDA	**(353)**	**(12)**	**385**	**20**
Depreciation and amortisation expense	(12)	(440)	(615)	(1,067)
Interest income	14	-	-	14
Net finance costs	(5)	(8)	(52)	(65)
Unrealised foreign exchange loss	-	(5)	-	(5)
Profit before revaluation of derivative financial instruments and income tax	(356)	(465)	(282)	(1,103)
Gain on early redemption of deferred senior loan note	-	-	470	470
Revaluation of deferred senior loan note derivative component	-	-	237	237
Profit (loss) before income tax	**(356)**	**(465)**	**425**	**(396)**
Income tax expense	-	(91)	-	(91)
Profit (loss) after income tax	**(356)**	**(556)**	**425**	**(487)**

Six months to 31 December 2018	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sales revenue	2,300	10,010	(5)	12,305
Total segment revenue	2,300	10,010	(5)	12,305
Other income	8	5	-	13
Total other income	8	5	-	13
Total revenue and other income	**2,307**	**10,015**	**(5)**	**12,317**
Adjusted segment EBITDA	**(370)**	**1,060**	**(102)**	**588**
Depreciation and amortisation expense	(11)	(417)	(10)	(438)
Net finance costs	(1)	(6)	(187)	(194)
Unrealised foreign exchange loss	-	(3)	-	(3)
Profit before revaluation of derivative financial instruments and income tax	(382)	634	(299)	(47)
Revaluation of deferred senior loan note derivative component	-	-	(13)	(13)
Profit (loss) before income tax	**(382)**	**634**	**(312)**	**(60)**
Income tax expense	-	(154)	-	(154)
Profit (loss) after income tax	**(382)**	**480**	**(312)**	**(214)**

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.

3. Segment Information (continued)

3.2 Operating Segment Assets and Liabilities

As at 31 December 2019	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	2,342	13,728	(175)	15,895
Segment liabilities	(2,839)	132	(9,403)	(12,110)
Segment net assets	**(497)**	**13,860**	**(9,578)**	**3,785**

As at 30 June 2019	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	2,079	14,102	(3,868)	12,313
Segment liabilities	(2,220)	(1,566)	(4,143)	(7,929)
Segment net assets	**(141)**	**12,536**	**(8,011)**	**4,384**

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.

4. Revenue and Other Income

The Group derives the following types of revenue:

	Dec-19 $'000	Dec-18 $'000
Sales revenue		
Sale of goods	4,161	4,338
Hire and erection revenue	8,078	7,967
Total sales revenue	12,239	12,305
Other income		
Other income	32	13
Total other income	32	13
Total revenue and other income from continuing operations	**12,271**	**12,318**

4.1 Recognition and Measurement

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and rebates payables. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue. Revenue is stated net of the amount of goods and services tax.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Revenue from hire of equipment is recognised when the service is provided.

Interest revenue is recognised using the effective interest method.

4.2 Key Judgements, Estimates and Assumptions: Revenue Recognition

Hire and Erection Revenue

Revenue recognition relating to the provision of hire equipment services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

5. Cash and Cash Equivalents

	Dec-19(2) $'000	Jun-19 $'000
Cash on hand	2	1
Cash at bank	613	422
Short term deposits	248	-
Total cash and cash equivalents	**863**	**423**

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-19(2) $'000	Dec-18 $'000
Cash and cash equivalents	863	728
Bank overdrafts	-	(916)
Balances per statement of cash flows	**863**	**(188)**

6. Earnings Per Share

		Dec-19(2) $'000	Dec-18 $'000
(a)	Reconciliation of earnings to profit or loss		
	(Loss) Profit for the period	(487)	(214)
	Less: Profit attributable to non-controlling equity interest	(102)	(213)
	Redeemable and converting preference share dividends		
	(Loss) Profit used to calculate basic EPS	**(589)**	**(427)**

		Dec-19(2) No.	Dec-18 No.
(b)	**Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS**	**82,176,198**	**82,176,198**

		Dec-19(2) Cents	Dec-18 Cents
(c)	**(Loss) Profit per share**	**(0.717)**	**(0.520)**

7. Commitments and Contingencies

There has been no significant movements in commitments or contingencies since the previous reporting period, being 30 June 2019.

8. Borrowings

	Dec-19(2) $'000	Jun-19 $'000
CURRENT		
Secured liabilities		
Bank overdrafts *	-	981
Bank loans *	-	167
Shareholder loan	500	500
Other financing liabilities	274	123
Hire purchase liabilities	151	113
Total current borrowings	**925**	**1,884**
NON-CURRENT		
Secured liabilities		
Hire purchase liabilities	307	215
Debt element of deferred senior loan note *	-	1,654
Total non-current borrowings	**307**	**1,869**
Total borrowings	**1,232**	**3,753**

	Dec-19(2) $'000	Jun-19 $'000
Bank overdraft *	-	981
Bank loan *	-	167
Shareholder loan	500	500
Other financing liabilities	274	123
Hire purchase liabilities	458	328
Debt element of deferred senior loan note *	-	1,654
Total current and non-current secured liabilities	**1,232**	**3,753**

8. Borrowings (continued)

*As detailed in Note 9, the Company entered into a Subscription Agreement with EQM Holdings Pty Ltd (ACN 635 693 668) as trustee of the EQM Holdings Trust under which the Company has agreed to issue the subscriber with new fully paid ordinary shares equal to 51% of the total issued share capital of the Company on a fully diluted basis, raising $5,131,820. An initial instalment of the subscription amount of $3,000,000 was received by the Company and was used to repay all outstanding debts owed by the Company to Westpac on 17 December 2019. The outstanding debts repaid include the bank overdraft, bank loan and debt element of the deferred senior loan note. As a result of the DSLN debt being settled prior to maturity, a discount was applied to the balance payable. The Group has recognised a revaluation gain on the deferred senior loan note derivative component of $237,000 and a gain on early redemption of the deferred senior loan note of $470,000 for the period ended 31 December 2019 within the Statement of Profit or Loss and Other Comprehensive Income.

8.1 Recognition and Measurement

Loans and borrowings are initially recognised at the fair value of the consideration received net of transaction costs. They are subsequently measured at amortised cost using the effective interest rate method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

9. Events After the Reporting Period

After the period ended 31 December 2019, the Subscriber has paid the Company a further $1,300,000 towards the subscription amount payable for the subscription shares. The Subscriber has accordingly paid the Company $4,300,000 of the total Subscription Amount of $5,131,820 required to be paid under the Subscription Agreement.

The Subscriber and the Company have entered into an Amending Deed on 21 February 2020 under which the Company has agreed to extend the last date for payment of the balance of the Subscription Amount from 16 February 2020 until 26 March 2020 at the latest.

Under the terms of the Amending Deed, prior to receiving the balance of the Subscription Amount, the Company is authorised to use the funds received to date towards repayment of all outstanding debts owed to Westpac, certain shareholder loans (referred to as the Timms Amounts in the 2019 Notice of AGM) and for working capital purposes;

As at the date of this financial report, the Company has now fully repaid all outstanding debts owed to Westpac and the Timms Amounts in full using the funds received to date.

The Company will issue the subscription shares to the Subscriber within 2 business days of receiving the balance of the subscription funds. The balance of those funds, once received, will be applied for working capital purposes as determined by the Board.

There are no other matters or circumstances that have arisen since 31 December 2019 which significantly affect or could affect the operations of the Group in future years.

10. Related Party Transactions

Ultimate controlling entity
Oldfields Holdings Limited (incorporated in Australia).

Transactions with related parties	Dec-19 $'000	Dec-18 $'000
The following transactions occurred with related parties:		
Dividends paid to Sibley Investments Pty Ltd, holder of minority interest in Adelaide Scaffold Solutions Pty Ltd	91	130

Loans from related parties	Dec-19 $'000	Dec-18 $'000
Loan payable to W & C Timms, being a related party of William Lewis Timms (non-executive director)		
Beginning of the year	500	-
Loan received	-	200
Loan repayments made	-	-
Interest charged	12	-
Interest paid	-	-
End of the year	**512**	**200**

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

Terms and conditions
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The related party loan is repayable on call subject to the Group's bankers approval and accrues interest at the same rate as the bank bill facility.

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 2019 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.

Richard Abela

Dated: 27 February 2020

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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 2019, 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 2019 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 2019 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, 27 February 2020

Corporate Directory

Directors

Mr William Lewis Timms
Chairman and Non-Executive Director
Mr Richard John Abela
Executive Director, CEO
Mr Stephen Charles Hooper
Independent Non-Executive Director

Share Registry

Boardroom Pty Ltd
Level 12, 225 George Street
Sydney NSW 2000
1300 737 760 (in Australia)
www.boardroomlimited.com.au

Company Secretary

Mr Ka Lung Alan Lee

Banker

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

Registered Office and Principal Place of Business

8 Farrow Road,
Campbelltown NSW 2560
(02) 4645 0700

Auditor

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

Website

www.oldfields.com.au

Stock Exchange Listing

Oldfields Holdings Limited (ASX: OLH)