Oldfields Holdings Limited

ABN 92 00 307 988

Appendix 4E

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Oldfields Holdings Limited ABN 92 00 307 988

Preliminary Final Report

APPENDIX 4E - FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2020

1. Company Details

Name of entity:	Oldfields Holdings Limited
ABN:	92 000 307 988
Reporting period:	For the year ended 30 June 2020
Previous period:	For the year ended 30 June 2019

2. Results for Announcement to the Market

	2020 $'000	2019 $'000	Movement Up / (Down) $'000	%
Revenues from ordinary activities	24,591	24,755	(164)	(0.7%)
EBITDA	662	915	(253)	(27.7%)
Loss before revaluation of derivative financial instruments & income tax	(1,645)	(320)	(1,325)	414.1%
Loss from ordinary activities after tax attributable to the owners	(1,222)	(228)	(994)	436.0%
Loss after tax attributable to members of the parent entity	(1,461)	(481)	(980)	203.7%

The Group’s net loss after tax was $1,222,000 (2019: Loss $228,000) which included a $237,000 favourable revaluation of the deferred senior loan note (2019: $508,000). The Group had a loss of $1,645,000 before income tax and revaluation of the financial derivative (2019: Loss $320,000). Higher revenue from the consumer products segment which had been benefited from the new sales channel development and introduction of new products. For the scaffold segment, lower revenue was as a result of an increase in competition and a softening of the Australian building industry. During the year, the business has streamlined processes and restructured to reset its operating cost base.

The Group's EBITDA was $662,000 (2019: $915,000). Depreciation and amortisation expense for the year was $2,156,000 which was an increase of $1,276,000 (2019: $880,000) which reflects the stable cost from investment in hire fleet to support the growth of the scaffold division and $1,229,000 amortisation of right-of-use assets in relation to the adoption of AASB 16 Leases in the year.

3. Review of Operations and Financial Results

The 2020 financial year was a year of change and transformation. The 2020 financial results were impacted by the following:

- The scaffold division has been affected by both the building downturn as well as COVID-19. Though the revenue was marginally lower, the profitability was significantly impacted by restructuring costs and lower margin in general due to competition.
- The paint division has been less affected by COVID-19 and has benefited from the new sales channel development and introduction of new products. Revenue has increased and EBITDA was close to breakeven.
- Head office costs increased mainly attributable to increase in costs on new senior executives, restructuring and insurance costs.

During the year, the following changes have been made in the business:

- Strengthening of the senior management team.
- The organisational structure has also been reviewed. The roles and job descriptions have been redefined to increase operational efficiency. A few key positions have been replaced to refresh the company’s culture.
- The first few tranches of the new equity provided the company to fully repaid all outstanding financial liabilities with Westpac as well as the shareholder’s loan in February 2020.
- The remaining new equity, which was completed in April 2020, further enhanced the company’s capability to grow and develop new initiatives.
- New Board members have provided new expertise, energy and directions to the company.
- New systems and processes have been implemented though some areas are still in progress.
- Further development in new sales channels for the paint division (for example offshore markets in NZ and UK).
- Developed key national accounts for both scaffold and paint divisions.
- Research and development of the China scaffolding market.

4. Dividends

No dividends have been paid or proposed by Oldfields Holdings Limited during the year.

5. Net Tangible Assets per Security

	2020 Cents per Share	2019 Cents per Share
Net assets per security	4.730	5.335
Net tangible asset backing per ordinary security	2.680	4.298

6. Preliminary Final Report

The preliminary final report of Oldfields Holdings Limited for the year ended 30 June 2020 is attached.

7. Details of Associates and Joint Venture Entities

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

8. Events After the Current Reporting Period

The Group's scaffold manufacturing facility in Foshan, China has been relocated to XinXiang, China in August 2020.

9. Audit Status

The report is based on accounts that are in the process of being audited. It is not expected that the report is likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

Richard Abela (Chief Executive Officer)

Ka Lung Alan Lee (Company Secretary)

Dated: 31 August 2020

Preliminary Final Report Contents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 (1) $'000	2019 $'000
Sales revenue	3	24,591	24,755
Cost of sales		(13,656)	(12,685)
Gross profit		10,935	12,070
Other income	3	752	28
Expenses:			
Depreciation and amortisation expense	4	(927)	(880)
Depreciation and amortisation of right-of-use assets	4	(1,229)	-
Other expenses from ordinary activities:			
Sales and distribution expenses		(7,851)	(7,190)
Marketing expenses		(198)	(206)
Occupancy expenses		-	(1,484)
Administrative expenses		(2,773)	(2,309)
Finance costs	4	(354)	(349)
Loss before gain on early redemption and revaluation of derivative financial instruments and income tax		(1,645)	(320)
Gain on early redemption of deferred senior loan note	13	470	-
Revaluation of deferred senior loan note derivative component	13	237	508
(Loss) profit before income tax		**(938)**	**188**
Tax expense	5	(284)	(416)
Net loss from continuing operations		**(1,222)**	**(228)**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(28)	9
Other comprehensive income for the year, net of tax		**(28)**	9
Total comprehensive income for the year		**(1,250)**	**(219)**
Net loss for the year attributable to:			
Members of the parent entity		(1,461)	(481)
Non-controlling interest		239	253
Total net loss for the year		**(1,222)**	**(228)**
Comprehensive income attributable to:			
Members of the parent entity		(1,489)	(472)
Non-controlling interest		239	253
Total comprehensive income for the year		**(1,250)**	**(219)**

	Note	Cents	Cents
Earnings per share from continuing operation attributable to members of the parent entity:			
Basic profit per share	22	(0.871)	(0.585)
Diluted earnings per share	22	(0.871)	(0.585)

The accompanying notes form part of the preliminary final report.

(1) The Group has applied AASB 16 Leases effective 1 July 2019 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 (1) $'000	2019 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	1,785	423
Trade and other receivables	7	4,194	3,905
Inventories	8	2,951	2,544
Current tax assets	5	48	-
TOTAL CURRENT ASSETS		8,978	6,872
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,921	4,589
Right-of-use asset	10	2,525	-
Intangible assets	11	913	852
TOTAL NON-CURRENT ASSETS		7,359	5,441
TOTAL ASSETS		**16,337**	**12,313**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	4,108	2,853
Borrowings	13	310	1,884
Lease liabilities	14	1,015	-
Current tax liabilities	5	-	21
Employees benefit obligations	15	849	763
TOTAL CURRENT LIABILITIES		6,282	5,521
NON-CURRENT LIABILITIES			
Borrowings	13	307	1,869
Lease liabilities	14	1,572	-
Deferred tax liabilities	5	170	186
Employees benefit obligations	15	73	116
Derivative financial instruments	16	-	237
TOTAL NON-CURRENT LIABILITIES		2,122	2,408
TOTAL LIABILITIES		**8,404**	**7,929**
NET ASSETS		**7,933**	**4,384**
EQUITY			
Issued capital	19	26,086	21,106
Other reserves	20	19	47
Accumulated loss	23	(18,919)	(17,458)
Parent interest		7,186	3,695
Non-controlling interest	23	747	689
TOTAL EQUITY		**7,933**	**4,384**

The accompanying notes form part of the preliminary final report.

(1) The Group has applied AASB 16 Leases effective 1 July 2019 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

	Note	Issued Capital $'000	Other Reserves $'000	Accumulated Losses (1) $'000	Subtotal $'000	Non-Controlling Interests (1) $'000	Total $'000
Balance at 1 July 2019		21,106	47	(17,458)	3,695	689	4,384
Comprehensive income							
Profit (loss) for the year		-	-	(1,461)	(1,461)	239	(1,222)
Other comprehensive income for the year	20	-	(28)	-	(28)	-	(28)
Total comprehensive income for the year		-	(28)	(1,461)	(1,489)	239	(1,250)
Transactions with owners in their capacity as owners							
Issue of share capital	19	4,980	-	-	4,980	-	4,980
Dividends provided for or paid	21	-	-	-	-	(181)	(181)
Total transactions with owners and other transfers		4,980	-	-	4,980	(181)	4,799
Balance at 30 June 2020		**26,086**	**19**	**(18,919)**	**7,186**	**747**	**7,933**

For the year ended 30 June 2019

	Note	Issued Capital $'000	Other Reserves $'000	Accumulated Losses $'000	Subtotal $'000	Non-Controlling Interests $'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 year		-	-	(481)	(481)	253	(228)
Other comprehensive income for the year	20	-	9	-	9	-	9
Total comprehensive income for the year		-	9	(481)	(472)	253	(219)
Transactions with owners in their capacity as owners							
Dividends provided for or paid	21	-	-	-	-	(253)	(253)
Total transactions with owners and other transfers		-	-	-	-	(253)	(253)
Balance at 30 June 2019		**21,106**	**47**	**(17,458)**	**3,695**	**689**	**4,384**

The accompanying notes form part of the preliminary final report.

(1) The Group has applied AASB 16 Leases effective 1 July 2019 using the modified retrospective method, under which the comparative information is not restated.

Consolidated Statement of Cash Flows

For the year ended 30 June 2020

	Note	2020 (1) $'000	2019 $'000
OPERATING ACTIVITIES			
Receipts from customers		26,732	26,831
Payments to suppliers and employees		(26,234)	(25,882)
		498	949
Interest received		14	-
Other income received		738	29
Finance costs		(165)	(120)
Income tax paid		(369)	(493)
Net cash provided by operating activities	6	**716**	365
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		407	6
Purchase of property, plant and equipment		(662)	(895)
Purchase of intangibles		(66)	-
Net cash used in investing activities		**(321)**	(889)
FINANCING ACTIVITIES			
Proceeds from borrowings		554	285
Proceeds from shares issued (net of transaction costs)	19	4,980	-
Repayment of borrowings		(1,724)	(394)
Loans from related party		-	
- proceeds from borrowings		-	500
- repayments made		(515)	-
Lease repayments		(1,166)	-
Dividends paid by controlled entities to non-controlling interests	21	(181)	(253)
Net cash provided by financing activities		**1,948**	138
Net increase (decrease) in cash and cash equivalents		**2,343**	(386)
Net increase (decrease) in cash and cash equivalents		2,343	(386)
Cash and cash equivalents at beginning of financial year		(558)	(172)
Cash and cash equivalents at end of financial year	6	**1,785**	**(558)**

The accompanying notes form part of the preliminary final report.

(1) The Group has applied AASB 16 Leases effective 1 July 2019 using the modified retrospective method, under which the comparative information is not restated.

Notes to the Preliminary Final Report

Notes to the Preliminary Final Report

1. Summary of Significant Accounting Policies

1.1 Basis of Preparation
The preliminary 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.

Where applicable, comparative figures are adjusted to conform to changes in classification and presentation for the current financial year.

1.2 Functional and Presentation Currency
The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional currency.

1.3 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 financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

1.4 Key Judgements, Estimates and Assumptions

In the process of applying the Group's accounting policies, management has made a number of judgements, applied estimates and assumptions of future events. Judgements, estimates and assumptions which are material to the Group's financial report are discussed below and in the following notes:

- Revenue and other income
- Income taxes
- Trade and other receivables
- Inventories
- Property, plant and equipment
- Goodwill and other intangible assets
- Provisions
- Derivative financial instruments

Coronavirus (COVID-19) pandemic
The COVID-19 pandemic has developed rapidly in 2020. The resulting impacts of the virus on the operations and measures taken by the Australian and New Zealand governments to contain the virus have affected the Group's results in the reporting period.
The ongoing pandemic has also increased the estimation uncertainty in preparing these preliminary financial statements. These include:

- the extent and duration of the disruption to businesses arising from the actions by federal and local governments, businesses and consumers to contain the spread of the virus;
- the extent and duration of the expected economic downturn which includes increasing unemployment, decline in consumer confidence, reduction in production due to decreased demand, disruption of capital markets and other changes in the market; and
- the effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

Oldfields Group has developed estimates in these preliminary financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 30 June about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing these forecasts and the underlying assumptions are subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from these forecasts since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these preliminary financial statements.

1.5 Principles of Consolidation
The preliminary consolidated financial statements incorporate all of the assets, liabilities and results of Oldfields Holdings Limited and all of the subsidiaries. Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Where necessary, accounting policies of subsidiaries are changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-Controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

1.6 Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is obtained, whereby the fair value of the identifiable assets acquired and liabilities assumed, including contingent liabilities, are recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in the profit or loss and other comprehensive income statement when incurred.

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

1.7 Comparative Figures

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

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in it's financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

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.

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

Year ended 30 June 2020	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sale of goods	4,878	3,562	(14)	8,426
Hire and erection revenue	-	16,165	-	16,165
Total segment revenue	4,878	19,727	(14)	24,591
Government grants and subsidies	-	-	713	713
Interest income	14	-	-	14
Other income	20	5	-	25
Total other revenue	34	5	713	752
Total revenue and other income	**4,912**	**19,732**	**699**	**25,343**

2.1 Operating Segment Performance (continued)

Year ended 30 June 2020

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Adjusted segment EBITDA	**(485)**	**(283)**	**1,430**	**662**
Depreciation and amortisation expense	(27)	(882)	(18)	(927)
Depreciation and amortisation of right-of-use assets	-	-	(1,229)	(1,229)
Interest income	14	-	-	14
Net finance costs	-	-	(165)	(165)
Loss before revaluation of derivative financial instruments and income tax	(498)	(1,165)	18	(1,645)
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	**(498)**	**(1,165)**	**725**	**(938)**
Income tax expense	-	(284)	-	(284)
Profit (loss) after income tax	**(498)**	**(1,449)**	**725**	**(1,222)**

Year ended 30 June 2019

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Revenue				
Sale of goods	4,441	3,946	(5)	8,382
Hire and erection revenue	-	16,373	-	16,373
Total segment revenue	4,441	20,319	(5)	24,755
Other revenue	19	9	-	28
Total other revenue	19	9	-	28
Total revenue and other income	**4,460**	**20,328**	**(5)**	**24,783**
Adjusted segment EBITDA	**(672)**	**1,751**	**(164)**	**915**
Depreciation and amortisation expense	(22)	(838)	(20)	(880)
Finance costs	-	-	(349)	(349)
Unrealised foreign exchange loss	-	-	(6)	(6)
Profit (loss) before revaluation of derivative financial instruments and income tax	(694)	913	(539)	(320)
Fair value adjustment to DSLN	-	-	508	508
Profit (loss) before income tax	**(694)**	**913**	**(31)**	**188**
Income tax expense	-	(416)	-	(416)
Profit (loss) after income tax	**(694)**	**497**	**(31)**	**(228)**

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

Corporate charges are allocated to reporting segments based on the segment's overall proportion of revenue generation within the Group. The Board of Directors believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

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.

2.2 Operating Segment Assets and Liabilities

As at 30 June 2020

	Consumer Products $'000	Scaffolding $'000	Intersegment Eliminations/ Unallocated $'000	Total $'000
Segment assets	2,866	13,439	32	16,337
Segment liabilities	(3,505)	(570)	(4,329)	(8,404)
Segment net assets	**(639)**	**12,869**	**(4,362)**	**7,933**

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**

2.2 Operating Segment Assets and Liabilities (continued)

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. Revenue and Other Income

The Group derives the following types of revenue:

	2020 $'000	2019 $'000
Sales revenue		
Sale of goods	8,426	8,382
Hire and erection revenue	16,165	16,373
Total sales revenue	24,591	24,755
Other income		
Government grants and subsidies	713	-
Interest income	14	-
Other income	25	28
Total other income	752	28
Total revenue and other income from continuing operations	**25,343**	**24,783**

3.1 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.

3.2 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.

4. Expenses

Profit before income tax includes the following specific expenses by nature:

	Note	2020 $'000	2019 $'000
Inventory recognised as an expense during the year		14,355	3,830
Depreciation expense on property, plant and equipment	11	922	874
Depreciation expense on right-of-use assets	12	1,229	-
Amortisation expense	13	5	6
Employee benefits expense		10,659	9,705
Expected credit losses		-	197
Rental expense on operating leases		-	1,105
Finance costs:			
Interest paid to related parties	29	-	10
Interest paid to unrelated parties		138	81
Hire purchase charges		27	29
Unwinding of discount on deferred senior loan note		-	229
Operating lease payments		189	-
		354	349

5. Income Taxes

Income tax expense recognised in the income statement	2020 $'000	2019 $'000
Current tax		
Current tax on profits for the year	281	311
Adjustments for current tax of prior periods	-	94
Total current tax expense	**281**	405
Deferred income tax		
Decrease (Increase) in deferred tax assets	(14)	(10)
Decrease in deferred tax liabilities	17	21
Total deferred tax expense	**3**	11
Total income tax expense	**284**	**416**

Tax reconciliation	2020 $'000	2019 $'000
(Loss) profit before income tax expense	**(938)**	**188**
Tax at the Australian tax rate of 30%	(281)	56
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-allowable items	2	1
Under/(over) provision for income tax in prior year	-	94
Unwinding of discount on DSLN not deductible	-	68
Revaluation of derivative element of DSLN not deductible	(71)	(152)
	(350)	**67**
Less tax effect of:		
Net tax effect profit from overseas operations	27	10
Current year tax loss not brought to account	607	339
Income tax expense	**284**	**416**

Unrecognised tax assets	2020 $'000	2019 $'000
Tax losses		
Tax losses for which no deferred tax asset has been recognised		
Operating losses	12,216	11,609
Capital losses	273	273
Potential tax benefit @ 27.5% (2019: 27.5%)	**3,434**	**3,268**

Current tax assets	2020 $'000	2019 $'000
Income tax assets	48	-
Total current tax assets	**48**	**-**

Current tax liabilities	$'000	$'000
Income tax liabilities	-	21
Total current tax liabilities	**-**	**21**

Deferred tax liability in the statement of financial position	2020 $'000	2019 $'000
Employee benefits	(34)	(34)
Provision for impairment of trade receivables	43	14
Fixed assets	(211)	(198)
Other	32	32
Net deferred tax liabilities	**(170)**	**(186)**

5.1 Recognition and Measurement

The income tax expense for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax Consolidation

Oldfields Holdings Limited and its wholly-owned subsidiaries have implemented the tax consolidation legislation. As a consequence these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

5.2 Key Judgements, Estimates and Assumptions: Unrecognised Deferred Tax Benefits

The Group has unrecognised benefits relating to carried forward losses. The unused tax losses were incurred by the Australian tax consolidated group. The losses are currently not recognised as it is not sufficiently probable that the Group will generate taxable income in the foreseeable future that will allow the losses to be utilised.

6. Cash and Cash Equivalents

	2020 $'000	2019 $'000
Cash on hand	2	1
Cash at bank	1,535	422
Short term deposits	248	-
Total cash and cash equivalents	**1,785**	**423**

Reconciliation to statement of cash flows	Note	2020 $'000	2019 $'000
Cash and cash equivalents		1,785	423
Bank overdrafts	15	-	(981)
Balances per statement of cash flows		**1,785**	**(558)**

Reconciliation of cash flow from operating activities with loss after income tax	2020 $'000	2019 $'000
Loss after income tax	(1,222)	(228)
Adjustment for non cash items:		
Depreciation and amortisation	2,156	880
Net (gains) losses on disposal of property, plant and equipment	-	(8)
Unwinding of discount on deferred senior loan note	-	229
Gain on early redemption of deferred senior loan note	(470)	-
Revaluation of deferred senior loan note to fair value through profit or loss	(237)	(508)
Stock adjustments	-	275
Changes in operating assets and liabilities:		
(Increase) decrease in trade and other receivables	(289)	(363)
(Increase) decrease in inventories	(435)	142
Increase (decrease) in trade payables and accruals	1,255	104
Increase (decrease) in income taxes payable	(69)	(54)
Increase (decrease) in deferred taxes payable	(16)	(22)
Increase (decrease) in provisions	43	(82)
Cash flow from operating activities	**716**	**365**

6.1 Recognition and Measurement

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position, but included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

6.2 Acquisition Through Finance Lease

During the year the Group acquired plant and equipment with an aggregate value of $227,000 (2019: $107,000) by means of financial leases. These acquisitions are not reflected in the statement of cash flow.

7. Trade and Other Receivables

	2020 $'000	2019 $'000
CURRENT		
Trade receivables	3,793	3,555
Expected credit losses	(520)	(194)
Net trade receivables	3,273	3,361
Other receivables	492	118
Prepayments	429	426
Total current trade and other receivables	**4,194**	**3,905**

Trade receivables past due but not impaired	2020 $'000	2019 $'000
Up to 3 months	225	148
3 to 6 months	408	27
Over 6 months	123	13
Total	**756**	**188**

Amounts are considered as 'past due' when the debt has not been settled with the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for expected credit loss by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group. Trade receivables that were past due relate to a number of independent customers for whom there is no recent history of default.

7.1 Expected Credit Loss and Risk Exposure

Ageing analysis of expected credit loss	2020 $'000	2019 $'000
1 to 3 months	278	123
4 to 6 months	183	43
Over 6 months	59	28
Total	**520**	**194**

Movement in expected credit losses	2020 $'000	2019 $'000
Opening balances	194	96
Expected credit losses recognised during the year	354	129
Receivables written off during the year as uncollectable	(28)	(31)
Closing balance	**520**	**194**

Other Receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

Credit Risk

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within note 9. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Group.

7.2 Recognition and Measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

7.3 Key Judgements, Estimates and Assumptions: Provision for Impairment of Receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

8. Inventories

	2020 $'000	2019 $'000
Raw materials - at cost	267	278
Work in progress - at cost	98	165
Finished goods - at net realisable value	2,166	1,814
Goods in transit - at cost	420	287
Total inventories	**2,951**	**2,544**

8.1 Recognition and Measurement

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

8.2 Key Judgements, Estimates and Assumptions: Provision for Impairment of Inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of the inventories, and other factors that affect inventory obsolescence.

9. Property, Plant and Equipment

Year ended 30 June 2020

	Note	Hire Equipment $'000	Plant and Equipment $'000	Leasehold Improve-ments $'000	Motor Vehicles $'000	Total $'000
Cost		8,534	2,279	420	2,006	13,239
Accumulated depreciation		(5,080)	(2,177)	(405)	(1,656)	(9,318)
Net book amount		**3,454**	**102**	**15**	**350**	**3,921**
Opening net book amount		4,043	122	28	396	4,589
Exchange differences		-	(2)	2	3	3
Additions		492	24	8	137	661
Disposals and impairment		(409)	-	(1)	-	(410)
Depreciation expense	6	(672)	(42)	(22)	(186)	(922)
Closing net book amount		**3,454**	**102**	**15**	**350**	**3,921**

Year ended 30 June 2019

	Note	Hire Equipment $'000	Plant and Equipment $'000	Leasehold Improve-ments $'000	Motor Vehicles $'000	Total $'000
Cost		8,375	2,265	414	2,001	13,055
Accumulated depreciation		(4,332)	(2,143)	(386)	(1,605)	(8,466)
Net book amount		**4,043**	**122**	**28**	**396**	**4,589**
Opening net book amount		4,291	157	53	340	4,841
Exchange differences		-	1	1	-	2
Additions		665	18	-	212	895
Disposals and impairment		(275)	-	-	-	(275)
Depreciation expense	6	(638)	(54)	(26)	(156)	(874)
Closing net book amount		**4,043**	**122**	**28**	**396**	**4,589**

9.1 Recognition and Measurement

All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. Repairs and maintenance costs are recognised as expenses in profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets, including capitalised lease assets, are depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. The estimated useful lives in the current period is as follows:

Hire equipment	5-20 years
Plant and equipment	3-15 years
Leasehold improvements	shorter of lease term or useful life
Motor vehicles	5 years

The assets’ residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

9.2 Key Judgements, Estimates and Assumptions: Estimation of Useful Lives of Assets

The Group determined the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or down.

Hire equipment is depreciated on a straight line basis over its estimated useful life, taking into account its realisable value at the end of its life. Hire equipment is constantly maintained and refurbished throughout its useful life resulting in the depreciation to be minimal on certain pieces of equipment. The Group has assessed the useful life of hire equipment to be up to 20 years. All reconditioning costs of hire equipment are expensed as incurred and are not taken into account in the carrying value of hire equipment.

10. Right of Use Assets

		2020 $'000	2019 $'000
Land and buildings - right of use		3,754	-
Accumulated depreciation		(1,229)	-
Total right-of-use assets		**2,525**	**-**
Amount on transition		3,754	
Additions		-	-
Disposals		-	-
Accumulated depreciation	6	(1,229)	-
Closing net book amount		**2,525**	**-**

Additions to the right-of-use assets during the year were $3,754,000.

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

10.1 Recognition and Measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

11. Goodwill and Other Intangible Assets

Year ended 30 June 2020	Note	Goodwill $'000	Trademark & Licences $'000	Software & Other $'000	Total $'000
Cost		838	249	391	1,478
Accumulated amortisation and impairment		-	(177)	(388)	(565)
Net book amount		**838**	**72**	**3**	**913**
Opening net book amount		838	14	-	852
Additions		-	62	4	66
Disposals		-	-	-	-
Amortisation charge	6	-	(4)	(1)	(5)
Balance at 30 June 2020		**838**	**72**	**3**	**913**

Year ended 30 June 2019	Note	Goodwill $'000	Trademark & Licences $'000	Software & Other $'000	Total $'000
Cost		838	187	386	1,411
Accumulated amortisation and impairment		-	(173)	(386)	(559)
Net book amount		**838**	**14**	**-**	**852**
Opening net book amount		838	17	3	858
Additions		-	-	-	-
Disposals		-	-	-	-
Amortisation charge	6	-	(3)	(3)	(6)
Balance at 30 June 2019		**838**	**14**	**-**	**852**

11. Goodwill and Other Intangible Assets (continued)

Goodwill is allocated to the Group's cash-generating units (CGUs). A CGU level summary of the goodwill allocation is presented below.

	2020 $'000	2019 $'000
South and Western Australian scaffold branches	838	838

11.1 Recognition and Measurement

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;
over the acquisition date fair value of net identifiable assets acquired.

Intangible Assets

Intangible assets acquired are measured on initial recognition at cost. Intangible assets other than goodwill have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss.

Patents and trademarks are recognised at cost of acquisition. They have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful lives ranging from 5 to 10 years.

11.2 Key Judgements, Estimates and Assumptions: Goodwill and Other Indefinite Life Intangible Assets

The Group tests annually, or more frequently if changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered impairment. Recoverable amounts of cash generating units have been determined based on value-in use calculations using assumptions including discount rates based on the current cost of capital and growth rates of estimated future cash flows.

12. Trade and Other Payables

	2020 $'000	2019 $'000
CURRENT		
Unsecured liabilities		
Trade payables	2,813	1,458
Sundry payables and accrued expenses	816	806
Deferred revenue	308	409
Net GST payables	171	180
Total trade and other payables	**4,108**	**2,853**

12.1 Recognition and Measurement

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid between 7 and 60 days of recognition of the liability.

The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

13. Borrowings

	Note	2020 $'000	2019 $'000
CURRENT			
Secured liabilities			
Bank overdrafts *		-	981
Bank loans *		-	167
Shareholder loan		-	500
Other financing liabilities		122	123
Hire purchase liabilities		188	113
Total current borrowings		**310**	**1,884**
NON-CURRENT			
Secured liabilities			
Hire purchase liabilities		307	215
Debt element of deferred senior loan note *	18	-	1,654
Total non-current borrowings		**307**	**1,869**
Total borrowings		**617**	**3,753**

13. Borrowings (continued)

	2020 $'000	2019 $'000
Bank overdraft *	-	981
Bank loan *	-	167
Shareholder loan	-	500
Other financing liabilities	122	123
Hire purchase liabilities	495	328
Debt element of deferred senior loan note *	-	1,654
Total current and non-current secured liabilities	**617**	**3,753**

*As detailed in Note 19, 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 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 year ended 30 June 2020 within the Statement of Profit or Loss and Other Comprehensive Income.

13.1 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.

13.2 Shareholder Loan

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

14. Lease Liabilities

	2020 $'000	2019 $'000
CURRENT		
Lease liability	1,015	-
Total current lease liabilities	**1,015**	**-**
NON-CURRENT		
Lease liability	1,572	-
Total non-current lease liabilities	**1,572**	**-**
Total lease liabilities	**2,587**	**-**

Maturity Analysis	2020 $'000	2019 $'000
Contractual undiscounted cash flows		
Within one year	1,015	-
Later than one year but not later than five years	1,572	-
Later than five years	-	-
Total contractual undiscounted cash flows	**2,587**	**-**

14.1 Recognition and Measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

15. Provisions

	2020 $'000	2019 $'000
CURRENT		
Employee leave obligations	849	763
Total current provisions	**849**	**763**
NON-CURRENT		
Employee leave obligations	73	116
Total non-current provisions	**73**	**116**
Total provisions	**922**	**879**

Amounts not expected to be settled within the next 12 months	2019 $'000	2018 $'000
Current leave obligations expected to be settled after 12 months	321	280

15.1 Recognition and Measurement

Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Short-Term Employee Benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

Other Long-Term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

15.2 Key Estimate: Employee Entitlement Provisions - Long Service Leave

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases have been taken into account.

16. Derivative 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.

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 categorised as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices	Measurements based on inputs other than quoted	Measurements based on unobservable

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	2020 Level 2 $'000	2019 Level 2 $'000
Derivative element of DSLN	-	237
Total liabilities recognised at fair value	**-**	**237**

There were no transfers between levels for assets or liabilities measured at fair value on a recurring basis during the reporting period (2019: no transfers).

17. Financial Risk Management

17.1 Categories of Financial Assets and Liabilities

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

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $'000	2019 $'000
Financial Assets			
Cash and cash equivalents	8	1,535	422
Short term deposits	8	248	-
Net trade receivables	9	3,273	3,361
Total financial assets		**5,056**	**3,783**
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	14	3,292	2,047
Borrowings	15	617	3,753
Lease liabilities	16	2,587	-
Financial liabilities at fair value through profit and loss			
Derivative instruments	18	-	237
Total financial liabilities		**6,496**	**6,037**

17.2 Financial Risk Management Policies

The Board of Directors are responsible for managing financial risk policies and exposures of the Group. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, currency risk, liquidity risk and interest rate risk.

The overall risk management strategy seeks to assist the Group in meeting its financial targets while minimising potential adverse effects on financial performance. This includes the review of the use of hedging derivative instruments, credit risk policies and future cash flow requirements.

17.3 Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the maintenance of procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties), ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 30 days from the end of month after invoice date.

Collateral held by the Group securing receivables is detailed in note 7.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of trade and other receivables is provided in note 7.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed at note 7.

(b) Liquidity Risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:
- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- maintaining a reputable credit profile; and
- managing credit risk related to financial assets.

The following table details the Group's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

17.3 Specific Financial Risk Exposures and Management (continued)

(b) Liquidity Risk (continued)

Financial asset and financial liability maturity analysis	Within 1 Year 2020 $'000	Within 1 Year 2019 $'000	1 to 5 Years 2020 $'000	1 to 5 Years 2019 $'000	Over 5 Years 2020 $'000	Over 5 Years 2019 $'000	Total 2020 $'000	Total 2019 $'000
Financial assets - cash flows realisable								
Cash and cash equivalents	1,535	422	-	-	-	-	1,535	422
Short term deposits	248	-	-	-	-	-	248	-
Trade and other receivables	3,273	3,361	-	-	-	-	3,273	3,361
Total anticipated inflows	**5,056**	**3,783**	**-**	**-**	**-**	**-**	**5,056**	**3,783**
Financial liabilities due for payment								
Bank overdrafts and bank loans	-	1,148	-		-	-	-	1,148
Debt element of DSLN*	-	-	2,370	2,370	-	-	2,370	2,370
Derivative element of DSLN**	-	-	-	237	-	-	-	237
Trade and other payables	3,292	2,047	-	-	-	-	3,292	2,047
Shareholder loan	-	500	-	-	-	-	-	500
Other financing liabilities	122	123	-	-	-	-	122	123
Hire purchase liabilities	188	113	307	215	-	-	495	328
Lease liabilities	1,015	-	1,572	-	-	-	2,587	-
Total expected outflows	**4,617**	**3,931**	**4,249**	**2,822**	**-**	**-**	**8,866**	**6,753**
Net (outflow) / inflow on financial instruments	**439**	**(148)**	**(4,249)**	**(2,822)**	**-**	**-**	**(3,810)**	**(2,970)**

*The debt element of the DSLN has been shown at the face value of the DSLN payable on maturity or early repayment.

**The derivative element of the DSLN has been shown at the fair value recognised at balance date.

Financial Assets Pledged as Collateral

Certain financial assets have been pledged as security for debt and their realisation into cash may be restricted subject to terms and conditions attached to the relevant debt contracts.

(c) Market Risk

(i) *Interest rate risk*

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

(ii) *Foreign exchange risk*

The Board and senior management regularly monitor foreign currency movements and has undertaken to use hedging contracts where appropriate to the value of up to 100% of its US dollar requirements over a maximum 6 month period.

Sensitivity Analysis

As at the end of the reporting period, the Group had the following variable rate borrowings:

	2020 Weighted Average Interest Rate	2020 Balance	2020 % of Total Loans	2019 Weighted Average Interest Rate	2019 Balance	2019 % of Total Loans
Bank overdrafts and bank loans	0.00%	-	0%	12.64%	1,148	19%

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit 2020 $'000	Profit 2019 $'000	Equity 2020 $'000	Equity 2019 $'000
+/- 2% in interest rates	**8**	13	**8**	13

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

Fair Value Estimation

The fair values of the Group's financial assets and financial liabilities included in the Statement of Financial Position are carried at amounts that approximate net fair values.

18. Impairment of Non-Financial Assets

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

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

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

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on a one-year budget and four-year projections approved by management. Cash flows beyond the one-year budget period are extrapolated using the estimated growth rates stated below. The growth rates for the terminal period do not exceed the long-term average growth rates for the industry in which each CGU operates.

Sensitivity

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

18.1 Key Judgements, Estimates and Assumptions: Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

The following key assumptions were used in the value-in-use calculations:

	Growth Rate		Terminal Period	Discount
	Year 1	Year 2-5	Growth Rate	Rate
2020				
South and Western Australian scaffold branches	**5%**	**5%**	**3%**	**16%**
2019				
South and Western Australian scaffold branches	8%	5%	0%	19%

Management has based the value-in-use calculations on budgets for each reporting segment. These budgets use historical weighted average growth rates to project revenue. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the segments operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular segment.

19. Share Capital

	2020 Number	2020 $'000	2019 Number	2019 $'000
Share capital at the beginning of the reporting period	82,176,198	21,106	82,176,198	21,106
Shares issued during the year				
- April 2020 (placement)	85,530,329	5,132	-	-
Transaction costs on raising capital	-	(152)	-	-
Share capital at the end of the reporting period	**167,706,527**	**26,086**	**82,176,198**	**21,106**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is subject to financing covenants as detailed in note 13.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

19. Share Capital (continued)

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to identify opportunities to reduce the Group's gearing ratio. The gearing ratios for the year ended 30 June 2020 and 30 June 2019 are as follows:

	Note	2020 $'000	2019 $'000
Total borrowings	14	617	3,753
Add: Derivative financial instruments	16	-	237
Less: Cash and cash equivalents	8	(1,785)	(423)
Net debt and derivative financial instruments		(1,168)	3,567
Total equity		7,933	4,384
Total capital		**6,765**	7,951
Gearing ratio		**-17%**	45%

20. Reserves

	2020 $'000	2019 $'000
Foreign currency translation	19	47
Total reserves	**19**	**47**

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

21. Dividends

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

During the year $181,000 (2019: $253,333) of fully franked dividends were paid to a related party of the Group by Adelaide Scaffold Solutions Pty Limited to Sibley Investments Pty Limited. Sibley Investments Pty Limited is the minority interest holder in the Group. Adelaide Scaffold Solutions Pty Limited is a controlled entity of Oldfields Holdings Limited.

	Parent Entity	
Franking account balance	2020 $'000	2019 $'000
The amount of the franking credits available for subsequent reporting periods are:		
Balance at the end of the reporting period	1,086	1,077
Franking credits that will arise from the payment of the amount of provision for income tax	-	9
Franking credits available for subsequent reporting periods based on a tax rate of 30%	**1,086**	**1,086**

21.1 Recognition and Measurement
Dividends are recognised when declared during the financial year and are then no longer at the discretion of the Company.

22. Earnings per Share

	2020 $'000	2019 $'000
a) Reconciliation of earnings to profit or loss		
Loss for the year	(1,222)	(228)
Less: Profit attributable to non-controlling equity interest	(239)	(253)
Earnings used to calculate basic EPS	**(1,461)**	**(481)**

	2020 Number	2019 Number
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	**167,706,527**	**82,176,198**

	2020 Cents	2019 Cents
c) Profit per share	**(0.871)**	**(0.585)**

22.1 Calculation of Earnings per Share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Oldfields Holdings Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

23. Accumulated Losses

	Note	2020 $'000	2019 $'000
Movements in accumulated losses were as follows:			
Opening balance at 1 July		(16,769)	(15,806)
Adjustment on initial application of AASB 15		-	(482)
Net profit for the year		(1,222)	(228)
Dividends paid	21	(181)	(253)
Closing balance at 30 June		**(18,172)**	**(16,769)**
Accumulated losses attributable to:			
Members of the parent entity		(18,919)	(17,458)
Non-controlling interest		747	689
Total accumulated losses at 30 June		**(18,172)**	**(16,769)**

24. Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of Subsidiary	Principal Place of Business	Ownership Interest 2020 %	Ownership Interest 2019 %	Non-Controlling Interests 2020 %	Non-Controlling Interests 2019 %
Subsidiaries of Oldfields Holdings Limited:					
Oldfields Pty Limited	Australia	**100%**	100%	**0%**	0%
Oldfields Advance Scaffold Pty Limited	Australia	**100%**	100%	**0%**	0%
Oldfields Administration Pty Limited	Australia	**100%**	100%	**0%**	0%
Oldfields International Pty Limited	Australia	**100%**	100%	**0%**	0%
Advance Scaffold Solutions Pty Limited	Australia	**100%**	100%	**0%**	0%
Oldfields Supply Chain Solutions Pty Ltd	Australia	**100%**	0%	**0%**	0%
Oldfields Finance Solutions Pty Ltd	Australia	**100%**	0%	**0%**	0%
Oldfields Funds Management Pty Ltd	Australia	**100%**	0%	**0%**	0%
Subsidiaries of Oldfields Advance Scaffold Pty Limited:					
Adelaide Scaffold Solutions Pty Limited	Australia	**60%**	60%	**40%**	40%
Subsidiaries of Oldfields Administration Pty Limited:					
National Office Service Trust	Australia	**100%**	100%	**0%**	0%
Subsidiaries of Oldfields International Pty Limited:					
Oldfields (NZ) Limited	New Zealand	**100%**	100%	**0%**	0%
Oldfields Paint Applications (NZ) Limited	New Zealand	**100%**	100%	**0%**	0%
Oldfields USA Incorporated	USA	**100%**	100%	**0%**	0%
Foshan Advcorp Scaffold Limited	China	**100%**	100%	**0%**	0%
Subsidiaries of Oldfields Finance Solutions Pty Ltd:					
Oldfields Financing Pty Ltd	Australia	**100%**	0%	**0%**	0%

24. Subsidiaries (continued)

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Set out below is the summarised financial information for Adelaide Scaffold Solutions Pty Ltd that has non-controlling interests that are material to the Group, before any intra-group eliminations. The entity's principal place of business is 5-7 Peekarra Street, Regency Park, South Australia.

Summarised financial information of subsidiaries with material non-controlling interests	2020 $'000	2019 $'000
Summarised financial position - Adelaide Scaffold Solutions Pty Ltd		
Current assets	1,559	1,122
Non-current assets	2,299	2,251
Current liabilities	(734)	(465)
Non-current liabilities	(427)	(356)
Net assets	**2,697**	**2,552**
Carrying amount of non-controlling interests	747	648
Summarised financial performance - Adelaide Scaffold Solutions Pty Ltd		
Revenue	5,930	5,792
Profit after tax	597	632
Other comprehensive income after tax	-	-
Total comprehensive income	**597**	**632**
Profit attributable to non-controlling interests	239	253

Summarised financial information of subsidiaries with material non-controlling interests	2020 $'000	2019 $'000
Summarised cash flow information - Adelaide Scaffold Solutions Pty Ltd		
Net cash from operating activities	1,439	782
Net cash used in investing activities	(327)	(482)
Net cash used in financing activities	(303)	(474)
Net decrease in cash and cash equivalents	**809**	**(174)**
Distributions paid to non-controlling interests	181	253

24.1 Recognition and Measurement

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Group as at 30 June 2020 and the results of all controlled entities for the year then ended. Control exists when the consolidated entity has the power to govern the financial and operating policies of an entity so as to obtain benefit from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control exists.

25. Parent Entity Disclosures

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

	2020 $'000	2019 $'000
Statement of Financial Position		
ASSETS		
Current assets	3,834	1,237
Non-current assets	4,520	2,136
TOTAL ASSETS	8,354	3,373
LIABILITIES		
Current liabilities	6,112	6,286
Non-current liabilities	2,125	2,638
TOTAL LIABILITIES	8,237	8,924
NET LIABILITIES	**117**	**(5,551)**
EQUITY		
Issued capital	26,086	21,106
Accumulated losses	(25,969)	(26,657)
TOTAL EQUITY	**117**	**(5,551)**
Statement of Profit or Loss and Other Comprehensive Income		
Profit (loss) before tax	**688**	**(31)**
Total comprehensive profit (loss)	**688**	**(31)**

Guarantees
Oldfields Holdings Limited and it's Australian wholly-owned entities have entered into a deed of cross guarantee under which the Company and its subsidiaries guarantee the debts of each other.

Contingent liabilities
The Parent Entity did not have any contingent liabilities as at 30 June 2020 or 30 June 2019.

Contractual commitments
The Parent Entity did not have any contractual commitments as at 30 June 2020 or 30 June 2019.

26. Auditors' Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the Parent Entity, its related practices and non-related audit firms:

	2020 $	2019 $
BDO* and related network firms		
Audit services		
Auditing or reviewing the financial report	123,600	136,000
Other services		
Taxation services	18,000	18,000
Other services	-	19,000
	18,000	37,000
Total auditors' remuneration	**141,600**	173,000

* The BDO entity performing the audit of the group transitioned from BDO East Coast Partnership to BDO Audit Pty Ltd on 1 August 2020. The disclosures include amounts received or due and receivable by BDO East Coast Partnership, BDO Audit Pty Ltd and their respective related entities.