

# **Oldfields Holdings Limited**

**ABN 92 00 307 988**

## **Appendix 4D**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

## Interim Financial Report

### APPENDIX 4D - INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

#### 1. Results for announcement to the market

	Dec-20 \$'000	Dec-19 \$'000	Movement Up / (Down) \$'000	%
Revenues from ordinary activities	11,054	12,239	(1,185)	(9.7)
EBITDA	209	20	189	945.0
(Loss) profit before revaluation of derivative financial instruments & income tax	(1,028)	(1,103)	75	(6.8)
(Loss) profit from ordinary activities after tax attributable to the owners	(1,128)	(487)	(641)	131.6
(Loss) profit after tax attributable to members of the parent entity	(1,266)	(589)	(677)	114.9

The Group's net loss after tax has increased to \$1,128 for the six months ended 31 December 2020 compared to a loss of \$487,000 for the six months ended 31 December 2019. This financial year has been impacted by the COVID-19 pandemic (positively for the Consumer division but negatively for the Scaffold division). Revenue for the consumer division increased by 38.5% (\$907,000) during the first half of the year while the EBITDA loss for the period of \$87,000 which was less than the prior year's loss of \$353,000.

The COVID pandemic has had significantly impacted both the scaffold sales revenue as well as the hire and erection revenues. It also greatly increased competitive pressures and has impact on margins and new volumes. During the last 6 months, 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.

The Group's EBITDA was \$209,000 (2019: \$20,000). Depreciation and amortisation expense for the six months ended 31 December 2020 was \$1,145,000 which was an increase of \$78,000 (2019: \$1,067,000) which reflects the stable cost from investment in hire fleet to support the growth of the scaffold division and \$597,000 amortisation of right-of-use assets in relation to the adoption of AASB 16 Leases in the period.

#### 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 2020.

#### 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-20 Cents per Share	Dec-19 Cents per Share
Net assets per security	5.632	4.606
Net tangible asset backing per ordinary security	4.841	3.567

#### 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 2020 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: 26 February 2021

# oldfields



## Half Year Report

Period Ended 31 December 2020

ABN 92 000 307 988

# Contents

<b>Section</b>	<b>Page</b>
Directors' Report	2
Auditor's Independent Declaration	5
Half-Year Financial Report	6
Independent Auditor's Review Report	18
Corporate Directory	20

# 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 2020.

## 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.

<b>Richard John Abela</b>	Chief Executive Officer and Managing Director
<b>Jonathan William Doy</b>	Independent Non-Executive Director and Interim Chairman
<b>David John Baird</b>	Independent Non-Executive Director
<b>Jie Ma</b>	Non-Executive Director
<b>Ka Lung Alan Lee</b>	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 \$1,128,000 for the half-year ended 31 December 2020 (2019: Loss \$487,000).

The Group's profit before interest, tax, depreciation and amortisation ("EBITDA") of \$209,000 increased by 945% from the prior corresponding period of \$20,000.

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

	Dec-20 \$'000	Dec-19 <sup>(1)</sup> \$'000	Dec-18 \$'000	Dec-17 <sup>(2)</sup> \$'000	Dec-16 \$'000
<b>Sales revenue</b>	<b>11,054</b>	<b>12,239</b>	<b>12,305</b>	<b>13,404</b>	<b>14,344</b>
<b>Profit/(loss) after income tax</b>	<b>(1,128)</b>	<b>(487)</b>	<b>(214)</b>	<b>1,302</b>	<b>360</b>
Income tax expense	100	91	154	123	113
<b>Profit/(loss) before income tax</b>	<b>(1,028)</b>	<b>(396)</b>	<b>(60)</b>	<b>1,425</b>	<b>473</b>
Gain on early redemption of deferred senior loan note	-	(470)	-	-	-
Revaluation of deferred senior loan note	-	(237)	13	(1,161)	142
<b>Profit/(loss) before income tax, gain on early redemption and revaluation</b>	<b>(1,028)</b>	<b>(1,103)</b>	<b>(47)</b>	<b>264</b>	<b>615</b>
Interest income	-	(14)	-	-	-
Depreciation and amortisation expense	548	461	438	430	378
Depreciation and amortisation of right-of-use assets	597	606	-	-	-
Net finance costs	113	65	194	215	156
Unrealised foreign exchange (gains) losses	(21)	5	3	7	-
<b>EBITDA</b>	<b>209</b>	<b>20</b>	<b>588</b>	<b>916</b>	<b>1,149</b>

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

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

## Review of Operations and Financial Results (continued)

The Group's revenue from continuing operations for the half-year ended 31 December 2020 was \$11,054,000 (2019: \$12,239,000), a decrease of 9.7% compared with the prior period. Consumer division revenue significantly increased by \$907,000 (38.5%) while the Scaffold division revenue decreased by \$1,925,000 (19.2%).

The Group's net loss after tax was \$1,128,000 (2019: Loss \$487,000). This financial year has been impacted by the COVID-19 pandemic (positively for the Consumer division but negatively for the Scaffold division). During the last six months, 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. Gross profit margins decreased from 32.1% to 30.2% due to competition in the market, increasing international freight costs due to the pandemic and the increasing cost of purchases.

The Group received \$810,000 in job keeper payments for the six months to 31 December 2020. All conditions and eligibility criteria for receiving the payments were met.

Net cash provided by operating activities was \$744,000 for the six months ended 31 December 2020, compared to \$526,000 for the six months ended 31 December 2019. The Group continues to have a strong focus on working capital management by lowering inventory within the supply chain and improving payment terms for both debtors and creditors.

### Review of Operations

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

Revenue for the consumer division increased by 38.5% (\$907,000) during the first half of the year while the EBITDA loss for the period of \$87,000 was less than the prior year's loss of \$353,000. The progress and momentum in this part of the business continues to demonstrate that a return to critical mass is imminent.

While rationalisation continues in the trade retail channel, increased market share and range extensions is offsetting the impact of rationalisation in some of our distribution channels. The business is focused on using a targeted approach to innovation of new product that is producing best in class products. The Oldfields innovation program improves efficiency for the trade whilst also providing value. Our sales to commercial and industrial customers have also begun to significantly increase this year ensuring all market segments have access to Oldfields.

Service delivery has been critical over the past twelve months and in addition to product innovation our service record continues to improve ensuring availability to all customers at a rate over 98%.

In more recent times the supply of containers from China has seen some delays however we have increased our inventory levels to ensure continued supply to the market.

#### (ii) Scaffolding Division

For the six months ended 31 December 2020 the Scaffold division revenues decreased \$1,925,000 compared to the previous period.

The COVID pandemic has significantly impacted both the sales revenue as well as the hire and erection revenues. While the reductions have varied by state the overall impact has seen large amounts removed from the planned pipeline particularly for those jobs related to infrastructure and public assets.

The above was also in addition to an overall building industry volume downturn that commenced prior to the COVID-19 impact.

As a consequence of the above factors, greatly increased competitive pressures has also impacted margins and new volumes. The business has responded by contracting its cost base and continues to work hard in rebuilding in all sectors to limit exposure to traditional construction peaks and troughs and make headway into new counter cyclical channels.

As we enter the 2021 calendar year, greater confidence around reduced lockdowns will see a resumption to improved volumes, increased demand and better trading conditions. This is expected to gain momentum in the first quarter of 2021.

National and international scaffold sales were 49.1% lower than the prior year due to the global pandemic. Our customer base in this part of the business suspended any major purchases of new Scaffolding until their trade customer base had begun to return to work.

In August 2020, our China manufacturing facility was relocated from southern China (Foshan) to central China (XinXiang). The new factory is significantly bigger and modern than our previous facility. Efficiency has been improved with reduction in production lead time. Results from cost saving initiatives on procurement of raw materials have already been seen.

### Financial Position

The net assets of the Group have decreased by \$1,369,000 from \$7,933,000 at 30 June 2020 to \$6,564,000 at 31 December 2020.

A key area of focus for the 2021 financial year will be to continue to trade profitably and further increase the net asset position of the Group.

## Outlook

The Directors view the trading environment to remain dynamic and challenging into the 2021 calendar year. Early signs of returned volumes are beginning to appear and the business will continue to take a cautious approach to ensure a return to profitability. Pipelines are beginning to be replenished in Scaffolding and the Paint Tools team is developing some real momentum. The management team remain focused on driving for profitable critical mass.

While the duration of the impacts of the COVID-19 pandemic is uncertain, the Group entered the second half of the 2021 financial year in a better financial position. We have a tremendous team and a strong and growing pipeline in both of our projects and are well placed to drive earnings growth and pursue new opportunities as we emerge from the current economic challenges.

## Significant Changes in State of Affairs

There have been no other significant changes in the state of affairs during or since the half-year ending 31 December 2020.

## Dividends

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

## Events after the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2020 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: 26 February 2021

**DECLARATION OF INDEPENDENCE BY JOHN BRESOLIN TO THE DIRECTORS OF OLDFIELDS HOLDINGS LIMITED**

As lead auditor for the review of Oldfields Holdings Limited for the half-year ended 31 December 2020, 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.



**John Bresolin**  
**Director**

**BDO Audit Pty Ltd**

Sydney, 26 February 2021



# Half-Year Financial Report

	<b>Page</b>
<b>Financial Statements</b>	
Consolidated Statement of Profit or Loss and Other Comprehensive Income	7
Consolidated Statement of Financial Position	8
Consolidated Statement of Changes in Equity	9
Consolidated Statement of Cash Flows	10
<b>Notes to the Interim Consolidated Financial Statements</b>	<b>11</b>
<b>Directors' Declaration</b>	<b>17</b>

## **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 26 February, 2021. 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 2020

	Note	Dec-20 \$'000	Dec-19 \$'000
Sales revenue	3	11,054	12,239
Cost of sales		(6,272)	(6,805)
Gross profit		4,782	5,434
Other income	3	821	32
<b>Expenses:</b>			
Depreciation and amortisation expense		(548)	(461)
Depreciation and amortisation of right-of-use assets		(597)	(606)
Other expenses from ordinary activities:			
Sales and distribution expenses		(3,826)	(3,781)
Marketing expenses		(110)	(113)
Occupancy expenses		(5)	(117)
Administrative expenses		(1,432)	(1,426)
Finance costs		(113)	(65)
Loss before gain on early redemption and revaluation of derivative financial instruments and income tax		(1,028)	(1,103)
Gain on early redemption of deferred senior loan note		-	470
Revaluation of deferred senior loan note derivative component		-	237
<b>Loss before income tax</b>		<b>(1,028)</b>	<b>(396)</b>
Tax expense		(100)	(91)
<b>Net loss from continuing operations</b>		<b>(1,128)</b>	<b>(487)</b>
<b>Other comprehensive income:</b>			
Items that will not be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		(66)	(21)
<b>Other comprehensive income for the period, net of tax</b>		<b>(66)</b>	<b>(21)</b>
<b>Total comprehensive income for the period</b>		<b>(1,194)</b>	<b>(508)</b>
Net (loss) profit for the period attributable to:			
Members of the parent entity		(1,266)	(589)
Non-controlling interest		138	102
<b>Total net loss for the period</b>		<b>(1,128)</b>	<b>(487)</b>
Comprehensive income attributable to:			
Members of the parent entity		(1,332)	(610)
Non-controlling interest		138	102
<b>Total comprehensive income for the period</b>		<b>(1,194)</b>	<b>(508)</b>
	Note	Cents	Cents
<b>Earnings per share from continuing operations attributable to members of the parent entity:</b>			
Basic loss per share	5 (c)	(1.086)	(0.717)
Diluted earnings per share	5 (c)	(1.086)	(0.717)

# Consolidated Statement of Financial Position

As at 31 December 2020

	Note	Dec-20 \$'000	Jun-20 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,108	1,785
Trade and other receivables		3,255	4,194
Inventories		2,684	2,951
Current tax assets		45	48
<b>TOTAL CURRENT ASSETS</b>		<b>7,092</b>	<b>8,978</b>
<b>NON-CURRENT ASSETS</b>			
Right-of-use asset	10	5,008	2,525
Property, plant and equipment		4,168	3,920
Intangible assets		922	914
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,098</b>	<b>7,359</b>
<b>TOTAL ASSETS</b>		<b>17,190</b>	<b>16,337</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,616	4,108
Borrowings	7	281	310
Lease liabilities	10	1,073	1,015
Employees benefit obligations		851	849
<b>TOTAL CURRENT LIABILITIES</b>		<b>5,821</b>	<b>6,282</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	7	536	307
Lease liabilities	10	4,040	1,572
Deferred tax liabilities		161	170
Employees benefit obligations		68	73
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,805</b>	<b>2,122</b>
<b>TOTAL LIABILITIES</b>		<b>10,626</b>	<b>8,404</b>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
Issued capital		26,086	26,086
Other reserves		(47)	19
Accumulated loss		(20,185)	(18,919)
Parent interest		5,854	7,186
Non-controlling interest		710	747
<b>TOTAL EQUITY</b>		<b>6,564</b>	<b>7,933</b>

# Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2020

	Issued Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Subtotal \$'000	Non- Controlling Interests \$'000	Total \$'000
<b>Balance at 1 July 2020</b>	26,086	19	(18,919)	7,186	747	7,933
<b>Comprehensive income</b>						
Profit (loss) for the period	-	-	(1,266)	(1,266)	138	(1,128)
Other comprehensive income for the period	-	(66)	-	(66)	-	(66)
<b>Total comprehensive income for the period</b>	-	(66)	(1,266)	(1,332)	138	(1,194)
<b>Transactions with owners, in their capacity as owners</b>						
Dividends provided for or paid	-	-	-	-	(175)	(175)
<b>Total transactions with owners and other transfers</b>	-	-	-	-	(175)	(175)
<b>Balance at 31 December 2020</b>	<b>26,086</b>	<b>(47)</b>	<b>(20,185)</b>	<b>5,854</b>	<b>710</b>	<b>6,564</b>

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
<b>Balance at 1 July 2019</b>	21,106	47	(17,458)	3,695	689	4,384
<b>Comprehensive income</b>						
Profit (loss) for the period	-	-	(589)	(589)	102	(487)
Other comprehensive income for the period	-	(21)	-	(21)	-	(21)
<b>Total comprehensive income for the period</b>	-	(21)	(589)	(610)	102	(508)
<b>Transactions with owners, in their capacity as owners</b>						
Dividends provided for or paid	-	-	-	-	(91)	(91)
<b>Total transactions with owners and other transfers</b>	-	-	-	-	(91)	(91)
<b>Balance at 31 December 2019</b>	<b>21,106</b>	<b>26</b>	<b>(18,047)</b>	<b>3,085</b>	<b>700</b>	<b>3,785</b>

# Consolidated Statement of Cash Flows

For the half-year ended 31 December 2020

	Note	Dec-20 \$'000	Dec-19 \$'000
<b>OPERATING ACTIVITIES</b>			
Receipts from customers		13,192	13,511
Payments to suppliers and employees		(13,050)	(12,785)
		142	726
Other income received		821	32
Finance costs		(113)	(65)
Income tax paid		(106)	(167)
<b>Net cash provided by operating activities</b>		<b>744</b>	<b>526</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(885)	(436)
Purchase of intangibles		(11)	-
<b>Net cash used in investing activities</b>		<b>(896)</b>	<b>(436)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from borrowings		434	746
Proceeds from shares to be issued		-	3,000
Repayment of borrowings		(234)	(2,733)
Lease repayments		(550)	(572)
Dividends paid by controlled entities to non-controlling interests		(175)	(91)
<b>Net cash provided by financing activities</b>		<b>(525)</b>	<b>350</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(677)</b>	<b>440</b>
Net increase (decrease) in cash and cash equivalents		(677)	440
Cash and cash equivalents at beginning of the period		1,785	423
<b>Cash and cash equivalents at end of the period</b>	4	<b>1,108</b>	<b>863</b>

# Notes to the Interim Consolidated Financial Statements

	<b>Page</b>	
Note 1	Summary of Significant Accounting Policies	12
Note 2	Segment Information	13
Note 3	Revenue and Other Income	15
Note 4	Cash and Cash Equivalents	15
Note 5	Earnings Per Share	15
Note 6	Commitments and Contingencies	15
Note 7	Borrowings	15
Note 8	Events After the Reporting Period	16
Note 9	Related Party Transactions	16
Note 10	Right-of-Use Asset and Lease Liabilities	16

# 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 2020 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. The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim report unless otherwise stated.

### 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 2020 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 policies, 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 2020. 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 and 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.

Although the COVID-19 pandemic commenced over a year ago, the ongoing pandemic has also increased the estimation uncertainty in preparing these 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.

While COVID-19 has negatively impacted our scaffold division, we have continued to contain costs, right-size the business, access available relief initiatives and implement cash preservation measures.

## Going Concern and Coronavirus (COVID-19) Pandemic (continued)

The directors believe there are reasonable grounds to conclude the Group will continue as a going concern on the basis of the following:

- Cash flow budgets indicate sufficient cash flow for the period of 12 months from the date of this report. 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 financial statements;
- The Group's major shareholder, EQM Holdings Pty Ltd, has confirmed that they will provide the financial support necessary for the Group to be able to continue its normal course of operations including paying its debts as and when they become payable for a period of 12 months from the date of signing the 31 December 2020 Half Year Report; and
- The Group entered the second half of the 2021 financial year in a better financial position and debt free.

Although the duration of the impacts of the COVID-19 pandemic is uncertain, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty and has therefore prepared the financial statements on a going concern basis.

## 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, 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.

### 2.1 Operating Segment Performance

#### Six months to 31 December 2020

	Consumer Products \$'000	Scaffolding \$'000	Intersegment Eliminations/ Unallocated \$'000	Total \$'000
<b>Revenue</b>				
Sale of goods	3,039	1,314	-	4,353
Hire and erection revenue	-	6,701	-	6,701
<b>Total segment revenue</b>	<b>3,039</b>	<b>8,015</b>	<b>-</b>	<b>11,054</b>
Government grants and subsidies	-	204	606	810
Interest income	-	-	-	-
Other income	1	10	-	11
<b>Total other revenue</b>	<b>1</b>	<b>214</b>	<b>606</b>	<b>821</b>
<b>Total revenue and other income</b>	<b>3,040</b>	<b>8,229</b>	<b>606</b>	<b>11,875</b>
<b>Adjusted segment EBITDA</b>	<b>(33)</b>	<b>(194)</b>	<b>436</b>	<b>209</b>
Depreciation and amortisation expense	(21)	(524)	(3)	(548)
Depreciation and amortisation of right-of-use assets	(68)	(355)	(174)	(597)
Interest income	-	-	-	-
Net finance costs	(17)	(52)	(44)	(113)
Unrealised foreign exchange loss	21	-	-	21
Profit (loss) before revaluation of derivative financial instruments and income tax	(118)	(1,125)	215	(1,028)
Gain on early redemption of deferred senior loan note	-	-	-	-
Revaluation of deferred senior loan note derivative component	-	-	-	-
<b>Profit (loss) before income tax</b>	<b>(118)</b>	<b>(1,125)</b>	<b>215</b>	<b>(1,028)</b>
Income tax expense	-	(100)	-	(100)
<b>Profit (loss) after income tax</b>	<b>(118)</b>	<b>(1,225)</b>	<b>215</b>	<b>(1,128)</b>



## 2.1 Operating Segment Performance (continued)

### Six months to 31 December 2019

	Consumer Products \$'000	Scaffolding \$'000	Intersegment Eliminations/ Unallocated \$'000	Total \$'000
<b>Revenue</b>				
Sale of goods	2,220	1,946	(5)	4,161
Hire and erection revenue	-	8,078	-	8,078
<b>Total segment revenue</b>	<b>2,220</b>	<b>10,024</b>	<b>(5)</b>	<b>12,239</b>
Other revenue	27	5	-	32
<b>Total other revenue</b>	<b>27</b>	<b>5</b>	<b>-</b>	<b>32</b>
<b>Total revenue and other income</b>	<b>2,247</b>	<b>10,029</b>	<b>(5)</b>	<b>12,271</b>
<b>Adjusted segment EBITDA</b>	<b>(353)</b>	<b>(12)</b>	<b>385</b>	<b>20</b>
Depreciation and amortisation expense	(12)	(440)	(615)	(1,067)
Interest income	14	-	-	14
Finance costs	(5)	(8)	(52)	(65)
Unrealised foreign exchange loss	-	(5)	-	(5)
Profit (loss) 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
<b>Profit (loss) before income tax</b>	<b>(356)</b>	<b>(465)</b>	<b>425</b>	<b>(396)</b>
Income tax expense	-	(91)	-	(91)
<b>Profit (loss) after income tax</b>	<b>(356)</b>	<b>(556)</b>	<b>425</b>	<b>(487)</b>

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

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

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

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

## 2.2 Operating Segment Assets and Liabilities

### As at 31 December 2020

	Consumer Products \$'000	Scaffolding \$'000	Intersegment Eliminations/ Unallocated \$'000	Total \$'000
Segment assets	2,665	15,210	(685)	17,190
Segment liabilities	(3,424)	(2,936)	(4,266)	(10,626)
<b>Segment net assets</b>	<b>(759)</b>	<b>12,274</b>	<b>(4,951)</b>	<b>6,564</b>

### 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)
<b>Segment net assets</b>	<b>(639)</b>	<b>12,869</b>	<b>(4,297)</b>	<b>7,933</b>

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:

	Dec-20 \$'000	Dec-19 \$'000
<b>Sales revenue</b>		
Sale of goods	4,353	4,161
Hire and erection revenue	6,701	8,078
<b>Total sales revenue</b>	<b>11,054</b>	<b>12,239</b>
<b>Other income</b>		
Government grants and subsidies	810	-
Interest income	-	14
Other revenue	11	18
<b>Total other income</b>	<b>821</b>	<b>32</b>
<b>Total revenue and other income from continuing operations</b>	<b>11,875</b>	<b>12,271</b>

#### 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 in time when the customer obtains control of the goods, which is generally at the time of delivery at an amount that reflects the consideration to which the Groups expects to be entitled in exchange for the goods.

Revenue from hire of equipment is recognised over time when the services are provided.

Government grants are recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the

Other revenue is recognised when it is received or when the right to receive payment is established.

#### 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. Cash and Cash Equivalents

	Dec-20 \$'000	Jun-20 \$'000
Cash on hand	4	2
Cash at bank	856	1,535
Short term deposits	248	248
<b>Total cash and cash equivalents</b>	<b>1,108</b>	<b>1,785</b>

#### 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-20 \$'000	Dec-19 \$'000
Cash and cash equivalents	1,108	863
<b>Balances per statement of cash flows</b>	<b>1,108</b>	<b>863</b>

### 5. Earnings Per Share

	Dec-20 \$'000	Dec-19 \$'000
<b>(a)</b>		
Reconciliation of earnings to profit or loss		
Loss for the period	(1,128)	(487)
Less: Profit attributable to non-controlling equity interest	(138)	(102)
<b>Earnings used to calculate basic EPS</b>	<b>(1,266)</b>	<b>(589)</b>
	Dec-20 No.	Dec-19 No.
<b>(b)</b>		
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	116,542,192	82,176,198
	Dec-20 Cents	Dec-19 Cents
<b>(c)</b>		
(Loss) Profit per share	(1.086)	(0.717)

## 6. Commitments and Contingencies

There has been no significant movements in commitments or contingencies since the previous reporting period, being 30 June 2020.

## 7. Borrowings

	Dec-20 \$'000	Jun-20 \$'000
<b>CURRENT</b>		
<i>Secured liabilities</i>		
Other financing liabilities	5	122
Hire purchase liabilities	276	188
<b>Total current borrowings</b>	<b>281</b>	<b>310</b>
<b>NON-CURRENT</b>		
<i>Secured liabilities</i>		
Hire purchase liabilities	536	307
<b>Total non-current borrowings</b>	<b>536</b>	<b>307</b>
<b>Total borrowings</b>	<b>817</b>	<b>617</b>

  

	Dec-20 \$'000	Jun-20 \$'000
Other financing liabilities	5	122
Hire purchase liabilities	812	495
<b>Total current and non-current secured liabilities</b>	<b>817</b>	<b>617</b>

### 7.1 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.

## 8. Events After the Reporting Period

There are no matters or circumstances that have arisen since 31 December 2020 which significantly affect or could affect the operations of the Group in future years.

## 9. Related Party Transactions

### Ultimate controlling entity

Oldfields Holdings Limited (incorporated in Australia).

	Dec-20 \$'000	Dec-19 \$'000
<b>Transactions with related parties</b>		
The following transactions occurred with related parties:		
Dividends paid to Sibley Investments Pty Ltd, holder of minority interest in Adelaide Scaffold Solutions Pty Ltd	175	91

  

	Dec-20 \$'000	Dec-19 \$'000
<b>Loans from related parties</b>		
Loan payable to W & C Timms, being a related party of William Lewis Timms (non-executive director)		
Beginning of the year	-	500
Interest charged	-	12
<b>End of the year</b>	<b>-</b>	<b>512</b>

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.

## 10. Right-of-Use Asset and Lease Liabilities

On 1 September 2020, Oldfields Engineering Technology Co. Ltd, a wholly owned subsidiary of Oldfields Holdings Limited, entered into a 10 year factory lease in China to operate their production facility. The lease resulted in a \$2,478,000 increase in the right-of-use asset and \$2,526,000 increase in the lease liability in the half year report.

# 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 2020 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: 26 February 2021

## 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 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of 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 accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 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*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.



### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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*.

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.

**BDO Audit Pty Ltd**

A handwritten signature in black ink, appearing to read 'John Bresolin'. Above the signature, the letters 'BDO' are written in a stylized, cursive font.

**John Bresolin**  
**Director**

Sydney, 26 February 2021

# Corporate Directory

## Directors

### Mr Richard John Abela

Executive Director, CEO

### Mr Jonathan William Doy

Independent Non-Executive Director

### Mr David John Baird

Independent Non-Executive Director

### Mr Jie Ma

Non-Executive Director

## Company Secretary

### Mr Ka Lung Alan Lee

## Registered Office and Principal Place of Business

8 Farrow Road,  
Campbelltown NSW 2560  
02 4645 0700

## Auditor

### BDO Audit Pty Ltd

Level 11, 1 Margaret Street  
Sydney NSW 2000

## Share Registry

### Boardroom Pty Ltd

Level 12, 225 George Street  
Sydney NSW 2000  
1300 737 760 (in Australia)  
[www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

## Banker

### Westpac Banking Corporation

Level 12, 55 Market Street  
Sydney NSW 2000

### Bank of Sydney Limited

219-223 Castlereagh Street  
Sydney NSW 2000

## Stock Exchange Listing

Oldfields Holdings Limited (ASX: OLH)

## Website

[www.oldfields.com.au](http://www.oldfields.com.au)