

oldfields



Appendix 4E - Preliminary Financial Report for the Year Ended 30 June 2010

Oldfields Holdings Limited & Controlled Entities

ABN 92 000 307 988



Oldfields Holdings Limited

ABN 92 000 307 988

**Preliminary Final Report to the Australian Stock Exchange under Listing Rule 4.3A
for the year ended 30 June 2010**

Results for announcement to the market

Comparative period: Year ending 30 June 2009

		%		30-June-2009 \$A '000		30-June-2010 \$A '000
Revenue from Ordinary Activities	Down	-9.90%	from	47,289	to	42,606
Earnings before interest, tax, depreciation & amortisation	Down	-52.76%	from	(2,154)	to	(1,018)
Loss from ordinary activities after tax attributable to members	Up	38.11%	from	(6,389)	to	(8,824)
Loss for the period attributable to members of the parent entity	Up	31.43%	from	(6,266)	to	(8,236)

Dividends

No dividends have been paid or proposed during the year.
A dividend reinvestment plan is currently in operation.

Commentary

(refer to the Report of the Directors' attached)

Income Statement for the year ended 30 June 2010

(refer attached)

Balance Sheet as at 30 June 2010

(refer attached)

Cash Flow Statement for the year ended 30 June 2010

(refer attached)

Statement of Retained Earnings showing movements

(refer to Statement of Changes in Equity attached)

Oldfields Holdings Limited

ABN 92 000 307 988

Preliminary Final Report to the Australian Stock Exchange under Listing Rule 4.3A for the year ended 30 June 2010

Net Tangible Assets

		%		30-June-2009 \$A '000	30-June-2010 \$A '000
Net Assets	Down	-66.16%	from	8,187	2,770
Net Assets (cents per share)				0.572	0.099
Net Tangible Assets	Down	-77.37%	from	6,927	1,568
Net Tangible Assets (cents per share)				0.484	0.056

Control over entities gained or lost during the period

Name of Entity gained	Control Date	Contribution to Result \$A '000
Adelaide Scaffold Solutions Pty Ltd (Decrease share from 65% to 60%)	31/08/2009	(36.4)
Scaffold Management Systems Pty Ltd (Increase share from 34.5% to 100%)	31/05/2010	152.4

Joint Ventures

Name of Joint Venture	Percentage Held	Contribution to Result	
		30-June-2009 \$A '000	30-June-2010 \$A '000
Tangshan Hengfeng Painting Accessories	47.5%	276.8	(23.0)
PT Ace Oldfields	49.0%	(72.1)	150.9
Brisbane Garden Sheds Pty Limited	50.0%	5.1	(33.9)
Enduring Enterprises	49.0%	(82.9)	(14.7)
		<u>126.9</u>	<u>79.3</u>

In February 2010, the group contributed \$112,000 to a rights issue in PT Ace Oldfields, being our manufacturing plant in Jakarta. After this rights issue, Oldfields Holdings Limited remained a 49% shareholder and the funds were used to reduce debt and for working capital.

Audit Status

This report is based on financial statements which are in the process of being audited and are not likely to be subject to dispute or qualification.

Oldfields Holdings Limited ABN 92 000 307 988 and Controlled Entities

Report of the Directors

Your directors submit the financial report of the consolidated group for the year ended 30 June 2010.

Directors

The names of directors who held office during or since the end the financial year:

Mr Anthony Mankarios	(resigned 23/7/2010)
Mr Christopher C Hext	
Mr Michael L Stafford	(appointed 30/11/2009, resigned 23/3/2010)
Mr William Lewis Timms	(appointed 18/12/2009)
Mr John R Westwood	(resigned 9/11/2009)
Mr Thomas D J Love	(resigned 22/12/2009)
Mr Raymond Titman	(appointed 23/7/2010)

Review of Operations

The company's consolidated group revenue to 30 June 2010 is \$42.6 down 9.9% from \$47.3m in 2009. The consolidated net profit after tax attributable to members for the year 30 June 2010 was a loss of \$8,235,965 compared to \$7,013,970 for the corresponding period to 30 June 2009.

The company incurred one-off non recurring costs and charges to the accounts in this financial year of \$5,282,030. This was primarily caused by impairment of the H&O Products division and property devaluations of \$3,551,253.

The table below summarises the one-off charges adversely affecting this years results.

Impairments	\$3,040,604
Property devaluations	\$812,553
Abnormal audit reviews	\$387,568
H&O Redundancy	\$88,537
Loss on acquisition of Associated Company	\$516,000
Impaired debtors	\$436,768

In accordance with current accounting standards the deferred tax assets of \$2,631,198 have been removed from the company's balance sheet. The directors are confident that the company will return to profit and will be able to write this asset back at that time.

Paint Applications

The past year has proven a difficult trading year due to external market pressures resulting in a lower than expected result.

The division has gained additional business through current customer groups which will materialise in the new financial year. Revitalisation through new packaging and marketing focus on individual sales channels enhance future results.

New business has been gained via the Home Improvement sector and this will flow through in the second half of the year.

Treco Garden Sheds

Export sales have suffered due to the continuing economic climate in our target customer countries.

The division will focus on International Trade shows in the drive for new business.

The domestic market continues to be a challenge however renewed focus on a variety of sales channels and marketing initiatives is intended to improve this division.

Pt Ace Oldfields Indonesia

Export sales continue to be suppressed particularly in the North American market however new business has been gained both from existing and new customers going forward.
Domestic sales in Indonesia grew significantly this year with further growth expected next year.

H&O Products

This division delivered a negative result for the year with decreasing returns.
A decision was made to wind down the business and this will be completed by 30 October 2010.
All finished goods and assets will be sold and all outstanding commitments honoured.

Access Scaffold Division

A restructure of this division occurred in the second half of the year with new management and sales team appointed to take the company forward.
Strong orders for our China manufacturing plant will ensure export growth and support the domestic sales market.

The company will refocus on the domestic hire business with renewed marketing activities to drive income.

As reported at December 2009 the Company has finalised the acquisition of the remaining shares in Scaffold Management Systems Pty Ltd previously known as Concrete Pumping Systems Australia Pty Ltd.

Tangshan Painting Accessories China

This operation remains inactive.
Avenues to dispose of this property will be renewed during the year.

Dividends Paid or Declared

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

After Balance Date Events

The recent capital raising by way of a pro-rata, non-renounceable rights issue was fully subscribed on the 22 July 2010. The debt to U.F.B.A. Pty Ltd for \$500,000 has also been converted to shares. The company has also signed an agreement with its bankers for a finance facility for a further two year period with an annual review.

Future Overview

2010 proved to be a very difficult trading year for the Oldfields Group. Reinvigoration of the management team has commenced with the appointment of Mr William Lewis Timms as a non-executive board member and the appointment of Mr Raymond Titman as CEO and Managing Director. Your board is currently examining other avenues to strengthen the board and senior management team and will keep the market advised of new appointments. The management team at both group and divisional levels will focus on the core business of the group in the coming financial year to drive sales revenue and return the company to sustainable profits.



Raymond Titman
Director

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Consolidated Group 2010 \$	2009 \$
Sales Revenue	1	27,486,867	31,455,278
Cost of Sales		<u>(25,907,619)</u>	<u>(26,697,123)</u>
Gross Profit		1,579,248	4,758,155
Other income	1	15,119,044	15,833,984
Distribution expenses		(13,772,702)	(16,434,463)
Marketing expenses		(1,053,478)	(1,270,250)
Occupancy expenses		(1,549,928)	(1,515,456)
Administrative expenses		(2,724,755)	(2,306,428)
Impairment of other assets		(1,258,709)	-
Impairment of intangibles		(1,856,928)	(4,027,937)
Loss on acquisition of controlled entity		(516,000)	-
Finance costs		(1,683,629)	(1,985,323)
Other expenses		(812,553)	-
Share of net profit(loss) of associates and joint ventures		92,177	(131,136)
Profit before income tax	2	<u>(8,438,213)</u>	<u>(7,078,854)</u>
Income tax expense		<u>(363,264)</u>	<u>(334,805)</u>
Profit from continuing operations		<u>(8,801,477)</u>	<u>(7,413,659)</u>
Discontinued operations			
Profit/(loss) for the year from discontinued operations after tax	4	<u>(22,993)</u>	276,752
Profit for the year		<u><u>(8,824,470)</u></u>	<u><u>(7,136,907)</u></u>
Other comprehensive income:			
Net gain (loss) on revaluation of investments		(210,812)	180,911
Net gain on revaluation of stock options		29,449	53,197
Effective portion of gain on cash flow hedges		70,053	(60,812)
Exchange differences on translating foreign controlled entities		(179,570)	(215,159)
Other comprehensive income for the year, net of tax	3	<u>(290,880)</u>	<u>(41,863)</u>
Total comprehensive income for the year		<u><u>(9,115,350)</u></u>	<u><u>(7,178,770)</u></u>
Profit attributable to:			
Members of the parent entity		(8,235,965)	(7,013,970)
Non-controlling interest		<u>(588,505)</u>	<u>(122,937)</u>
		<u><u>(8,824,470)</u></u>	<u><u>(7,136,907)</u></u>
Total comprehensive income attributable to:			
Members of the parent entity		(8,526,845)	(7,055,833)
Non-controlling interest		<u>(588,505)</u>	<u>(122,937)</u>
		<u><u>(9,115,350)</u></u>	<u><u>(7,178,770)</u></u>
Overall Operations			
Basic earnings per share (cents per share)		(41.18)	(44.22)
Diluted earnings per share (cents per share)		(41.18)	(44.22)
Continuing Operations			
Basic earnings per share (cents per share)		(41.08)	(47.04)
Diluted earnings per share (cents per share)		(41.08)	(47.04)
Discontinued Operations			
Basic earnings per share (cents per share)		(0.11)	1.95
Dividends per share (cents)		-	5.45

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010**

Consolidated Group

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		316,776	588,917
Trade and other receivables	5	6,437,921	6,093,202
Inventories	6	6,272,925	9,638,136
Derivatives		9,241	-
Other assets	7	480,631	599,776
TOTAL CURRENT ASSETS		<u>13,517,494</u>	<u>16,920,031</u>
NON-CURRENT ASSETS			
Trade and other receivables		-	125,000
Investments accounted for using the equity method	10	2,389,994	2,094,525
Other financial assets		180,347	313,314
Property, plant and equipment	11	13,006,389	15,720,839
Investment property	12	2,205,320	4,316,900
Deferred tax assets		61,031	-
Intangible assets	13	1,202,811	1,260,988
TOTAL NON-CURRENT ASSETS		<u>19,045,892</u>	<u>23,831,566</u>
TOTAL ASSETS		<u><u>32,563,386</u></u>	<u><u>40,751,597</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	6,635,785	6,651,727
Borrowings	15	3,188,506	7,003,806
Current tax liabilities		366,285	370,015
Short-term provisions	16	1,151,847	1,955,342
Derivatives		-	60,812
TOTAL CURRENT LIABILITIES		<u>11,342,423</u>	<u>16,041,702</u>
NON-CURRENT LIABILITIES			
Borrowings	15	18,303,166	16,378,938
Other long-term provisions	16	147,347	143,460
TOTAL NON-CURRENT LIABILITIES		<u>18,450,513</u>	<u>16,522,398</u>
TOTAL LIABILITIES		<u>29,792,936</u>	<u>32,564,100</u>
NET ASSETS		<u><u>2,770,450</u></u>	<u><u>8,187,497</u></u>
EQUITY			
Issued capital	17	15,657,109	12,141,959
Reserves		(1,293,224)	(958,953)
Retained earnings		(10,622,442)	(2,806,425)
Parent interest		3,741,443	8,376,581
Non-controlling interest		(970,993)	(189,084)
TOTAL EQUITY		<u><u>2,770,450</u></u>	<u><u>8,187,497</u></u>

The accompanying notes form part of these financial statements.

OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988

AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

Consolidated Group	Issued Capital	Retained Earnings	Cash Flow Hedge Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Option Reserve	Non-controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	10,921,391	4,979,880	-	-	(976,670)	59,580	81,228	15,065,409
Loss attributable to members of parent entity	-	(7,013,970)	-	-	-	-	-	(7,013,970)
Loss attributable to non-controlling interests	-	-	-	-	-	-	(122,937)	(122,937)
Total other comprehensive income for the year	-	-	(60,812)	180,911	(215,159)	53,197	-	(41,863)
Transactions with owners in their capacity as owners:								
Shares issued during the year	1,220,568	-	-	-	-	-	125	1,220,693
Sub-total	12,141,959	(2,034,090)	(60,812)	180,911	(1,191,829)	112,777	(41,584)	9,107,332
Dividends paid or provided for	-	(772,335)	-	-	-	-	(147,500)	(919,835)
Balance at 30 June 2009	12,141,959	(2,806,425)	(60,812)	180,911	(1,191,829)	112,777	(189,084)	8,187,497
Balance at 1 July 2009	12,141,959	(2,806,425)	(60,812)	180,911	(1,191,829)	112,777	(189,084)	8,187,497
Loss attributable to members of parent entity	-	(8,235,965)	-	-	-	-	-	(8,235,965)
Loss attributable to non-controlling interests	-	-	-	-	-	-	(588,505)	(588,505)
Total other comprehensive income for the year	-	-	70,053	(210,812)	(179,570)	29,449	-	(290,880)
Transactions with owners in their capacity as owners:								
Shares issued during the year	3,656,524	-	-	-	-	-	-	3,656,524
Transaction costs	(141,374)	-	-	-	-	-	-	(141,374)
Transfers from retained earnings to reserves	-	419,948	-	-	(43,391)	-	(20,904)	355,653
Sub-total	15,657,109	(10,622,442)	9,241	(29,901)	(1,414,790)	142,226	(798,493)	2,942,950
Dividends paid or provided for	-	-	-	-	-	-	(172,500)	(172,500)
Balance at 30 June 2010	15,657,109	(10,622,442)	9,241	(29,901)	(1,414,790)	142,226	(970,993)	2,770,450

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
CONSOLIDATE DSTATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

		Consolidated Group	
	Note	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		41,496,909	53,586,056
Interest received		81,212	528
Payments to suppliers and employees		(40,617,462)	(53,742,449)
Finance costs		(1,683,629)	(1,993,540)
Income tax paid		(464,902)	(255,991)
Net cash provided by/(used in) operating activities	18	<u>(1,187,872)</u>	<u>(2,405,396)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,476,680	712,807
Payment for businesses acquired		(681,639)	(3,266,070)
Proceeds from issue of additional shares		1,793,688	-
Proceeds from disposal of shares in subsidiary		174,050	348,200
Purchase of property, plant and equipment		<u>(1,353,409)</u>	<u>(1,729,583)</u>
Net cash provided by/(used in) investing activities		<u>2,409,370</u>	<u>(3,934,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		110,503	9,185,000
Director's Loan		-	1,000,000
Repayment of borrowings		(2,366,285)	(1,471,521)
Dividends paid by parent entity		<u>(172,500)</u>	<u>(745,867)</u>
Net cash provided by/(used in) financing activities		<u>(2,428,282)</u>	<u>7,967,612</u>
Net increase(decrease) in cash held		<u>(1,206,784)</u>	<u>1,627,570</u>
Cash and cash equivalents at beginning of financial year		<u>(953,879)</u>	<u>(2,581,449)</u>
Cash and cash equivalents at end of financial year		<u><u>(2,160,663)</u></u>	<u><u>(953,879)</u></u>

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
OPERATING SEGMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	Wholesale/ Retail	Scaffold	Consumer Products	Property	Corporate	Total
Total segment revenue	15,780,488	19,794,837	6,022,243	-	-	41,597,568
Inter-segment elimination						(8,023,825)
Total group revenue						33,573,743
Segment net loss before tax	(1,890,191)	(5,253,190)	(4,859,084)	(784,026)	(3,206,414)	(15,992,905)
Inter-segment elimination						7,531,698
Total group net loss before tax						(8,461,207)
Included in net loss before tax:						
Depreciation expense	242,790	877,461	194,416	871,845	170,500	2,357,012
Finance costs	567,302	807,476	201,819	313,687	118,288	2,008,572
Impairment of property, plant & equipment	112,316	-	1,205,628	-	-	1,317,944
Impairment of intangibles	878	226,171	1,533,072	-	-	1,760,121
Segment assets	20,472,710	20,244,393	5,758,698	4,369,739	19,904,499	70,750,039
Segment liabilities	(17,143,894)	(23,353,612)	(10,244,375)	(4,448,992)	(7,631,930)	(62,822,802)

As result of restructuring of the Group's finance departments and changes to the manner in which the Group's internal management reports were produced, comparative segment information would have little relevance to the current information provided and the cost to develop such relevant comparatives would have been excessive.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

This financial report includes the consolidated financial statements and notes of Oldfields Holdings Limited and controlled entities ('Consolidated Group' or 'Group').

Note 1 Revenue and Other Income

	Note	Consolidated Group 2010 \$	2009 \$
Revenue from Continuing Operations			
Sales Revenue			
— sale of goods		27,486,867	31,455,278
		<u>27,486,867</u>	<u>31,455,278</u>
Other Revenue			
— interest received	1(a)	81,211	11,235
— rental revenue		265,002	233,141
— rental revenue of equipment		14,110,698	14,430,274
— commission		-	1,435
— gain on disposal of property, plant and equipment		345,543	-
— gain on revaluation of investment property		-	712,807
— investment loan write back		-	325,000
— other income		316,590	120,092
Total Other Revenue		<u>15,119,044</u>	<u>15,833,984</u>
(a) Interest revenue from:			
— other persons		81,211	11,235
Total interest revenue on financial assets not at fair value through profit or loss		<u>81,211</u>	<u>11,235</u>

Note 2 Profit for the Year

	Consolidated Group 2010 \$	2009 \$
(a) Expenses		
Cost of sales	25,907,619	26,697,123
Interest expense on financial liabilities not at fair value through profit or loss:		
— Partly owned subsidiaries	-	162,000
— Directors	60,416	8,155
— Other persons	1,623,213	1,815,168
Total interest expense	<u>1,683,629</u>	<u>1,985,323</u>
Foreign currency translation losses	-	(73,648)
Impairment of goodwill	-	4,027,937
Bad and doubtful debts:		
— trade receivables	456,000	211,197
Total bad and doubtful debts	<u>456,000</u>	<u>211,197</u>
Loss on revaluation of investment property	812,553	-

Note 3 Other Comprehensive Income

Tax effects relating to each component of other comprehensive income

	2010			2009		
	Before-tax amount \$	Tax (expense) benefit \$	Net-of-tax amount \$	Before-tax amount \$	Tax (expense) benefit \$	Net-of-tax amount \$
Consolidated Group						
Gain (loss) on revaluation of investments	(301,160)	90,348	(210,812)	258,444	(77,533)	180,911
Gain on Stock options revaluation	42,070	(12,621)	29,449	75,996	(22,799)	53,197
Financial assets revaluation			-			-
Gain on Cash flow hedges	100,076	(30,023)	70,053	(86,874)	26,062	(60,812)
Exchange diff. on translating foreign controlled entities	(256,529)	76,959	(179,570)	(307,370)	92,211	(215,159)
	<u>(415,543)</u>	<u>124,663</u>	<u>(290,880)</u>	<u>(59,804)</u>	<u>17,941</u>	<u>(41,863)</u>

Note 4 Discontinued Operations

	Consolidated Group 2010 \$	2009 \$
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Tangshan Hengfeng, being an associated company which the Group holds a 47.5% interest, ceased operations in December 2008.

The financial performance of the discontinued operation during the financial which is included in profit/(loss) from discontinued operations per the statement of comprehensive income is as follows:

Share of associate company's loss after income tax	<u>(22,993)</u>	<u>276,752</u>
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**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 5 Trade and Other Receivables

	Consolidated Group 2010	2009
	\$	\$
CURRENT		
Trade receivables	6,164,217	4,865,305
Provision for impairment	(436,769)	(159,256)
	<u>5,727,448</u>	<u>4,706,049</u>
Amounts receivable from:		
— associated companies	500,624	603,259
— other receivables	209,849	783,894
Total current trade and other receivables	<u>6,437,921</u>	<u>6,093,202</u>
NON-CURRENT		
Trade receivables	-	125,000
Total non-current trade and other receivables	<u>-</u>	<u>125,000</u>

Note 6 Inventories

	Consolidated Group 2010	2009
	\$	\$
CURRENT		
At cost		
Raw materials and stores	3,823,687	2,702,991
Work in progress	3,461	1,094,650
Finished goods	3,599,848	5,903,837
Less provisions	(1,586,057)	(63,342)
Goods in transit	431,986	-
	<u>6,272,925</u>	<u>9,638,136</u>

Note 7 Other Assets

	Consolidated Group 2010	2009
	\$	\$
CURRENT		
Prepayments	480,631	599,776
	<u>480,631</u>	<u>599,776</u>

Note 8 Investments Accounted for Using the Equity Method

	Note	Consolidated Group 2010	2009
		\$	\$
Associated companies	8	2,389,994	2,094,525
		<u>2,389,994</u>	<u>2,094,525</u>

Note 9 Associated Companies

Interests are held in the following associated companies

		Country of		Ownership Interest		Carrying Amount of Investment	
Name	Principal Activities	Incorporation	Shares	2010	2009	2010	2009
				%	%	\$000	\$000
Unlisted:							
Tangshan Hengfeng	Paint Brush Manufacturer	China	Ordinary	47.50%	47.50%	1,101,745	1,189,655
PT Ace Oldfields	Paint Brush Manufacturer	Indonesia	Ordinary	49.00%	49.00%	1,206,833	747,605
Brisbane Garden Sheds	Garden Shed Supplier	Australia	Ordinary	50.00%	50.00%	(17,190)	19,887
Scaffold Mgt Systems	Scaffold Supplier	Australia	Ordinary	100.00%	34.60%	-	18,710
Enduring Enterprises	Hardware Products Provider	Singapore	Ordinary	49.00%	49.00%	98,606	118,668
						2,389,994	2,094,525

(i) In February 2010, the Group contributed \$112,000 to a rights issue in PT Ace Oldfields, being our manufacturing plant in Jakarta. After this rights issue, the Group remained a 49% shareholder. The funds were used to reduce debt and for working capital.

(ii) During the year, the Group acquired a further 65.4% interest in Scaffold Management Systems Pty Ltd (formerly known as Concrete Pumping Systems Pty Ltd) which resulted in gaining control of the company. As such Scaffold Management Systems Pty Ltd is no longer an associate, rather it is a controlled entity and therefore, the Group's share of the reserves and operating profit have not been included in the results of the associated companies.

**OLDFIELDS HOLDINGS LIMITED ABN: 92 000 307 988
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

Note 10 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Percentage Owned (%)*	
		2010	2009
Subsidiaries of Oldfields Holdings Limited:			
Oldfields Pty Limited	Australia	100.00%	100.00%
Oldfields Access Pty Limited	Australia	100.00%	100.00%
Oldfields Administration Pty Limited	Australia	100.00%	100.00%
Oldfields International Pty Limited	Australia	100.00%	100.00%
Advantage Contracting Pty Limited	Australia	100.00%	100.00%
Advantage Scaffolding Pty Limited	Australia	100.00%	100.00%
Shed Holdings Pty Limited	Australia	100.00%	100.00%
Advance Scaffold Solutions Pty Limited	Australia	100.00%	100.00%
NOST Investments Pty limited	Australia	100.00%	100.00%
Subsidiaries of Oldfields Pty Limited:			
Midco Pty Limited	Australia	100.00%	100.00%
Subsidiaries of Oldfields Access Pty Limited:			
Adelaide Scaffold Solutions Pty Limited	Australia	60.00%	65.00%
Subsidiaries of Oldfields Administration Pty Limited:			
National Office Service Trust	Australia	100.00%	100.00%
Subsidiaries of NOST Investments Pty Limited:			
H & O Products Pty Limited	Australia	75.00%	75.00%
Subsidiaries of Oldfields International Pty Limited:			
Oldfields (NZ) Limited	New Zealand	100.00%	100.00%
Oldfields Paint Applications (NZ) Limited	New Zealand	100.00%	100.00%
Oldfields USA Incorporated	USA	100.00%	100.00%
Scaffold Management Systems Pty Limited - formerly	Australia	100.00%	34.60%
Concrete Pumping Systems Pty Limited			
Subsidiaries of Shed Holdings Pty Limited:			
Backyard Installations Pty Limited	Australia	100.00%	100.00%
Sheds Plus Pty Limited	Australia	100.00%	100.00%
Adelaide Garden Sheds Pty Limited	Australia	100.00%	100.00%
Subsidiaries of Advance Scaffold Solutions Pty Limited:			
Scaffold The World Pty Limited	Australia	100.00%	100.00%
Foshan Advcorp Pty Limited	China	100.00%	100.00%

* Percentage of voting power is in proportion to ownership

(b) Acquisition of Controlled Entities

During the year, the Group acquired a further 65.4% interest in Scaffold Management Systems Pty Ltd (formerly known as Concrete Pumping Systems Pty Ltd) which resulted in gaining control of the company. As such Scaffold Management Systems Pty Ltd is no longer an associate, rather it is a controlled entity and therefore, the Group's share of the reserves and operating profit have not been included in the results of the associated companies.

	Fair value
	\$
- Purchase consideration:	
- Cash	(30,545)
- Previously held 34.6% equity interest (i)	301,555
	<u>271,010</u>
Less:	
Identifiable assets acquired and liabilities assumed	<u>329,628</u>
Goodwill (iii)	<u>(58,618)</u>

i The Group previously held 34.6% equity interest in Scaffold Management Systems Pty Ltd prior to the acquisition date. Upon remeasuring that equity interest to fair value a loss of \$516,000 has been recognised. This loss has been recognised as a loss on acquisition of controlled entity within the statement of comprehensive income.

ii The goodwill is attributable to the high profitability of the acquired business and the significant synergies expected to arise after the Group's acquisition of Scaffold Management Systems Pty Ltd. No amount of the goodwill is deductible for tax purposes.

Revenue of Scaffold Management Systems Pty Ltd included in the consolidated revenue of the Group since acquisition date on 31 May 2010 amounted to \$304,815. Profit of the company included in consolidated profit of the Group since the acquisition date amounted to \$106,704.

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Note 11 Property, Plant and Equipment

	Consolidated Group	
	2010	2009
	\$	\$
LAND AND BUILDINGS		
Freehold land at:		
— at cost	1,229,758	1,229,758
Total Land	1,229,758	1,229,758
Buildings at:		
— directors' valuation (24 July 2010)	44,022	-
— independent valuation (17 June 2010)	740,900	150,282
— at cost	-	1,136,271
Less accumulated depreciation	-	(31,916)
Total Buildings	784,922	1,254,637
Total Land and Buildings	2,014,680	2,484,395
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	15,835,724	16,768,592
Accumulated depreciation	(4,900,906)	(4,804,711)
Accumulated impairment losses	(975,756)	-
	9,959,062	11,963,881
Leasehold improvements		
At cost	309,495	395,152
Accumulated amortisation	(162,402)	(174,168)
Total Leasehold Improvements	147,093	220,984
Leased plant and equipment		
Capitalised leased assets	2,529,626	2,790,048
Accumulated depreciation	(1,644,072)	(1,738,469)
	885,554	1,051,579
Total plant and equipment	10,991,709	13,236,444
Total Property, Plant and Equipment	13,006,389	15,720,839

Land and buildings at Archerfield in Queensland were revalued at 17 June 2010 by independent valuers. Valuations were made on the basis of open market value.

Land and buildings at St Marys New South Wales were revalued at 24 July 2010 by the directors of Oldfields Holdings Limited.

(a) Impairment losses

The total impairment loss recognised in the statement of comprehensive income during the prior period amounted to \$975,756 and is presented in the statement of comprehensive income included in the balance of 'impairment of other assets'. This impairment loss relates to the wind down of H&O Products Pty Ltd by 31 October 2010.

Note 12 Investment Property

	Consolidated Group	
	2010	2009
	\$	\$
Balance at beginning of year	4,316,900	2,694,336
Disposals	(1,600,000)	1,768,777
Accumulated Amortisation	-	(111,011)
Fair value adjustments	(511,580)	(35,202)
Balance at end of year	2,205,320	4,316,900

The fair value model is applied to all investment property. The Investment property at St Marys New South Wales was valued by the directors on 24 July 2010.

Note 13 Intangible Assets

	Consolidated Group	
	2010	2009
	\$	\$
Goodwill		
Cost	5,126,519	5,067,901
Accumulated impaired losses	(4,135,616)	(4,027,937)
Net carrying value	990,903	1,039,964
Trademarks and licences		
Cost	237,264	221,387
Accumulated amortisation and impairment	(128,027)	(90,187)
Net carrying value	109,237	131,200

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Software	212,907	311,351
Accumulated amortisation	(110,236)	(221,527)
	<u>102,671</u>	<u>89,824</u>
Total intangibles	<u>1,202,811</u>	<u>1,260,988</u>

Note 14 Trade and Other Payables

	Consolidated Group	
	2010	2009
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	4,851,996	3,630,736
Sundry payables and accrued expenses	1,783,789	2,497,556
Amounts payable to other related parties	-	523,435
	<u>6,635,785</u>	<u>6,651,727</u>

Note 15 Borrowings

	Consolidated Group	
	2010	2009
	\$	\$
CURRENT		
Bank overdrafts	2,477,442	1,542,796
Bank loans	-	4,766,003
Lease liability	33,536	65,026
Hire purchase liability	677,528	629,981
Total current borrowings	<u>3,188,506</u>	<u>7,003,806</u>
NON-CURRENT		
Unsecured liabilities		
Other related parties	1,523,040	2,147,320
	<u>1,523,040</u>	<u>2,147,320</u>
Secured liabilities		
Bank loans	16,078,323	13,303,355
Lease liability	-	51,064
Hire purchase liability	701,803	877,199
	<u>16,780,126</u>	<u>14,231,618</u>
Total non-current borrowings	<u>18,303,166</u>	<u>16,378,938</u>
Total borrowings	<u>21,491,672</u>	<u>23,382,744</u>

Note 16 Provisions

	Consolidated Group	
	2010	2009
	\$	\$
CURRENT		
Short-term Employee Benefits	1,073,214	969,631
Redundancies	78,633	-
Provision for business acquisition	-	985,711
	<u>1,151,847</u>	<u>1,955,342</u>
NON-CURRENT		
Long-term Employee Benefits	147,347	143,460
	<u>147,347</u>	<u>143,460</u>

Short-term employee benefits includes annual leave and the current obligations for long service leave payable within 12 months.

Redundancy provisions relate to employee entitlements payable on winding up of H&O Products Pty Ltd by 31 October 2010.

Provision for business acquisition relates to costs associated with the final stage in the acquisition of Advance Scaffold Solutions Pty Ltd on 31 December 2010.

Long-term employee benefits include obligations for long service leave not payable within 12 months.

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Note 17 Issued Capital

	Consolidated Group	
	2010	2009
	\$	\$
27,995,763 fully paid ordinary shares (2009: 14,320,868)	15,657,109	12,141,959
	<u>15,657,109</u>	<u>12,141,959</u>

The share capital increased in December 2009 by \$2,831,327 (9,295,611 shares) and in June 2010 by \$683,823 (4,379,284 shares) by way of a rights issue which was fully subscribed.

Note 18 Cash Flow Information

	Consolidated Group	
	2010	2009
	\$	\$
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	(8,824,470)	(7,013,970)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit		
Impairment loss	3,115,637	4,027,937
Unrealised foreign exchange	-	82,482
Depreciation	1,544,459	1,775,737
Other expenses	812,553	-
Write back of loans	516,000	(325,212)
Stock Recoveries	-	(221,779)
Share option expensed	-	53,197
Net (gain)/loss on disposal of property, plant and equipment	(327,472)	-
Share of joint venture entity net profit after income tax and dividends	(69,184)	(145,616)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(2,151,636)	127,402
(Increase)/decrease in prepayments	135,432	70,346
(Increase)/decrease in inventories	1,948,221	(1,331,588)
Increase/(decrease) in trade payables and accruals	1,764,806	410,854
Increase/(decrease) in income taxes payable	(28,790)	(104,022)
Increase/(decrease) in deferred taxes payable	(219,116)	(22,632)
Increase/(decrease) in provisions	595,688	(70,822)
Cash flow from operations	<u>(1,187,872)</u>	<u>(2,687,686)</u>

Note 19 Prior Year Adjustment

The prior year comparatives have been restated due to an error in the valuation of property, plant and equipment as at 30 June 2009. This was a direct result of open hire contracts in our Scaffold Division that remained unclosed in our reporting system at year end 30 June 2009.

The net effect of this adjustment was as follows:

	Prior year	Adjustment	Restated
Property, plant and equipment	16,468,398	(747,559)	15,720,839
Retained earnings	(2,058,866)	(747,559)	(2,806,425)
Distribution expenses	15,686,904	747,559	16,434,463
Loss for the year	(6,389,348)	(747,559)	(7,136,907)