

## Appendix 4E

### Preliminary Final Report Period Ending on 30 June 2003

**Oldfields Holdings Limited**  
**ABN 02 000 307 988**

#### Results for Announcement to the market

\$A,000

|  |             |    |                                |
|--|-------------|----|--------------------------------|
| Revenues from ordinary activities  | down 15.98% | to | 36,692                         |
| Profit from ordinary activities after tax attributable to members  | up          | to | 1,789                          |
| Net profit for the period attributable to members  | up          | to | 1,789                          |
| Final dividend ordinary securities   |             |    | 3.0 cents per security         |
| Franked amount ordinary securities   |             |    | 0.0 cents per security         |
| Total dividend preference securities   |             |    | 9.0 cents per security         |
| Franked amount preference securities   |             |    | 0.0 cents per security         |
| Record date for determining entitlements to the dividend   |             |    | 15 <sup>th</sup> October 2003  |
| Date the dividend is payable   |             |    | 03 <sup>rd</sup> November 2003 |
| Percentage changes for profit are not shown due to the large movement from a loss of \$4,302,969 in the previous financial year. |             |    |                                |
| Net tangible assets per ordinary security  |             |    | \$1.08                         |
| Net tangible assets per ordinary security  |             |    |                                |
| Previous corresponding period  |             |    | \$0.97                         |

The accounts are in the process of being audited.

Chris Hext  
Company Secretary

11 September 2003

## **REVIEW OF OPERATIONS**

The directors are pleased to announce for the year ending 30<sup>th</sup> of June 2003, the company made a net profit attributable to members of \$1,788,793. This compares to a net loss in the same period last year of \$4,302,969.

The company has turned the corner with a very good EBIT result of \$2,927,073 the best recorded to date. This is primarily because of the net gain on the disposal of non-current assets of \$1,833,493 (principally the Sale of 2 Farrow Rd, Campbelltown). However the company traded profitably in the year.

The deconsolidation of Pt Ace Oldfields for the second half of the financial year and our exiting from ladders, reduced consolidated revenue by \$7.9M for the financial year. Excluding these events sales revenue from our remaining trading increased. A book loss of \$90,480 resulted from the deconsolidation of PT Ace Oldfields. This is a once off loss. In future the entity will be accounted for under the equity method.

## **DEBT STRUCTURE AND GEARING**

The company's long term and short term debt structure (including all lease liabilities) is \$2.58m as at end of June 2003. This compares to \$6.92m as at end of June 2002 and \$14.93m as at end of June 2001. The directors feel the current level of debt represents a low gearing for a company of this size and especially in the industries that it operates in. Operating expenses in the core business unit were reduced by \$3.8m.

## **DIVIDENDS**

The board has declared a final dividend of 3 cents per share unfranked .This will be paid on the 3<sup>rd</sup> of November 2003 with the record date being the 15<sup>th</sup> of October 2003. Our company policy is to pay a dividend, where possible assuming the cash flow permits on an on going basis. Due to the previous years losses we still have some time to go before a fully franked dividends are declared.

The operations are reviewed by the divisions as follows:

## **BUSINESS STRUCTURE**

With the recent disposal of our ladder division the company has been organised into the following divisions:-

- Paint Applications
- Treco Garden Sheds
- Oldfields Access Hire
- Pt Ace Oldfields

## **PAINT APPLICATION PRODUCTS**

General business was affected by the consumer confidence leading up to and during the war in Iraq. The division was modestly profitable, although the profit would have been significantly larger if it had not been for two factors.

1. The loss of a major contract from the previous year affecting sales this year and
2. The general slow down around March due to the war on terrorism.

The division is budgeting for a modest profit in 2004.

We have won a number of major contracts during the year all due to start early in the first and seconds quarter of the 2004 financial year.

## **LADDERS**

The remaining ladder manufacturing business produced a net loss for the year ending 2003. This business was affected by high overheads and administration costs related to manufacturing from the under utilised site at No 2 Farrow Rd Campbelltown. The board made the decision to exit from ladders in February 2002. The remaining ladder contract was sold in May 2003. A good deal of capital was tied up in manufacturing resulting in low stock turns and losses. The removal of this cost structure is expected to have a positive affect on company profits in 2004.

## **PT ACE INDONESIA**

This division is part of a joint venture that manufactures paint brushes and rollers in Indonesia. The division is profitable. It experienced a slight slow down during the middle of the year as a result of a lost contract in Australia. Revenue has increased since, and current revenue is in line with budget. This division produces a high quality product made in South East Asia. The potential to penetrate new markets around the world has not yet been realised. Our main focus to date is to produce for the Australian and New Zealand market. This mix is now beginning to change and revenue from other markets like the USA is improving in line with our strategy.

Whilst the subsidiary, PT Ace, was deconsolidated as at the 1<sup>st</sup> of January 2003 from Oldfields International Pty Ltd, the shareholding at 49% remains unchanged. This decision is in line with management's conservative approach to date and has affected our consolidated revenue and profit this year. The deconsolidation resulted in a once off book loss of \$90,480.

The Directors feel our share of earnings under equity accounting for this entity will improve profitability into 2004.

## **ACCESS HIRE**

This time last year this strategic business unit, was offered for sale to a management buy out team MBO. This did not proceed. Since then our executive team has restructured this business by eliminating unnecessary costs. We exited from the costly low returns elevated work platforms market. This has produced a much better focus on our core product aluminium scaffold. This division manufactures, sells and hires this product. The division is profitable and services a niche market in Sth East Queensland, NSW and Victoria.

The directors are pleased with the turn around in this division and feel confident with its future out look. As previously disclosed we do not intend selling this division based on its current performance.

The team was successful in winning major temporary seating contracts and major prestigious scaffolding works during the year. The team is very much performance driven with a focus on OH&S related issues within its market.

We have produced innovative products in the last 6 months and have applied for design patents covering our registered trade mark, Flexisafe. We expect these new products will break into a new market in the home building industry resulting in increased hire revenue and an improved net profit for the company leading into 2004.

## **TRECO GARDEN SHEDS**

This division performed well in comparison to this time last year with its revenue up on the 2002 year. However this division is still close to break even and the board will look at this closely over the next 6 months.

The focus this coming year will be on cost reduction maximization, improved stock turns and better procurement and distribution means. We will also explore possibilities of new markets and a focus on our national distribution channels.

This division occupies most of our current location at No 8 Farrow Rd.

## **FUTURE OUTLOOK**

Our Company has gone through massive reforms of late. The cashflow has been stabilised and all overdue liabilities have been paid off. The company has been advised that the preference shareholders intend to convert their shares to ordinary shares on or before the due date in February 2004. This will result in an additional \$350,000 cash injection on conversion. Our banking facilities have been rearranged on a less onerous basis.

The Directors feel that given the improved trading performance, we expect that shareholder value will continue to improve. The deconsolidation of Pt Ace Oldfields is expected to have an impact on consolidated revenue, but the net overall profit result is expected to continue to improve over the next full 12 month period.

The first quarter revenue to date is under our expectations due to a timing issue relating to the commencement of new contracts, which are a few months behind schedule.

The Directors are keen to maintain good Corporate Governance. The board undertakes to keep the market regularly informed. It is our goal to continue to improve shareholder value over the next 12 months.

The board as per previous disclosures continues to seek appropriate mergers and or acquisitions with the possibility of achieving synergies with other companies involved in complimentary business activities.

## **AFTER BALANCE DATE EVENTS**

The company has purchased commercial real estate which it intends to lease out at 2/88 Batt St Penrith NSW. The purchase price was \$340,000.00. Valuations received to date value the property at \$360,000.00 The Directors feel that the valuation is conservative in line with bank valuations on commercial property in the area. The net returns are in the vicinity of 8% pa.

The company, as per the resolution at the recent EGM, has resolved to issue 142,000 share options to non-director executives at an exercise price of \$1.20 per share. They will be issued from the 3<sup>rd</sup> of November 2003 under the executive option scheme.

The directors have also resolved to suspend the dividend reinvestment plan.

**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE 2003**

|   |             | Economic Entity |              | Parent Entity |           |
|---|-------------|-----------------|--------------|---------------|-----------|
|   | <b>Note</b> | 2003            | 2002         | 2003          | 2002      |
|   |             | \$              | \$           | \$            | \$        |
| Sales revenue   | 2           | 25,938,368      | 32,825,200   | -             | -         |
| Cost of sales   |             | (20,747,437)    | (31,711,017) | -             | -         |
| Gross profit  |             | 5,190,931       | 1,114,183    | -             | -         |
| Other revenues from ordinary activities   | 2           | 10,753,596      | 10,843,312   | -             | 876,117   |
| Distribution expenses   |             | (4,590,184)     | (7,512,706)  | -             | -         |
| Marketing expenses  |             | (655,970)       | (575,519)    | -             | -         |
| Occupancy expenses  |             | (550,696)       | (398,740)    | -             | -         |
| Administration expenses   |             | (3,329,266)     | (2,688,229)  | -             | (866,483) |
| Borrowing costs expense   | 3           | (701,167)       | (1,181,860)  | -             | (9,634)   |
| Written down value of disposed property, plant and equipment  |             | (3,667,124)     | (5,896,978)  | -             | -         |
| Other expenses from ordinary activities   |             | (422,838)       | (869,770)    | -             | -         |
| Share of net profits of associates and joint ventures accounted for using the equity method                                       |             | 198,624         | 365,242      | -             | -         |
| Profit (loss) from ordinary activities before income tax expense  | 3           | 2,225,906       | (6,801,065)  | -             | -         |
| Income tax expense relating to ordinary activities  | 4           | (407,975)       | 2,052,972    | -             | (4,462)   |
| Profit (loss) from ordinary activities after related income tax expense   |             | 1,817,931       | (4,748,094)  | -             | (4,462)   |
| Net profit (loss) attributable to outside equity interests  |             | (29,138)        | (445,125)    | -             | -         |
| Net profit (loss) attributable to members of the parent entity  |             | 1,788,793       | (4,302,969)  | -             | (4,462)   |
| Increase in asset revaluation reserve   | 25b         | (610,462)       | 256,365      | -             | -         |
| Net exchange difference on translation of financial report of self-sustaining foreign operations                                  | 25d         | (829,591)       | (58,141)     | -             | -         |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity |             | (1,440,053)     | 198,224      | -             | -         |
| Total changes in equity other than those resulting from transactions with owners as owners  |             | 348,740         | (4,104,745)  | -             | (4,462)   |
| Basic earnings per share (cents per share)  | 8           | 21.88           | (59.20)      |               |           |
| Diluted earnings per share (cents per share)  | 8           | 16.98           | (34.61)      |               |           |

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003**

|   | <b>Note</b> | <b>Economic Entity</b> |                   | <b>Parent Entity</b> |                   |
|---|-------------|------------------------|-------------------|----------------------|-------------------|
|   |             | <b>2003</b>            | <b>2002</b>       | <b>2003</b>          | <b>2002</b>       |
|   |             | <b>\$</b>              | <b>\$</b>         | <b>\$</b>            | <b>\$</b>         |
| <b>CURRENT ASSETS</b>                             |             |                        |                   |                      |                   |
| Cash assets                                       | 9           | 276,720                | 997,907           | 275                  | 347               |
| Receivables                                       | 10          | 5,263,376              | 4,469,606         | 3,721,515            | 4,412,724         |
| Inventories                                       | 11          | 4,117,220              | 8,546,012         | -                    | -                 |
| Other   | 19          | 459,340                | 405,487           | -                    | -                 |
| <b>TOTAL CURRENT ASSETS</b>                       |             | <b>10,116,656</b>      | <b>14,419,012</b> | <b>3,721,790</b>     | <b>4,413,071</b>  |
| <b>NON-CURRENT ASSETS</b>                         |             |                        |                   |                      |                   |
| Investments accounted for using the equity method | 12          | 1,728,934              | -                 | -                    | -                 |
| Other financial assets                            | 15          | 1,380                  | 1,380             | 7,209,076            | 7,208,852         |
| Property, plant and equipment                     | 16          | 4,728,085              | 10,261,511        | -                    | -                 |
| Deferred tax assets                               | 17          | 2,968,663              | 2,997,220         | -                    | -                 |
| Intangible assets                                 | 18          | 3,702                  | 2                 | -                    | -                 |
| Other   | 19          | 54,570                 | 61,426            | -                    | -                 |
| <b>TOTAL NON-CURRENT ASSETS</b>                   |             | <b>9,485,334</b>       | <b>13,321,539</b> | <b>7,209,076</b>     | <b>7,208,852</b>  |
| <b>TOTAL ASSETS</b>                               |             | <b>19,601,990</b>      | <b>27,740,551</b> | <b>10,930,866</b>    | <b>11,621,923</b> |
| <b>CURRENT LIABILITIES</b>                        |             |                        |                   |                      |                   |
| Payables  | 20          | 4,817,694              | 7,665,470         | 978,091              | 1,196,648         |
| Interest-bearing liabilities                      | 21          | 518,416                | 5,667,185         | -                    | -                 |
| Provisions  | 23          | 854,452                | 971,078           | 157,500              | 315,000           |
| <b>TOTAL CURRENT LIABILITIES</b>                  |             | <b>6,190,562</b>       | <b>14,303,733</b> | <b>1,135,591</b>     | <b>1,511,648</b>  |
| <b>NON-CURRENT LIABILITIES</b>                    |             |                        |                   |                      |                   |
| Interest-bearing liabilities                      | 21          | 2,069,374              | 1,260,504         | -                    | -                 |
| Deferred tax liabilities                          | 22          | 458,299                | -                 | -                    | -                 |
| Provisions  | 23          | 133,508                | 231,129           | -                    | -                 |
| <b>TOTAL NON-CURRENT LIABILITIES</b>              |             | <b>2,661,181</b>       | <b>1,491,633</b>  | <b>-</b>             | <b>-</b>          |
| <b>TOTAL LIABILITIES</b>                          |             | <b>8,851,743</b>       | <b>15,795,366</b> | <b>1,135,591</b>     | <b>1,511,648</b>  |
| <b>NET ASSETS</b>                                 |             | <b>10,750,247</b>      | <b>11,945,185</b> | <b>9,795,275</b>     | <b>10,110,275</b> |
| <b>EQUITY</b>                                     |             |                        |                   |                      |                   |
| Contributed equity                                | 24          | 8,175,550              | 8,175,550         | 8,175,550            | 8,175,550         |
| Reserves  | 25          | 972,705                | 1,862,758         | 901,620              | 901,620           |
| Retained profits                                  | 26          | 1,601,992              | 1,582             | 718,105              | 1,033,105         |
| Parent entity interest                            |             | 10,750,247             | 10,039,890        | 9,795,275            | 10,110,275        |
| Outside equity interest                           | 27          | -                      | 1,905,295         | -                    | -                 |
| <b>TOTAL EQUITY</b>                               |             | <b>10,750,247</b>      | <b>11,945,185</b> | <b>9,795,275</b>     | <b>10,110,275</b> |

The accompanying notes form part of these financial statements.



**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003**

|   | <b>Note</b> | <b>Economic Entity</b> |              | <b>Parent Entity</b> |                  |
|---|-------------|------------------------|--------------|----------------------|------------------|
|   |             | <b>2003</b>            | <b>2002</b>  | <b>2003</b>          | <b>2002</b>      |
|   |             | <b>\$</b>              | <b>\$</b>    | <b>\$</b>            | <b>\$</b>        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |             |                        |              |                      |                  |
| Receipts from customers   |             | 32,189,184             | 49,061,779   | -                    | -                |
| Payments to suppliers and employees                             |             | (34,887,946)           | (44,199,806) | (38,635)             | (472,018)        |
| Interest received   |             | 52,749                 | 83,503       | -                    | -                |
| Borrowing costs   |             | (925,735)              | (1,137,516)  | (213)                | (10,461)         |
| Net cash provided by (used in) operating activities             | 30a         | (3,571,748)            | 3,807,960    | (38,848)             | <b>(482,479)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |             |                        |              |                      |                  |
| Proceeds from sale of property, plant and equipment             |             | 5,774,158              | 5,702,034    | -                    | -                |
| Purchase of property, plant and equipment                       |             | (619,101)              | (128,063)    | -                    | -                |
| Purchase of investments   |             | -                      | -            | (224)                | -                |
| Net cash provided by (used in) investing activities             |             | 5,155,057              | 5,573,971    | (224)                | -                |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                     |             |                        |              |                      |                  |
| Proceeds from issue of shares                                   |             | -                      | -            | -                    | -                |
| Proceeds from borrowings  |             | 5,735,000              | -            | 39,000               | 492,252          |
| Repayment of borrowings   |             | (6,585,000)            | (7,997,155)  | -                    | -                |
| Net cash provided by (used in) financing activities             |             | (850,000)              | (7,997,155)  | 39,000               | 492,252          |
| Net increase in cash held                                       |             | 733,309                | 1,384,776    | (72)                 | 9,773            |
| Cash at 1 July 2002   |             | (442,544)              | (2,079,714)  | 347                  | (9,426)          |
| Effect of exchange rates on cash holdings in foreign currencies |             | (14,045)               | 252,394      | -                    | -                |
| Cash at 30 June 2003  | 9           | 276,720                | (442,544)    | 275                  | 347              |

The accompanying notes form part of these financial statements.

**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

**Note 1 Statement of Significant Accounting Policies**

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Oldfields Holdings Limited and controlled entities, and Oldfields Holdings Limited as an individual parent entity. Oldfields Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**a. Principles of Consolidation**

A controlled entity is any entity controlled by Oldfields Holdings Limited. Control exists where Oldfields Holdings Limited has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Oldfields Holdings Limited to achieve the objectives of Oldfields Holdings Limited. A list of controlled entities is contained in Note 16 to the financial statements.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation.

Where controlled entities have entered or left the economic entity or left the economic entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

Outside interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

**b. Income Tax**

The economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Oldfields Holdings Limited and its wholly-owned Australian subsidiaries will be forming an income tax consolidated group under the Tax Consolidation Regime. The Tax consolidated group will enter a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

**c. Inventories**

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 portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity.

**d. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

**Property**

Freehold land and buildings are measured on the fair value basis, being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. It is the policy of the economic entity to have an independent valuation every three years, with annual appraisals being made by the directors.

The revaluation of freehold land and buildings has not taken account of the potential capital gains tax on assets acquired after the introduction of capital gains tax.

**Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the assets employment and subsequent disposal. The expected net cash flows have not been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

**Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Properties held for investment purposes are not subject to depreciation. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset       | Depreciation Rate |
|----------------------------|-------------------|
| Buildings                  | 1%                |
| Leasehold improvements     | 4 - 5%            |
| Plant and equipment        | 5 - 50%           |
| Leased plant and equipment | 15 - 20%          |

**e. Leases**

**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability. Lease payments received reduce the liability.

**f. Investments**

Shares in listed companies held as current assets are valued by directors at those shares' market value at each balance date. The gains or losses, whether realised or unrealised, are included in profit from ordinary activities before income tax.

Non-current investments are measured on the cost basis. The carrying amount of non-current investments is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these investments. The recoverable amount is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments. The expected net cash flows from investments have not been discounted to their present value in determining the recoverable amounts.

**g. Investments in Associates**

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting.

**h. Interests in Joint Ventures**

The economic entity's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position. Details of the economic entity's interests are shown in Note 14.

The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

**i. Research and Development Expenditure**

Research and Development costs are charged to profit from ordinary activities before income tax as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those deferred costs.

Deferred research and development expenditure is amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

**j. Foreign Currency Transactions and Balances**

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date.

The gains and losses from conversion of assets and liabilities, whether realised or unrealised, are included in profit from ordinary activities as they arise.

The assets and liabilities of the overseas controlled entities, which are self-sustaining, are translated at year-end rates and operating results are translated at the rates ruling at the end of each month. Gains and losses arising on translation are taken directly to the foreign currency translation reserve.

**j. Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the economic entity to employee superannuation funds and are charged as expenses when incurred.

**k.. Cash**

For the purpose of the statement of cash flows, cash includes:

— cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts.

**l. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**m. GST**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

**n. Comparative Figures**

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

**Note 2 Revenue**

|                             | Note | Economic Entity |            | Parent Entity |            |
|-----------------------------|------|-----------------|------------|---------------|------------|
|                             |      | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| <b>Operating activities</b> |      |                 |            |               |            |
| — sale of goods             |      | 25,938,368      | 32,825,200 | -             | -          |
| — interest received         | 2b   | 54,650          | 88,231     | -             | -          |
| — other revenue             |      | 450,319         | 156,429    | -             | 876,117    |
| — commission received       |      | 84,173          | 120,155    | -             | -          |
| — rental revenue            |      | 4,663,837       | 4,840,519  | -             | -          |

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**Non-operating activities**

— proceeds on disposal of property, plant and equipment

Total Revenue

**b. Interest revenue from:**

— other persons

Total interest revenue

|            |            |   |         |
|------------|------------|---|---------|
| 31,191,347 | 38,030,534 | - | 876,117 |
| 5,500,617  | 5,637,978  | - | -       |
| 5,500,617  | 5,637,978  | - | -       |
| 36,691,964 | 43,668,512 | - | 876,117 |
| 54,650     | 88,231     | - | -       |
| 54,650     | 88,231     | - | -       |

**Note 3 Profit/(loss) from Ordinary Activities**

Profit/(loss) from ordinary activities before income tax has been determined after:

**a. Expenses:**

Cost of sales

Borrowing costs:

— Interest paid related corporations

— lease and hirepurchase interest

— other persons

Total borrowing costs

Depreciation of non-current assets:

— buildings

— plant and equipment

— leased plant and equipment

Total depreciation

Amortisation of non-current assets:

— research and development expenditure

Total amortisation

Bad and doubtful debts:

— trade debtors

Total bad and doubtful debts

Contingent rentals on finance leases

Write down of inventories to net realisable value

**b. Revenue and Net Gains**

Net gain/(loss) on disposal of non-current assets:

— property, plant and equipment

Foreign currency translation gains

**c. Significant Revenues and Expenses**

The following significant revenue and expense items are relevant in explaining the financial performance:

Proceeds on disposal of property, plant and equipment

Carrying amount of net assets sold

Net gain/(loss) on disposal of non-current assets

| Economic Entity |             | Parent Entity |        |
|-----------------|-------------|---------------|--------|
| 2003            | 2002        | 2003          | 2002   |
| \$              | \$          | \$            | \$     |
| 20,747,437      | 31,711,017  | -             | -      |
| 90,432          | -           | -             | -      |
| 58,184          | 105,486     | -             | -      |
| 552,551         | 1,076,374   | -             | 9,634  |
| 701,167         | 1,181,860   | -             | 9,634  |
| -               | 12,789      | -             | -      |
| 828,691         | 2,183,224   | -             | 18,111 |
| 189,608         | 22,634      | -             | -      |
| 1,018,299       | 2,218,647   | -             | 18,111 |
| 6,854           | 6,853       | -             | -      |
| 6,854           | 6,853       | -             | -      |
| 40,000          | 34,234      | -             | -      |
| 40,000          | 34,234      | -             | -      |
| 95,592          | 316,613     | -             | -      |
| -               | 245,134     | -             | -      |
| 1,833,493       | (259,000)   | -             | 36,650 |
| 68,155          | 58,141      | -             | -      |
| 5,500,617       | 5,637,978   | -             | -      |
| (3,667,124)     | (5,896,978) | -             | -      |
| 1,833,493       | (259,000)   | -             | -      |

**Note 4 Income Tax Expense**

a. The prima facie tax on profit/(loss) from ordinary activities before tax is reconciled to the income tax as follows:

Prima facie tax payable on profit/(loss) from ordinary activities before tax income tax at 30% (2002:30%)

— Economic entity

— Parent entity

Add:

Tax effect of:

— other non-allowable items

— non tax-affected overseas income/losses

Under provision for income tax in prior year

Income tax expense attributable to profit from ordinary activities before income tax

b. Income tax expense attributable to:

Profit from ordinary activities before income tax

Extraordinary items

| Economic Entity |             | Parent Entity |       |
|-----------------|-------------|---------------|-------|
| 2003            | 2002        | 2003          | 2002  |
| \$              | \$          | \$            | \$    |
| 667,772         | (2,040,320) | -             | -     |
| (206,484)       | 263,895     | -             | 4,462 |
| (53,313)        | 192,248     | -             | -     |
| -               | (468,795)   | -             | -     |
| 407,975         | (2,052,972) | -             | 4,462 |
| 407,975         | (2,052,972) | -             | 4,462 |
| 407,975         | (2,052,972) | -             | 4,462 |

**Note 5 Remuneration and Retirement Benefits**

**a. Directors' Remuneration**

Income paid or payable to all directors of each entity in the economic entity by the entities of which they are directors and any related parties

| Economic Entity |         | Parent Entity |      |
|-----------------|---------|---------------|------|
| 2003            | 2002    | 2003          | 2002 |
| \$              | \$      | \$            | \$   |
| 638,953         | 802,559 | -             | -    |

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Income paid or payable to all directors of the parent entity by the parent entity and any related parties

- 606,034

Number of parent entity directors whose income from the parent entity and any related parties was within the following bands:

|                       | No. | No. |
|-----------------------|-----|-----|
| \$0-\$9999            | 1   | -   |
| \$10,000 - \$19,999   | -   | 1   |
| \$20,000 - \$29,999   | 2   | -   |
| \$30,000 - \$39,999   | -   | 1   |
| \$50,000 - \$59,999   | 1   | 1   |
| \$60,000 - \$69,999   | -   | 1   |
| \$70,000 - \$79,999   | -   | -   |
| \$80,000 - \$89,999   | 1   | 1   |
| \$140,000 - \$149,999 | -   | 1   |
| \$160,000 - \$169,999 | 1   | -   |
| \$190,999 - \$199,999 | 1   | 1   |

The names of parent entity directors who have held office during the financial year are:

J. R. WESTWOOD  
T.D.J. LOVE  
A. MANKARIOS  
C.C. HEXT  
J.W. TOLAND  
H.B. OLDFIELD  
B.H. OLDFIELD (retired 11/08/02)

**b. Executive Remuneration**

Remuneration received or due and receivable by executive officers of the economic entity, from entities in the economic entity and related entities for management of the affairs of the economic entity, whose remuneration is \$100,000 or more

106,848 100,450

Remuneration received or due and receivable by executive officers of the parent entity, from the parent entity and any related parties for management of the affairs of the parent entity and its subsidiaries, whose income is \$100,000 or more

Number of executives whose income was within the following bands:

|                       |   |   |
|-----------------------|---|---|
| \$100,000 - \$109,999 | 1 | 1 |
|-----------------------|---|---|

**c. Retirement and Superannuation Payments**

Amounts of a prescribed benefit given during the year by the parent entity or a related party to a director or a prescribed superannuation fund in a connection with the retirement from a prescribed office:

30,021 30,443

Full particulars are not provided as the directors believe this would be unreasonable

**Note 6 Auditors' Remuneration**

|  | Economic Entity |        | Parent Entity |      |
|--|-----------------|--------|---------------|------|
|  | 2003            | 2002   | 2003          | 2002 |
|  | \$              | \$     | \$            | \$   |
| Remuneration of the auditor of the parent entity for:        |                 |        |               |      |
| — auditing or reviewing the financial report                 | 76,000          | 65,000 | -             | -    |
| — other services   | 12,000          | 10,000 | -             | -    |
| Remuneration of other auditors of subsidiaries for:          |                 |        |               |      |
| — auditing or reviewing the financial report of subsidiaries | 14,500          | 22,200 | -             | -    |

**Note 7 Dividends**

|  |      | Economic Entity |         | Parent Entity |         |
|--|------|-----------------|---------|---------------|---------|
|  | Note | 2003            | 2002    | 2003          | 2002    |
|  |      | \$              | \$      | \$            | \$      |
| Unfranked redeemable preference dividend of 9.0% (2002 9.0%) per share   |      | 315,000         | 315,000 | 315,000       | 315,000 |
|  | 26   | 315,000         | 315,000 | 315,000       | 315,000 |
| b. Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years |      | -               | -       | -             | -       |

**Note 8 Earnings per Share**

|  |  | Economic Entity |             |
|--|--|-----------------|-------------|
|  |  | 2003            | 2002        |
|  |  | \$000           | \$000       |
| a. <b>Reconciliation of Earnings to Net Profit or Loss</b> |  |                 |             |
| Net profit/(loss)  |  | 1,817,931       | (4,748,094) |
| Net profit/(loss) attributable to outside equity interest  |  | (29,138)        | (445,125)   |
| Converting preference share dividends                      |  | (315,000)       | (315,000)   |
| Earnings used in the calculation of basic EPS              |  | 1,473,793       | (3,987,969) |
| Dividends on converting preference shares                  |  | 315,000         | 315,000     |

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|  |            |             |
|--|------------|-------------|
| Earnings used in the calculation of dilutive EPS   | 1,788,793  | (3,672,969) |
| <b>b. Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS</b>              |            |             |
| Weighted average number of options outstanding   | 6,736,882  | 6,736,882   |
| Weighted average number of converting preference shares on issue   | 298,630    | 375,000     |
| Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS                     | 3,500,000  | 3,500,000   |
|  | 10,535,512 | 10,611,882  |
| <b>c. Classification of securities</b>   |            |             |
| The following securities have been classed as potential ordinary shares and are included in the determination of dilutive EPS: |            |             |
| — options outstanding  |            |             |
| — 9.0% converting preference shares  |            |             |

**Note 9 Cash Assets**

|              |      | Economic Entity |         | Parent Entity |      |
|--------------|------|-----------------|---------|---------------|------|
|              | Note | 2003            | 2002    | 2003          | 2002 |
|              |      | \$              | \$      | \$            | \$   |
| Cash at bank |      | 276,720         | 997,907 | 275           | 347  |
|              |      | 276,720         | 997,907 | 275           | 347  |

**Reconciliation of Cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

|                 |    |         |             |     |     |
|-----------------|----|---------|-------------|-----|-----|
| Cash            |    | 276,720 | 997,907     | 275 | 347 |
| Bank overdrafts | 21 | -       | (1,440,451) | -   | -   |
|                 |    | 276,720 | (442,544)   | 275 | 347 |

**Note 10 Receivables**

|                              |  | Economic Entity |           | Parent Entity |           |
|------------------------------|--|-----------------|-----------|---------------|-----------|
|                              |  | 2003            | 2002      | 2003          | 2002      |
|                              |  | \$              | \$        | \$            | %         |
| <b>CURRENT</b>               |  |                 |           |               |           |
| Trade debtors                |  | 3,958,098       | 3,522,441 | -             | -         |
| Provision for doubtful debts |  | (201,781)       | (303,228) | -             | -         |
|                              |  | 3,756,317       | 3,219,213 | -             | -         |
| Other debtors                |  | 1,169,479       | 942,310   | -             | -         |
| Amounts receivable from:     |  |                 |           |               |           |
| — wholly-owned subsidiaries  |  | -               | -         | 3,721,515     | 4,412,724 |
| — associated companies       |  | 337,580         | 308,083   | -             | -         |
|                              |  | 5,263,376       | 4,469,606 | 3,721,515     | 4,412,724 |

**Note 11 Inventories**

|                                  |  | Economic Entity |           | Parent Entity |      |
|----------------------------------|--|-----------------|-----------|---------------|------|
|                                  |  | 2003            | 2002      | 2003          | 2002 |
|                                  |  | \$              | \$        | \$            | \$   |
| <b>CURRENT</b>                   |  |                 |           |               |      |
| Raw materials and stores at cost |  | 614,134         | 3,975,546 | -             | -    |
| Work in progress at cost         |  | 738,723         | 531,237   | -             | -    |
| Finished goods at cost           |  | 2,764,363       | 4,039,229 | -             | -    |
|                                  |  | 4,117,220       | 8,546,012 | -             | -    |

**Note 12 Investments Accounted for Using the Equity Method**

|                                     |      | Economic Entity |          | Parent Entity |      |
|-------------------------------------|------|-----------------|----------|---------------|------|
|                                     | Note | 2003            | 2002     | 2003          | 2002 |
|                                     |      | \$              | \$       | \$            | \$   |
| Associated companies                | 13   | 1,719,738       | 29,817   | -             | -    |
| Interests in joint venture entities | 14   | 9,196           | (29,817) | -             | -    |
|                                     |      | 1,728,934       | -        | -             | -    |

**Note 13 Associated Companies**

Interests are held in the following associated companies

| Name                             |     | Ownership Interest |      | Carrying Amount of Investment |        |
|----------------------------------|-----|--------------------|------|-------------------------------|--------|
|                                  |     | 2003               | 2002 | 2003                          | 2002   |
|                                  |     | %                  | %    | \$0                           | \$0    |
| Unlisted:                        |     |                    |      |                               |        |
| PT Ace Oldfields                 | Ord | 49                 | 49   | 1,689,966                     | -      |
| Concrete Pumping Systems Pty Ltd | Ord | 25                 | 25   | -                             | -      |
| Backyard Installations Pty Ltd   | Ord | 45                 | 45   | 29,772                        | 29,817 |
|                                  |     |                    |      | 1,719,738                     | 29,817 |

**a. Movements during the Year in Equity Accounted Investment in Associated Companies**

|  |  |           |    |   |   |
|--|--|-----------|----|---|---|
| Balance at beginning of the financial year |  | 29,817    | -  | - | - |
| Add: New investments during the year       |  | 1,662,049 | 45 | - | - |

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|  |           |         |   |   |
|--|-----------|---------|---|---|
| Share of associated company's profit from ordinary activities and extraordinary items after income tax | 27,872    | 29,772  | - | - |
| Balance at end of the financial year   | 1,719,738 | 29,817  | - | - |
| <b>b. Retained Earnings Attributable to Associate</b>  |           |         |   |   |
| Share of associate's profit from ordinary activities before income tax expense                         | 27,872    | 29,772  | - | - |
| Share of associate's income tax expense  | -         | -       | - | - |
| Share of associate's profit from ordinary activities after income tax                                  | 27,872    | 29,772  | - | - |
| Share of retained profits at beginning of the financial year   | 46,141    | -       | - | - |
| Adjustment to retained profits arising on adoption of equity accounting                                | 1,187,429 | -       | - | - |
| Share of retained profits at end of the financial year   | 1,261,442 | 29,772  | - | - |
| <b>d. Summarised Presentation of Aggregate Assets, Liabilities and Performance of Associates</b>       |           |         |   |   |
| Current Assets   | 5,342,444 | 97,129  | - | - |
| Non-Current Assets   | 2,573,913 | 8,999   | - | - |
| Total Assets   | 7,916,357 | 106,128 | - | - |
| Current Liabilities  | 2,629,198 | 59,887  | - | - |
| Non-Current Liabilities  | 1,772,090 | -       | - | - |
| Total Liabilities  | 4,401,288 | 59,887  | - | - |
| Net Assets   | 3,515,069 | 46,241  | - | - |
| Net profit from ordinary activities after income tax of associates                                     | 27,872    | 29,772  | - | - |

**Note 14 Joint Ventures**

|  | Economic Entity |           | Parent Entity |      |
|--|-----------------|-----------|---------------|------|
|  | 2003            | 2002      | 2003          | 2002 |
|  | \$              | \$        | \$            | \$   |
| <b>b. Interests in Joint Venture Entities</b>  |                 |           |               |      |
| A controlled entity Oldfields NZ Ltd has a 49% interest in the joint venture entity of Enduring and Partners selling hardware products to the global market. |                 |           |               |      |
| The voting power held by Oldfields Holdings Limited is 49%   |                 |           |               |      |
| i. Retained earnings attributable to interest in joint venture:  |                 |           |               |      |
| Balance at the beginning of the financial year   | (29,817)        | 129,829   | -             | -    |
| — share of joint venture's profit from ordinary activities after income tax  | 170,752         | 308,534   | -             | -    |
| — distribution received  | (110,542)       | (468,180) | -             | -    |
| Balance at the end of the financial year   | 30,393          | (29,817)  | -             | -    |
| ii. Carrying amount of investment in joint venture entity:   |                 |           |               |      |
| Balance at beginning of the financial year   | (29,817)        | 129,829   | -             | -    |
| — share of profit from ordinary activities after income tax  | 170,752         | 308,534   | -             | -    |
| — additional investments made during year  | -               | -         | -             | -    |
| — distribution received  | (131,739)       | (468,180) | -             | -    |
| Balance at the end of the financial year   | 9,196           | (29,817)  | -             | -    |
| iii. Share of joint venture entity's results and financial position:   |                 |           |               |      |
| Current Assets   | 1,620,078       | 1,657,713 | -             | -    |
| Non-Current Assets   | -               | -         | -             | -    |
| Total Assets   | 1,620,078       | 1,657,713 | -             | -    |
| Current Liabilities  | 1,610,882       | 1,697,113 | -             | -    |
| Non-Current Liabilities  | -               | -         | -             | -    |
| Total Liabilities  | 1,610,882       | 1,697,113 | -             | -    |
| Revenues   | 4,543,737       | 4,286,237 | -             | -    |
| Expenses   | 4,372,985       | 3,977,703 | -             | -    |
| Profit from ordinary activities before income tax  | 170,752         | 308,534   | -             | -    |
| Income tax expense   | -               | -         | -             | -    |
| Profit from ordinary activities after income tax   | 170,752         | 308,534   | -             | -    |

**Note 15 Other Financial Assets**

|                                 | Economic Entity |       | Parent Entity |           |
|---------------------------------|-----------------|-------|---------------|-----------|
|                                 | 2003            | 2002  | 2003          | 2002      |
|                                 | \$              | \$    | \$            | \$        |
| <b>NON-CURRENT</b>              |                 |       |               |           |
| Listed investments, at cost     |                 |       |               |           |
| — shares in other corporations  | 1,380           | 1,380 | -             | -         |
|                                 | 1,380           | 1,380 | -             | -         |
| Unlisted investments, at cost   |                 |       |               |           |
| — shares in controlled entities | -               | -     | 7,209,076     | 7,208,852 |
|                                 | -               | -     | 7,209,076     | 7,208,852 |
|                                 | 1,380           | 1,380 | 7,209,076     | 7,208,852 |

**Note 16 Property Plant and Equipment**

|                           | Economic Entity |      | Parent Entity |      |
|---------------------------|-----------------|------|---------------|------|
|                           | 2003            | 2002 | 2003          | 2002 |
|                           | \$              | \$   | \$            | \$   |
| <b>LAND AND BUILDINGS</b> |                 |      |               |      |
| Freehold land at:         |                 |      |               |      |

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|                                     |           |            |   |   |
|-------------------------------------|-----------|------------|---|---|
| — independent valuation - 2001      | -         | 1,550,000  | - | - |
| Total Land                          | -         | 1,550,000  | - | - |
| Buildings at:                       |           |            |   |   |
| — independent valuation - 2001      | -         | 1,350,000  | - | - |
| Less accumulated depreciation       | -         | 15,058     | - | - |
| — at cost                           | 29,324    | -          | - | - |
| Total Buildings                     | 29,324    | 1,334,942  | - | - |
| Total Land and Buildings            | 29,324    | 2,884,942  | - | - |
| <b>PLANT AND EQUIPMENT</b>          |           |            |   |   |
| Plant and equipment                 |           |            |   |   |
| At cost                             | 6,741,826 | 12,567,959 | - | - |
| Accumulated depreciation            | 2,488,376 | 5,270,002  | - | - |
|                                     | 4,253,450 | 7,297,957  | - | - |
| Capitalised leased assets           | 514,162   | 745,083    | - | - |
| Accumulated depreciation            | 68,851    | 666,471    | - | - |
|                                     | 445,311   | 78,612     | - | - |
| Total Plant and Equipment           | 4,698,761 | 7,376,569  | - | - |
| Total Property, Plant and Equipment | 4,728,085 | 10,261,511 | - | - |

**a. Movements in Carrying Amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

|  | Freehold Land<br>\$ | Buildings<br>\$ | Plant and<br>Equipment<br>\$ | Leased Plant<br>and Equipment<br>\$ | Total<br>\$ |
|--|---------------------|-----------------|------------------------------|-------------------------------------|-------------|
| Economic Entity:                                     |                     |                 |                              |                                     |             |
| Balance at the beginning of year                     | 1,550,000           | 1,334,942       | 7,297,957                    | 78,612                              | 10,261,511  |
| Additions  | -                   | 29,324          | 930,456                      | 506,164                             | 1,465,944   |
| Disposals  | (1,550,000)         | (1,321,042)     | (485,301)                    | (65,861)                            | (3,422,204) |
| Revaluation increments/(decrements)                  | -                   | -               | -                            | -                                   | -           |
| Depreciation expense                                 | -                   | (13,900)        | (930,795)                    | (73,604)                            | (1,018,299) |
| Disposals of assets on adoption of equity accounting | -                   | -               | (2,558,867)                  | -                                   | (2,558,867) |
| Carrying amount at the end of year                   | -                   | 29,324          | 4,253,450                    | 445,311                             | 4,728,085   |

**Note 17 Deferred Tax Assets**

|  | Economic Entity |            | Parent Entity |            |
|--|-----------------|------------|---------------|------------|
|  | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| Future income tax benefit  |                 |            |               |            |
| a. The future income tax benefit is made up of the following estimated tax benefits: |                 |            |               |            |
| — tax losses   | 2,168,009       | 2,201,622  | -             | -          |
| — timing differences   | 800,654         | 795,598    | -             | -          |
|  | 2,968,663       | 2,997,220  | -             | -          |

**Note 18 Intangible Assets**

|  | Economic Entity |            | Parent Entity |            |
|--|-----------------|------------|---------------|------------|
|  | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| Goodwill at cost                         | 2               | 2          | -             | -          |
| Accumulated amortisation                 | 2               | 2          | -             | -          |
| Patents, trademarks and licences at cost | 3,700           | -          | -             | -          |
| Accumulated amortisation                 | -               | -          | -             | -          |
|  | 3,700           | -          | -             | -          |
|  | 3,702           | 2          | -             | -          |

**Note 19 Other Assets**

|                                    | Economic Entity |            | Parent Entity |            |
|------------------------------------|-----------------|------------|---------------|------------|
|                                    | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| CURRENT                            |                 |            |               |            |
| Prepayments                        | 459,340         | 405,487    | -             | -          |
| NON-CURRENT                        |                 |            |               |            |
| Research and development — at cost | 68,279          | 68,279     | -             | -          |
| Accumulated amortisation           | 13,709          | 6,853      | -             | -          |
|                                    | 54,570          | 61,426     | -             | -          |
|                                    | 54,570          | 61,426     | -             | -          |

**Note 20 Payables**

|                       | Economic Entity |            | Parent Entity |            |
|-----------------------|-----------------|------------|---------------|------------|
|                       | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| CURRENT               |                 |            |               |            |
| Unsecured liabilities |                 |            |               |            |
| Trade creditors       | 1,720,429       | 3,864,650  | -             | -          |



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|                                       |                  |                  |                |                  |
|---------------------------------------|------------------|------------------|----------------|------------------|
| Sundry creditors and accrued expenses | 2,777,274        | 2,310,686        | 29,096         | 53,683           |
| Amounts payable to:                   |                  |                  |                |                  |
| – wholly-owned subsidiaries           | -                | -                | 948,995        | 948,995          |
| – other related parties               | 319,991          | 1,490,134        | -              | 193,970          |
|                                       | <u>4,817,694</u> | <u>7,665,470</u> | <u>978,091</u> | <u>1,196,648</u> |

**Note 21 Interest Bearing Liabilities**

|  | Notes  | Economic Entity   |                   | Parent Entity |            |
|--|--------|-------------------|-------------------|---------------|------------|
|  |        | 2003<br>\$        | 2002<br>\$        | 2003<br>\$    | 2002<br>\$ |
| <b>CURRENT</b>   |        |                   |                   |               |            |
| Secured liabilities  |        |                   |                   |               |            |
| Bank overdrafts  | 21a, c | -                 | 1,440,451         | -             | -          |
| Bank loans   | 21a, d | 100,000           | 3,559,909         | -             | -          |
| Lease liability  | 21a, e | 151,947           | 12,207            | -             | -          |
| Hire purchase liability  | 21a, e | 266,469           | 654,618           | -             | -          |
|  |        | <u>518,416</u>    | <u>5,667,185</u>  | <u>-</u>      | <u>-</u>   |
| <b>NON-CURRENT</b>   |        |                   |                   |               |            |
| Secured liabilities  |        |                   |                   |               |            |
| Bank loans   | 21a, d | 1,400,000         | 1,000,000         | -             | -          |
| Lease liability  | 21a, e | 337,950           | 3,793             | -             | -          |
| Hire purchase liability  | 21a, e | 331,424           | 256,711           | -             | -          |
|  |        | <u>2,069,374</u>  | <u>1,260,504</u>  | <u>-</u>      | <u>-</u>   |
| a. Total current and non-current secured liabilities:  |        |                   |                   |               |            |
| Bank overdraft   |        | -                 | 1,440,451         | -             | -          |
| Bank loan  |        | 1,500,000         | 4,559,909         | -             | -          |
| Lease liability  |        | 489,897           | 16,000            | -             | -          |
| Hire purchase liability  |        | 597,893           | 911,329           | -             | -          |
|  |        | <u>2,587,790</u>  | <u>6,927,689</u>  | <u>-</u>      | <u>-</u>   |
| b. The carrying amounts of non-current assets pledged as security are:   |        |                   |                   |               |            |
| First mortgage   |        |                   |                   |               |            |
| Freehold land and buildings  |        | -                 | 2,884,942         | -             | -          |
| Floating charge over assets, including listed investments at market value  |        | 19,601,986        | 17,110,446        | -             | -          |
| Total assets pledged as security   |        | <u>19,601,986</u> | <u>19,995,388</u> | <u>-</u>      | <u>-</u>   |
| c. The bank overdrafts of the parent entity and subsidiaries are secured by floating charges over the assets of the parent entity and subsidiaries |        |                   |                   |               |            |
| d. The bank loan of the parent entity and subsidiaries are secured by floating charges over the assets of the parent entity and subsidiaries       |        |                   |                   |               |            |
| e. Lease liability is secured by a charge over the leased assets. Hire purchase liability is secured by a charge over the hire purchase asset.     |        |                   |                   |               |            |

**Note 22 Tax Liabilities**

|                                   | Economic Entity |            | Parent Entity |            |
|-----------------------------------|-----------------|------------|---------------|------------|
|                                   | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| <b>NON-CURRENT</b>                |                 |            |               |            |
| Provision for deferred income tax | 458,299         | -          | -             | -          |
|                                   | <u>458,299</u>  | <u>-</u>   | <u>-</u>      | <u>-</u>   |

**Note 23 Provisions**

|   | Notes | Economic Entity |                | Parent Entity  |                |
|---|-------|-----------------|----------------|----------------|----------------|
|   |       | 2003<br>\$      | 2002<br>\$     | 2003<br>\$     | 2002<br>\$     |
| <b>CURRENT</b>                                    |       |                 |                |                |                |
| Employee entitlements                             | 23a   | 696,952         | 656,078        | -              | -              |
| Dividends on Preference Shares                    |       | 157,500         | 315,000        | 157,500        | 315,000        |
|   |       | <u>854,452</u>  | <u>971,078</u> | <u>157,500</u> | <u>315,000</u> |
| <b>NON-CURRENT</b>                                |       |                 |                |                |                |
| Employee entitlements                             | 23a   | 133,508         | 231,129        | -              | -              |
|   |       | <u>133,508</u>  | <u>231,129</u> | <u>-</u>       | <u>-</u>       |
| a. Aggregate employee entitlements liability      |       | <u>830,460</u>  | <u>887,207</u> | <u>-</u>       | <u>-</u>       |
| b. Number of employees at year-end Australia only |       | No.<br>119      | No.<br>100     | No.<br>-       | No.<br>-       |

**Note 24 Contributed Equity**

|  | Note | Economic Entity |            | Parent Entity |            |
|--|------|-----------------|------------|---------------|------------|
|  |      | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| 6,736,882 (2002:[6,736,882] fully paid ordinary shares | 24a  | 4,675,550       | 4,675,550  | 4,675,550     | 4,675,550  |

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|  |  |           |           |           |           |
|--|--|-----------|-----------|-----------|-----------|
| 3,500,000 (2002: 3,500,000) fully paid converting preference shares  | 24c  | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
|  |  | 8,175,550 | 8,175,550 | 8,175,550 | 8,175,550 |
| <b>a. Ordinary shares</b>  |  |           |           |           |           |
| At the beginning of the reporting period   |  | 4,675,550 | 4,675,550 | 4,675,550 | 4,675,550 |
| At reporting date  |  | 4,675,550 | 4,675,550 | 4,675,550 | 4,675,550 |
|  |  | No.       | No.       | No.       | No.       |
| At the beginning of reporting period   |  | 6,736,882 | 6,736,882 | 6,736,882 | 6,736,882 |
| At reporting date  |  | 6,736,882 | 6,736,882 | 6,736,882 | 6,736,882 |
| Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held  |  |           |           |           |           |
| At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.  |  |           |           |           |           |
| <b>c. Converting Preference Shares</b>   |  |           |           |           |           |
| At beginning of the reporting period   |  | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| At reporting date  |  | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
|  |  | No.       | No.       | No.       | No.       |
| At beginning of reporting period   |  | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| At reporting date  |  | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| At the Extraordinary General Meeting of Shareholders on 3rd May 2001 the rights of redemption attaching to the preference shares were cancelled. The converting preference shares are therefore no longer considered as a financial instrument but as equity.  |  |           |           |           |           |
| The converting preference shares pay a dividend of 9% p.a. The holders of the converting preference shares may convert them into ordinary shares on the basis of one ordinary share per preference share, on payment of \$0.10 per share. The preference shares are convertible in whole or part at any time by giving 30 day's notice in writing or they will convert wholly or the balance thereof on 1st February 2004. |  |           |           |           |           |
| <b>d. Options</b>  |  |           |           |           |           |
| i.   | For information relating to the Oldfields Holdings Limited executive option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 32. |           |           |           |           |
| ii.  | For information relating to share options issued to executive directors during the financial year, refer to Note 32.   |           |           |           |           |
| e.   | At 30 June 2003 there were 250,000 unissued ordinary shares for which options were outstanding.  |           |           |           |           |

**Employee share scheme**

For more information relating to the Oldfields Holdings Limited Employee Share Scheme, including details of shares issued during the financial year, refer to note 32.

**Note 25 Reserves**

|  | Note | Economic Entity |            | Parent Entity |            |
|--|------|-----------------|------------|---------------|------------|
|  |      | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| Capital profits  | 25a  | 1,228,445       | 1,228,445  | -             | -          |
| Asset revaluation  | 25b  | -               | 610,462    | 901,620       | 901,620    |
| Asset realisation  | 25c  | 740,885         | 190,885    | -             | -          |
| Foreign currency translation   | 25d  | (996,625)       | (167,034)  | -             | -          |
|  |      | 972,705         | 1,862,758  | 901,620       | 901,620    |
| <b>a. Capital Profits Reserve</b>  |      |                 |            |               |            |
| <b>Movements during the year</b>   |      |                 |            |               |            |
| Opening balance  |      | 1,228,445       | 1,228,445  | -             | -          |
| Capital profit on sale of investments transferred from retained profits  |      |                 |            |               |            |
| Closing balance  |      | 1,228,445       | 1,228,445  | -             | -          |
| The capital profits reserve records non-taxable profits on sale of investments   |      |                 |            |               |            |
| <b>b. Asset Revaluation Reserve</b>  |      |                 |            |               |            |
| <b>Movements during the year</b>   |      |                 |            |               |            |
| Opening balance  |      | 610,462         | 544,982    | 901,620       | 901,620    |
| Revaluation increment on freehold land and buildings   |      | -               | 550,000    | -             | -          |
| Plant and equipment previously revalued, written back  |      | (610,462)       | (293,635)  | -             | -          |
| Transfer prior year revaluation increment to asset realisation reserve being increment realised on sale of freehold property |      | -               | (190,885)  | -             | -          |
| Closing balance  |      | -               | 610,462    | 901,620       | 901,620    |
| The asset revaluation reserve records revaluations of non-current assets   |      |                 |            |               |            |
| <b>c. Asset Realisation Reserve</b>  |      |                 |            |               |            |
| <b>Movements during the year</b>   |      |                 |            |               |            |
| Opening balance  |      | 190,885         | -          | -             | -          |
| Realised increment on freehold property sold during the year transferred from asset revaluation reserve                      |      | 550,000         | 190,885    | -             | -          |
| Capital profit on sale of freehold property transferred from retained profits  |      | -               | -          | -             | -          |
| Closing balance  |      | 740,885         | 190,885    | -             | -          |
| The asset realisation reserve records realised gains on sale of non-current assets   |      |                 |            |               |            |

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**d. Foreign Currency Translation Reserve**

**Movements during the year**

|   |           |           |   |   |
|---|-----------|-----------|---|---|
| Opening balance   | (167,034) | (108,893) | - | - |
| Adjustment arising from the translation of foreign controlled entities' financial statements                                    | (829,591) | (58,141)  | - | - |
| Closing balance   | (996,625) | (167,034) | - | - |
| The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary |           |           |   |   |

**Note 26 Retained Profits**

| Note   | Economic Entity |             | Parent Entity |            |
|--|-----------------|-------------|---------------|------------|
|  | 2003<br>\$      | 2002<br>\$  | 2003<br>\$    | 2002<br>\$ |
| Retained profits at the beginning of the financial year            | 1,582           | 4,619,557   | 1,033,105     | 1,352,569  |
| Net profit/(loss) attributable to the members of the parent entity | 1,788,793       | (4,302,975) | -             | (4,464)    |
| Adjustment to retained earnings on adoption of equity accounting   | 126,617         | -           | -             | -          |
| Dividends provided for or paid                                     | (315,000)       | (315,000)   | (315,000)     | (315,000)  |
| Retained profits at the end of the financial year                  | 1,601,992       | 1,582       | 718,105       | 1,033,105  |

**Note 27 Outside Equity Interests in Controlled Entities**

|                                    | Economic Entity |            | Parent Entity |            |
|------------------------------------|-----------------|------------|---------------|------------|
|                                    | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| Outside equity interest comprises: |                 |            |               |            |
| Share capital                      | -               | 768,884    | -             | -          |
| Retained profits                   | -               | 1,136,411  | -             | -          |
|                                    | -               | 1,905,295  | -             | -          |

**Note 28 Capital and Leasing Commitments**

| Note   | Economic Entity |            | Parent Entity |            |
|--|-----------------|------------|---------------|------------|
|  | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| a. Finance Lease and Hire Purchase Commitments |                 |            |               |            |
| Payable  |                 |            |               |            |
| — not later than 1 year                        | 448,860         | 567,586    | -             | -          |
| — later than 1 year but not later than 5 years | 782,130         | 359,743    | -             | -          |
| Minimum lease payments                         | 1,230,990       | 927,329    | -             | -          |
| Less future finance charges                    | 143,200         | -          | -             | -          |
| Total Lease Liability                          | 1,087,790       | 927,329    | -             | -          |

**Note 29 Segment Reporting**

**Primary Reporting - Business Segments**

|  | Manufacturing<br>2003<br>\$ | Wholesale<br>2003<br>\$ | Hire<br>2003<br>\$ | Other<br>2003<br>\$ | Eliminations<br>2003<br>\$ | Economic Entity<br>2003<br>\$ |
|--|-----------------------------|-------------------------|--------------------|---------------------|----------------------------|-------------------------------|
| <b>REVENUE</b>   |                             |                         |                    |                     |                            |                               |
| External Sales   | 6,494,618                   | 16,909,362              | 7,513,826          | -                   | -                          | 30,917,806                    |
| Other segments   | 95,848                      | 5,584,925               | 93,385             | -                   | -                          | 5,774,158                     |
| Total sales revenue  | 6,590,466                   | 22,494,287              | 7,607,211          | -                   | -                          | 36,691,964                    |
| Share of net profits of equity accounted associates and joint venture entities | -                           | -                       | -                  | -                   | -                          | -                             |
| Total segment revenue  | 6,590,466                   | 22,494,287              | 7,607,211          | -                   | -                          | 36,691,964                    |
| Unallocated revenue  |                             |                         |                    |                     |                            |                               |
| Total Revenue from ordinary activities   |                             |                         |                    |                     |                            | 36,691,964                    |
| <b>RESULT</b>  |                             |                         |                    |                     |                            |                               |
| Segment result   | 57,133                      | 1,516,320               | 453,829            | -                   | -                          | 2,027,282                     |
| Share of net profits of equity accounted associates and joint venture entities |                             |                         |                    |                     |                            | 198,624                       |
| Unallocated expenses net of unallocated revenue                                |                             |                         |                    |                     |                            | -                             |
| Profit from ordinary activities before income tax expense                      |                             |                         |                    |                     |                            | 2,225,906                     |
| Income Tax Expense   |                             |                         |                    |                     |                            | (407,975)                     |
| Profit from ordinary activities after income tax expense                       |                             |                         |                    |                     |                            | 1,817,931                     |
| Net profit   |                             |                         |                    |                     |                            | 1,817,931                     |
| <b>ASSETS</b>  |                             |                         |                    |                     |                            |                               |
| Segment assets   | 1,689,970                   | 12,305,707              | 5,606,313          | -                   | -                          | 19,601,990                    |
| Total assets   |                             |                         |                    |                     |                            | 19,601,990                    |
| <b>LIABILITIES</b>   |                             |                         |                    |                     |                            |                               |
| Segment liabilities  | -                           | 3,617,983               | 5,233,760          |                     |                            | 8,851,743                     |

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|  |  |                         |  |                     |   |                               |
|--|--|-------------------------|--|---------------------|---|-------------------------------|
| Total liabilities  |  |                         |  |                     |   | <u>8,851,743</u>              |
| <b>OTHER</b>   |  |                         |  |                     |   |                               |
| Investments accounted for using the equity method                              | 1,689,966                                    | 38,696                  |  |                     |   | 1,728,662                     |
| Acquisitions of non-current segment assets                                     | 223,479                                      | 316,098                 | 79,524                                   |                     |   | 619,101                       |
| Depreciation and amortisation of segment assets                                | 213,620                                      | 487,529                 | 324,004                                  |                     |   | 1,025,153                     |
| Other non-cash segment expenses  | -  | (32,471)                | 40,000                                   |                     |   | <u>7,529</u>                  |
|  | Manufacturing<br>2002<br>\$                  | Wholesale<br>2002<br>\$ | Hire<br>2002<br>\$                       | Other<br>2002<br>\$ | Eliminations<br>2002<br>\$                | Economic Entity<br>2002<br>\$ |
| <b>Primary Reporting - Business Segments</b>                                   |  |                         |  |                     |   |                               |
| <b>REVENUE</b>   |  |                         |  |                     |   |                               |
| External Sales   | 10,340,341                                   | 20,187,288              | 6,584,304                                | -                   |   | 37,111,933                    |
| Other segments   | -  | 317,606                 | -  | -                   | (317,606)                                 | -                             |
| Total sales revenue  | 10,340,341                                   | 20,504,894              | 6,584,304                                | -                   | (317,606)                                 | 37,111,933                    |
| Share of net profits of equity accounted associates and joint venture entities |  |                         |  |                     |   | 365,242                       |
| Total segment revenue  | 10,340,341                                   | 20,504,894              | 6,584,304                                | -                   | (317,606)                                 | 37,477,175                    |
| Unallocated revenue  |  |                         |  |                     |   | 6,556,449                     |
| Total Revenue from ordinary activities   |  |                         |  |                     |   | <u>44,033,624</u>             |
| <b>RESULT</b>  |  |                         |  |                     |   |                               |
| Segment result   | (908,419)                                    | (3,151,618)             | (2,547,283)                              | -                   | -   | (6,607,320)                   |
| Unallocated expenses net of unallocated revenue                                |  |                         |  |                     |   | (193,745)                     |
| Profit from ordinary activities before income tax expense                      |  |                         |  |                     |   | (6,801,065)                   |
| Income Tax Expense   |  |                         |  |                     |   | -                             |
| Profit from ordinary activities after income tax expense                       |  |                         |  |                     |   | (6,801,065)                   |
| Net profit   |  |                         |  |                     |   | <u>(6,801,065)</u>            |
| <b>ASSETS</b>  |  |                         |  |                     |   |                               |
| Segment assets   | 8,526,498                                    | 16,032,594              | 3,181,459                                | -                   | -   | 27,740,551                    |
| Unallocated assets   |  |                         |  |                     |   | -                             |
| Total assets   |  |                         |  |                     |   | <u>27,740,551</u>             |
| <b>LIABILITIES</b>   |  |                         |  |                     |   |                               |
| Segment liabilities  | 3,916,647                                    | 7,214,161               | 4,664,558                                | -                   | -   | 15,795,366                    |
| Unallocated liabilities  |  |                         |  |                     |   | -                             |
| Total liabilities  |  |                         |  |                     |   | <u>15,795,366</u>             |
| <b>OTHER</b>   |  |                         |  |                     |   |                               |
| Investments accounted for using the equity method                              | (29,772)                                     | 29,772                  | -  | -                   | -   | -                             |
| Acquisitions of non-current segment assets                                     | 71,745                                       | 56,318                  | -  | -                   | -   | 128,063                       |
| Depreciation and amortisation of segment assets                                | 574,880                                      | 1,030,781               | 619,839                                  | -                   | -   | 2,225,500                     |
| Other non-cash segment expenses  | -  | 572,392                 | 1,993,100                                | -                   | -   | <u>2,565,492</u>              |
| <b>Secondary reporting — Geographical segments</b>                             |  |                         |  |                     |   |                               |
|  | Segment Revenues from External<br>2003<br>\$ | 2002<br>\$              | Carrying Amount of Segment<br>2003<br>\$ | 2002<br>\$          | Acquisitions of Non-current<br>2003<br>\$ | 2002<br>\$                    |
| Geographical location:   |  |                         |  |                     |   |                               |
| Australia  | 30,070,747                                   | 31,614,437              | 16,029,951                               | 16,032,596          | 395,622                                   | 56,318                        |
| New Zealand  | 30,751                                       | 1,633,937               | 1,872,873                                | 3,181,459           | -   | -                             |
| South East Asia  | 6,590,466                                    | 10,420,452              | 1,699,162                                | 8,526,494           | 223,479                                   | 71,745                        |
|  | <u>36,691,964</u>                            | <u>43,668,826</u>       | <u>19,601,986</u>                        | <u>27,740,549</u>   | <u>619,101</u>                            | <u>128,063</u>                |

**Accounting Policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists.

Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

**Intersegment Transfers**

Segment revenues, expenses and result include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

**Business and Geographical Segments**

**Business Segments**

The economic entity has the following three business segments:

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- Manufacturing division manufactures paint application products used in the building and general hardware business.
- Wholesale division which sells paint application products, painters' tools and associated products to the hardware and paint industry.
- Hire division manufactures scaffolding equipment for both sale and hire to the building industry in NSW, Victoria & Queensland.

**Geographical Segments**

- The economic entity's business segments are located in Australia, with the manufacturing of paint application products located principally in Indonesia.

**Note 30 Cash Flow Information**

|  | Economic Entity    |                    | Parent Entity   |                  |
|--|--------------------|--------------------|-----------------|------------------|
|  | 2003               | 2002               | 2003            | 2002             |
|  | 4                  | \$                 | \$              | \$               |
| <b>a. Reconciliation of Cash Flow from Operations with Profit/(Loss) from ordinary activities after Income Tax</b>                                   |                    |                    |                 |                  |
| Profit/(loss) from ordinary activities after income tax  | 1,761,087          | (4,748,095)        | -               | (4,462)          |
| Cash flows excluded from profit/(loss) from ordinary activities attributable to operating activities   |                    |                    |                 |                  |
| Non-cash flows in profit/(loss) from ordinary activities   |                    |                    |                 |                  |
| Amortisation   | 6,854              | 6,853              | -               | -                |
| Depreciation   | 1,018,299          | 2,218,647          | -               | 18,111           |
| Net gain on disposal of property, plant and equipment  | (1,833,493)        | 259,000            | -               | -                |
| Net loss on disposal of controlled entity  | 90,480             | -                  | -               | -                |
| Write-downs to recoverable amount  | -                  | 2,061,283          | -               | -                |
| Share of associated companies net profit/(loss) after income tax and dividends   | (27,872)           | (29,772)           | -               | -                |
| Share of joint venture entity net profit/(loss) after income tax and dividends   | (170,752)          | 395,014            | -               | -                |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries   |                    |                    |                 |                  |
| (Increase)/decrease in trade and term debtors  | (793,770)          | 1,757,430          | 691,209         | (79,972)         |
| (Increase)/decrease in non-current assets  | 3,836,207          | 9,822,539          | (224)           | 203,528          |
| (Increase)/decrease in prepayments   | (53,852)           | (90,630)           | -               | 14,153           |
| (Increase)/decrease in inventories   | 4,428,792          | 2,591,512          | -               | -                |
| (Increase)/decrease in trade creditors and accruals  | (12,077,778)       | (8,114,757)        | (572,333)       | (818,484)        |
| Movement in deferred taxes payable   | 458,297            | (2,058,758)        | -               | 4,461            |
| Increase in provisions   | (214,247)          | (262,306)          | (157,500)       | 143,536          |
| Cash flows from operations   | <u>(3,571,748)</u> | <u>3,807,960</u>   | <u>(38,848)</u> | <u>(519,129)</u> |
| <b>e. Credit Standby Arrangements with Banks</b>   |                    |                    |                 |                  |
| Credit facility  | 3,000,000          | 4,667,000          | -               | -                |
| Amount utilised  | <u>(1,500,000)</u> | <u>(3,790,451)</u> | <u>-</u>        | <u>-</u>         |
| Unused credit facility   | <u>1,500,000</u>   | <u>876,549</u>     | <u>-</u>        | <u>-</u>         |
| The major facilities are summarised as follows:  |                    |                    |                 |                  |
| Banking Overdrafts   |                    |                    |                 |                  |
| Bank overdraft facilities are arranged with Westpac Banking Corporation with the general terms and conditions being set and agreed to annually       |                    |                    |                 |                  |
| Interest rates are variable and subject to adjustment  |                    |                    |                 |                  |
| Commercial Bill Facility   |                    |                    |                 |                  |
| \$1,500,000 ten-year variable interest rate facility provided by Westpac Banking Corporation. Reducing by \$50,000 per quarter commencing 31/03/2004 |                    |                    |                 |                  |

**Note 31 Employee Benefits**

**Employee Share Scheme**

- i. An employee share scheme was established in 1994 where employees were given the opportunity to acquire up to 500 fully paid ordinary shares in Oldfields Holdings Limited. Employee loans were made available to fund the purchase of the shares. Shares were issued in 1998 at a 10% discount from the market price at the time of the offer. Total amounts of loans receivable in respect of employee share purchases is \$nil (2002 \$nil).
- ii. At the Shareholders General Meeting held on 8th February 1999 approval was given for the directors to maintain an executive option scheme which provides for senior executives to acquire ordinary shares in Oldfields Holdings Limited. The option scheme was amended at the Shareholders General Meeting held on 29th July 2003. The options are valid for a period of three years from the date of issue. Loans are available to executives to fund 90% of the purchase price of fully paid shares. Payment in full is due if employment terminates for any reason. The company must not make offers under the scheme when the number of shares to be received on exercise of the options when added to the number of shares or options to acquire shares under all other employee share or option schemes of the company would exceed 5%.

The closing share market price of an ordinary share of Oldfields Holdings Limited on the Australian Stock Exchange at 30 June 2003 was \$0.86 (30 June 2002:\$0.50).

|   | Consolidated   |                | Parent Entity  |                |
|---|----------------|----------------|----------------|----------------|
|   | 2003           | 2002           | 2003           | 2002           |
|   | No.            | No.            | No.            | No.            |
| <b>a. Movement in the number of share options held by employees are as follows:</b> |                |                |                |                |
| Opening balance   | 375,000        | 375,000        | 375,000        | 375,000        |
| Granted during the year   | -              | -              | -              | -              |
| Exercised during the year   | -              | -              | -              | -              |
| Lapsed during the year  | (125,000)      | -              | (125,000)      | -              |
| Closing Balance   | <u>250,000</u> | <u>375,000</u> | <u>250,000</u> | <u>375,000</u> |
|   | \$             | \$             | \$             | \$             |
| <b>c. Details of share options outstanding as at end of year:</b>                   |                |                |                |                |

**OLDFIELDS HOLDINGS LIMITED 02 000 307 988  
AND CONTROLLED ENTITIES**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003**

| Grant Date | Expiry and<br>Exercise Date | Exercise<br>Price | Consolidated   |                | Parent Entity  |                |
|------------|-----------------------------|-------------------|----------------|----------------|----------------|----------------|
|            |                             |                   | 2003<br>No.    | 2002<br>No.    | 2003<br>No.    | 2002<br>No.    |
| 8/02/99    | 8/02/03                     | \$1.40            | -              | 125,000        | -              | 125,000        |
| 3/05/01    | 31/12/03                    | \$1.40            | 250,000        | 250,000        | 250,000        | 250,000        |
|            |                             |                   | <u>250,000</u> | <u>375,000</u> | <u>250,000</u> | <u>375,000</u> |

**Superannuation Commitments**

The economic entity operates superannuation funds for various categories of employees.

All funds are administered externally and provide benefits for death, disability and retirement.

All benefits are provided on an accumulation of contributions basis and accordingly no actuarial assessment is required. The economic entity has an obligation to make contributions as specified by the fund and these contributions are legally enforceable.

The assets of the funds are sufficient to satisfy the benefits which would have been required in the event of termination of the funds and voluntary or compulsory termination of the employees' services.

**Note 32 Events subsequent to Reporting Date**

A wholly owned subsidiary, Shed Holdings Pty Limited, entered into a contract to purchase two factory units at 88 Batt Street Penrith. The purchase price was \$340,000 and settlement took place on 11 August 2003.

At the Board meeting held on 9 September 2003 the Board approved the granting of 142,000 options to a number of non-director executives at a exercise price of \$1.20 as recommended by the Managing Director under the terms of the Executive Option Scheme that was amended and approved at the shareholders general meeting held on 29 July 2003. The Board also decided to suspend the current Dividend Re-investment Plan.

**Note 33 Related Party Transactions**

|   | Economic Entity |            | Parent Entity |            |
|---|-----------------|------------|---------------|------------|
|   | 2003<br>\$      | 2002<br>\$ | 2003<br>\$    | 2002<br>\$ |
| Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.  |                 |            |               |            |
| Transactions with related parties:  |                 |            |               |            |
| (i) Associated Companies  |                 |            |               |            |
| Purchases made from PT Ace Oldfields comprising paint rollers and brushes at normal commercial terms and conditions.  | 3,443,191       | 3,359,522  | -             | -          |
| Sales made to Backyard Installations comprising sheds and shed components at normal commercial terms and conditions.  | 430,771         | 134,985    | -             | -          |
| Loans outstanding under normal commercial terms and conditions to Concrete Pumping Systems Australia Pty Limited.   | 285,399         | 308,085    | -             | -          |
| (ii) Director-related Entities  |                 |            |               |            |
| Sales made to Amazing Paint Discounts retail stores at normal commercial terms and conditions. Amazing Paint Discounts shareholders include John Westwood, Chris Hext, Anthony Mankarios and James Toland                       | 499,198         | 670,055    | -             | -          |
| Rent paid to 8 Farrow Road Pty Limited an entity owned by John Westwood   | 150,600         | -          | -             | -          |
| Interest paid to Ayrtold Administration Pty Limited at normal commercial terms and conditions an entity controlled by John Westwood, Chris Hext, James Toland and Anthony Mankarios. The loan was fully repaid at 30 June 2003. | 239,942         | -          | -             | -          |
| (iii) Directors   |                 |            |               |            |
| Directors of entities within the economic entity are able, with all staff members, to purchase goods produced by the economic entity at discounted prices   |                 |            |               |            |
| (iv) Share Transactions of Directors  |                 |            |               |            |
| Directors and director-related entities hold directly, indirectly or beneficially as at the reporting date the following equity interests in members of the economic entity:  |                 |            |               |            |
| Oldfields Holdings Limited  |                 |            |               |            |
| — ordinary shares   | 1,140,687       | 3,208,390  |               |            |
| — preference shares   | 2,848,300       | 2,848,300  |               |            |
| — options over ordinary shares  | 250,000         | 250,000    |               |            |