

Shareholder Update

Dear Fellow Shareholder,

You may have noticed that Oldfields announced recently a new Design Patent Registration for Temporary Flooring System or “Void” scaffolding. This design was created by our engineering team at our Oldfields Access Division. What does this mean for Oldfields?

A new trade mark FlexiSafe TM has been registered and we commenced mass production of the new system mid last year. Oldfields Access intends to hire this new product into the new home construction market. Currently we have won new contracts to service approximately 4200 homes pa. We expect this figure to increase over the next twelve month period.

Additional good news to shareholders is that this year’s second half profits are looking stronger than the first half and a few major contracts in Access Division as well as our PT. Ace Oldfields division should increase revenue and profitability into the next twelve month period. At present the other divisions are producing results to within our expectation range. Due to the dynamic changes in the business over the next few months it is very difficult to give an accurate final estimate or a long term forecast, the second half’s consolidated net profit is traditionally slightly lower. However, we expect that the results will show an increase over the first half’s stated profits this year.

This year’s consolidated result with the absence of last year’s abnormal; the sale of No 2 Farrow Rd, Campbelltown contributing \$1,833,493 to the last year’s final EBIT result, will signal a significant improvement by comparison.

It is the intention of the board to continue to pay a percentage of profits as dividends. This will be dependent on remaining free cashflow resulting from further investments in the businesses we currently operate in, however we cannot foresee a situation in the next twelve months where the current payments will be reduced. These dividends will be unfranked at this stage.

The company aims to take advantage of the current market conditions with the apparent shortage of supply of scaffolding into the hire industry by manufacturing and supplying additional scaffold. This will have an additional impact on revenue and profit over the next reporting period.

We expect this will be fully funded by a combination of lease finance and /or a potential equity raising into 2004-05.

We met our initial objective back in October 2002 to steadily increase shareholder value. We aim to continually improve on this by providing further timely market updates to you our shareholders.

Operationally the business has completed a few major projects in the last 12 months with the installation of a new standard operating system at Access Hire. This hire operating system is an extension of our current core business system called Pronto. A centralizing of all remaining Australian manufacturing to one central location is planned for next year. This will fully utilise the premises at 8 Farrow Rd and will create additional cost savings.

Our OH&S committee has worked diligently to upgrade systems and improve overall standards. Our position with the unions has improved over the last 12 months, with new vigor emphasizing a spirit of co-operation that share common goals including the signing of a new two year Enterprise Bargaining Agreement (EBA), that deals under one National Award rather than several that existed in the past.

Further cost reductions resulting from the exit of our previous Ladder businesses are expected over the next twelve months. We are currently improving operating procedures to take Oldfields to a new high standard in the future.

As a result of these improvements and further planned continual improvements, failing any unforeseen circumstances, our Board of Directors is confident that shareholder value will continue to improve over time.

Anthony Mankarios
Managing Director, FAICD, CFTP, MBA

11 June 2004