# APPENDIX 4E

## Preliminary Final Report
## Period Ending on 30 June 2004

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

### Results for Announcement to the Market

| | | | | |
|---|---|---|---|---|
| | | | | $A,000 |
| Revenues from ordinary activities | down | 33.47% | to | 24,410 |
| Profit from ordinary activities after tax attributable to members | down | 50.49% | to | 900 |
| Net profit for the period attributable to members | down | 50.49% | to | 900 |

| | |
|---|---|
| Interim dividend ordinary securities | 2.0 cents per security |
| Final dividend ordinary securities | 3.0 cents per security |
| Franked amount ordinary securities | 0.0 cents per security |
| Final dividend preference securities | 4.5 cents per security |
| Franked amount preference securities | 0.0 cents per security |
| Record date for determining entitlements to the dividend | 29 November 2004 |
| Date the dividend is payable | 31 January 2005 |

| | |
|---|---|
| Net tangible assets per security | $1.09 |
| Net tangible assets per ordinary security previous corresponding period | $1.08 |

The accounts are in the process of being audited.

Chris Hext
Company Secretary 31st August 2004

## Review of Operations

The Directors are pleased to announce for the year ending 30 June 2004, the company made a net profit after tax related expenses attributable to members of $900,066, which compares to a net profit in the 2003 year of $1,788,793 and a loss in the 2002 year of $4,302,969.

The actual revenues earned from ordinary operations being sales from paint applications Treco sheds and hire and sale of scaffolding equipment actually increased in the 2004 year by 2% while EBIT from these operations increased 40% to $1,630,187.

This year's EBIT of $1,630,187 for 2004 compares with $2,897,935, in 2003 as the 2003 year result included a profit contribution as a result of fixed asset sales primarily the sale of 2 Farrow Road, Campbelltown, which contributed $1,833,493 to EBIT in the 2003 year. This year's result is therefore a significant improvement on the ordinary trading profit results.

The revenue to June 2004 was $24,409,710, which compares to June 2003 revenue of $36,691,964. Last year's revenue however, included six months revenue from PT Ace Oldfields, fixed asset sales and revenue derived from the remaining ladder business totalling $12,774,618, all of which are excluded from the 2004 year result.

**Dividends**

The Board has agreed to pay a final dividend of 3 cents per share unfranked. This will occur on the 31st of January 2005 with the recording date being 29th of November 2004. Our company policy is to pay a dividend, where possible assuming the cash flow permits on an ongoing basis. Due to the cumulative previous years' losses, it will be a period of time before a fully franked dividend is declared.

The operations reviewed by divisions, is as follows;

Paint Applications

Treco Garden Sheds

Oldfields Access Hire

PT Ace Oldfields (Indonesia)

**Paint Application Products**

General business was steady although the building industry can only be described as soft. The division was modestly profitable. The division won significant contracts that started later than expected during the second half of the year and this delay adversely affected anticipated results.

The paint applications industry in Australia is saturated with a number of suppliers who are also opting to import product from low cost countries.

With Oldfield's associate in South East Asia producing consistently reliable high quality product and with new superior branded ranges coming on line this year, a modest improvement in the results in the 2005 year is expected.

**PT Ace Indonesia**

This division is an associated entity that manufactures paint brushes and rollers in Indonesia. The division is profitable. It experienced a slight slow down during the early part of the year as a result of some lost contracts in the previous year in Australia. Revenue has increased since and it is currently experiencing strong growth. Current revenue is in line with budget. This division produces a high quality product made in South East Asia. The potential to penetrate new global markets is now being realised.

This entity was de-consolidated as at 1 January 2003 from Oldfields International Pty Limited, although it still retains 49% of the entity.

The Directors feel because of new contracts to supply customers in global markets, the share of earnings under equity accounting for this associate will continue to improve into2005.

**Access Hire**

This was the company's star performer with revenues and profits continuing to grow. Although the building construction industry in Australia was soft, it experienced strong growth. Signs of further improvements are expected in 2005. We expect this will occur because of the continued growth in market share being derived from innovative new brands, such as Flexi-safe and Zippy-Scaf product lines.

The team was also successful in winning prestigious scaffolding works during the year. The team is very much performance driven with a focus on OH&S related issues within its market and providing solutions through design and innovation to a variety of leading construction and hire clientele.

The company is continuing to invest in this division with the design patent for temporary flooring systems "Void Scaffolding" being the basis to make substantial investments. Additional investment was made by way of lease finance and fixed asset capital investment during the year. Oldfields Access Pty Limited is now the market leader in this technology and expects rapid growth in the market. It has produced innovative products in the last 12 months and is now seeing revenue increases.

The company also recently opened its fifth national outlet in the fast growing Sunshine Coast region of Queensland. It is regionalising its management structure to increase revenue whilst maintaining a relatively low cost base.

The company will seek further expansion of this business by acquisitions or through exclusive distributor license arrangements to take full advantage of any new technologies. The company will seek to introduce new ranges by way of license agreements for additional products related to the temporary flooring system.

The Board is looking at ways to adequately fund this and other future expansion. It is planning to do this initially by way of lease finance and also possible future capital raisings.

**Treco Garden Sheds**

This division is continuing to improve. Revenue has increased during the last two years as a result of new strategies. The division still needs to earn revenue to make a net profit contribution consistent with management goals. Steps are currently being undertaken to protect the business from rising global commodity prices of steel and to initiate further cost cutting in areas of manufacturing and distribution expenditure.

The focus in the last 12 months was to increase revenue by improving the customer base both nationally and internationally. The future focus will be on maximising adequate distribution networks, expanding the breadth of distribution and increasing quantities of garden storage solution products in affiliates.

The company is currently seeking new exclusive manufacturing licenses of related innovative storage solution products. These products will be marketed through this division and its affiliates.

The manufacturing and distribution division occupies most of the premises at No.8 Farrow Road.

**Future Outlook**

The company is experiencing considerable growth at present. Additional finance and possible capital raisings may be required to facilitate further investments and satisfy demands on cash from the growing business units. Currently all business units have isolated potential growth opportunities.

The Directors feel that given the continual improvement in trading performance they believe shareholder value will also continue to improve.

Trading revenue in the first two months of 2005 financial year is ahead of management revenue targets.

The Directors are keen to maintain good corporate governance. The Board undertakes to keep the market regularly informed. It is a goal to continue to improve shareholder value in the next 12 months as has been demonstrated by the current management over the last two years.

In order to further assist with shareholder value, the Directors have proposed changes to current governance policy, which will include:

Allowing all Directors to trade in Oldfield's shares outside of the current narrow eight week window of opportunity allowable (after half year and full year published results). The board made changes to the policy to allow the Directors to trade in the company shares in line with policies of other similar small cap companies. Full and timely disclosure would apply as usual under this scenario. The aim is to support the share price and allow additional liquidity.

The re-introduction of the dividend re-investment plan with a discount of 2.5% to assist with future funding of possible increased cash dividends.

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 complementary business activities.

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

# STATEMENT OF FINANCIAL PERFORMANCE
## FOR THE YEAR ENDED 30 JUNE 2004

| | Note | Economic Entity 2004 $ | Economic Entity 2003 $ | Parent Entity 2004 $ | Parent Entity 2003 $000 |
|---|---|---|---|---|---|
| Sales revenue | 2 | 18,601,217 | 25,938,368 | - | - |
| Cost of sales | | (13,397,548) | (20,747,437) | - | - |
| Gross profit | | 5,203,669 | 5,190,931 | - | - |
| Other revenues from ordinary activities | 2 | 5,808,493 | 10,753,596 | - | - |
| Distribution expenses | | (4,771,012) | (4,590,184) | - | - |
| Marketing expenses | | (794,267) | (655,970) | - | - |
| Occupancy expenses | | (805,931) | (550,696) | - | - |
| Administration expenses | | (3,001,593) | (3,329,266) | - | - |
| Borrowing costs expense | 3 | (341,071) | (701,167) | - | - |
| Written down value of disposed property, plant and equipment | | - | (3,667,124) | - | - |
| Other expenses from ordinary activities | | - | (422,838) | - | - |
| Share of net profits of associates and joint ventures accounted for using the equity method | | (9,172) | 198,624 | - | - |
| Profit from ordinary activities before income tax expense | 3 | 1,289,116 | 2,225,906 | - | - |
| Income tax expense relating to ordinary activities | 4 | (389,049) | (407,975) | - | - |
| Profit from ordinary activities after related income tax expense | | 900,067 | 1,817,931 | - | - |
| Net profit (loss) attributable to outside equity interests | | - | (29,138) | - | - |
| Net profit attributable to members of the parent entity | | 900,067 | 1,788,793 | - | - |
| Increase in asset revaluation reserve | 22b | - | (610,462) | - | - |
| Net exchange difference on translation of financial report of self-sustaining foreign operations | 22d | (328,736) | (829,591) | - | - |
| Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity | | (328,736) | (1,440,053) | - | - |
| Total changes in equity other than those resulting from transactions with owners as owners | | 571,331 | 348,740 | - | - |
| Basic earnings per share (cents per share) | 6 | 7.25 | 21.88 | | |
| Diluted earnings per share (cents per share) | 6 | 8.43 | 16.98 | | |

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 2004

| | Note | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | | $ | $ | $ | $ |
| CURRENT ASSETS | | | | | |
| Cash assets | 7 | 235,687 | 276,720 | 31,631 | 275 |
| Receivables | 8 | 4,891,030 | 5,263,376 | 1,609,021 | 3,721,515 |
| Inventories | 9 | 4,759,700 | 4,117,220 | - | - |
| Other | 16 | 477,366 | 459,340 | - | - |
| TOTAL CURRENT ASSETS | | 10,363,783 | 10,116,656 | 1,640,652 | 3,721,790 |
| NON-CURRENT ASSETS | | | | | |
| Investments accounted for using the equity method | 10 | 1,227,529 | 1,728,934 | - | - |
| Other financial assets | 11 | 1,430 | 1,380 | 7,209,076 | 7,209,076 |
| Property, plant and equipment | 13 | 7,366,426 | 4,728,085 | - | - |
| Deferred tax assets | 14 | 2,346,952 | 2,968,663 | 2,005,695 | - |
| Intangible assets | 15 | 7,451 | 3,702 | - | - |
| Other | 16 | 51,439 | 54,570 | - | - |
| TOTAL NON-CURRENT ASSETS | | 11,001,227 | 9,485,334 | 9,214,771 | 7,209,076 |
| TOTAL ASSETS | | 21,365,010 | 19,601,990 | 10,855,423 | 10,930,866 |
| CURRENT LIABILITIES | | | | | |
| Payables | 17 | 4,126,493 | 4,817,694 | 1,048,852 | 978,091 |
| Interest-bearing liabilities | 18 | 2,606,020 | 518,416 | - | - |
| Provisions | 20 | 663,089 | 854,452 | - | 157,500 |
| TOTAL CURRENT LIABILITIES | | 7,395,602 | 6,190,562 | 1,048,852 | 1,135,591 |
| NON-CURRENT LIABILITIES | | | | | |
| Interest-bearing liabilities | 18 | 2,554,195 | 2,069,374 | - | - |
| Deferred tax liabilities | 19 | 225,640 | 458,299 | 225,640 | - |
| Provisions | 20 | 82,342 | 133,508 | - | - |
| TOTAL NON-CURRENT LIABILITIES | | 2,862,177 | 2,661,181 | 225,640 | - |
| TOTAL LIABILITIES | | 10,257,779 | 8,851,743 | 1,274,492 | 1,135,591 |
| NET ASSETS | | 11,107,231 | 10,750,247 | 9,580,931 | 9,795,275 |
| EQUITY | | | | | |
| Contributed equity | 21 | 8,525,550 | 8,175,550 | 8,525,550 | 8,175,550 |
| Reserves | 22 | 643,969 | 972,705 | 901,620 | 901,620 |
| Retained profits | 23 | 1,937,712 | 1,601,992 | 153,761 | 718,105 |
| Parent entity interest | | 11,107,231 | 10,750,247 | 9,580,931 | 9,795,275 |
| Outside equity interest | 23 | - | - | - | - |
| TOTAL EQUITY | | 11,107,231 | 10,750,247 | 9,580,931 | 9,795,275 |

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 2004

| | Note | Economic Entity 2004 $ | Economic Entity 2003 $ | Parent Entity 2004 $ | Parent Entity 2003 $ |
|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | | 25,872,416 | 32,189,184 | 1,966 | - |
| Payments to suppliers and employees | | (25,268,634) | (34,887,946) | - | (38,635) |
| Interest received | | 2,726 | 52,749 | - | - |
| Borrowing costs | | (307,832) | (925,735) | - | (213) |
| Net cash provided by (used in) operating activities | 25a | 298,676 | (3,571,748) | 1,966 | (38,848) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of property, plant and equipment | | 172,162 | 5,774,158 | - | - |
| Transfer of cash from wholly owned subsidiaries | | - | - | 214,738 | - |
| Purchase of property, plant and equipment | | (2,965,073) | (619,101) | - | - |
| Net cash provided by (used in) investing activities | | (2,792,911) | 5,155,057 | 214,738 | - |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from issue of shares | | 350,000 | - | 350,000 | - |
| Proceeds from borrowings | | 1,622,000 | 5,735,000 | - | 39,000 |
| Repayment of borrowings | | (19,040) | (6,585,000) | - | - |
| Dividends paid by parent entity | | (535,348) | - | (535,348) | - |
| Net cash provided by (used in) financing activities | | 1,417,612 | (850,000) | (185,348) | 39,000 |
| Net increase in cash held | | (1,076,623) | 733,309 | 31,356 | (72) |
| Cash at 1 July 2003 | | 276,720 | (442,544) | 275 | 347 |
| Effect of exchange rates on cash holdings in foreign currencies | | - | (14,045) | - | - |
| Cash at 30 June 2004 | 7 | (799,903) | 276,720 | 31,631 | 275 |

The accompanying notes form part of these financial statements.

## 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 consolidation group under the Tax Consolidation Regime. The tax consolidated group will enter into a tax sharing agreement whereby each company in the group contributes to the income tax payable in porportion to their contbibution to the net profit before tax of the 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**

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. **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.

h. **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

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

i. **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, annual leave and sick 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.

j. **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; and

k. **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).

l **Goods and Services Tax (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

m **Comparative Figures**

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

n. **Adoption of Australian Equivalents to International Financial Reporting Standards**

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The economic entity's management, along with its auditors, are assessing the significance of these changes and preparing for their implementation. An IFRS committee has been established to oversee and manage the economic entity's transition to IFRS. We will seek to keep stakeholders informed as to the impact of these new standards as they are finalised.

The directors are unable to quantify the effect of the key differences in the economic entity's accounting policies which will arise from the adoption of IFRS which are:

*Research and Development Expenditure*

Pending standard AASB 138: *Intangible Assets* further requires that costs associated with research be expensed in the period in which they are incurred. In terms of current policy, research costs are capitalised to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

*Impairment of Assets*

The economic entity currently determines the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the assets use and subsequent disposal. In terms of pending AASB 136: *Impairment of Assets*, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use. It is likely that this change in accounting policy will lead to impairments being recognised, more often than under the existing policy.

*Non-current Investments*

Under the pending AASB 139: *Financial Instruments: Recognition and Measurement*, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Current accounting policy is to measure non-current investments at cost, with an annual review by directors to ensure that the carrying amounts are not in excess of the recoverable value of the instrument.

*Income Tax*

Currently, Oldfields Holdings Limited adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under the Australian equivalent to IAS 12, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

*Share Based Payments*

Under AASB 2:*Share Based Payments* the company will be required to determine the fair value of options issued to directors and executives and recognise an expense in the statement of financial performance.

## Note 2 Revenue

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Note** | $ | $ | $ | $ |
| **Operating activities** | | | | | |
| — sale of goods | | 18,601,217 | 25,938,368 | - | - |
| — interest received | 2b | 2,702 | 54,650 | - | - |
| — government subsidies received | | 46,106 | - | - | - |
| — other revenue | | 57,104 | 450,319 | - | - |
| — rental revenue | | 5,515,807 | 4,663,837 | - | - |
| — commission received | | 14,612 | 84,173 | - | - |
| | | 24,237,548 | 31,191,347 | - | - |
| **Non-operating activities** | | | | | |
| — proceeds on disposal of property, plant and equipment | | 172,162 | 5,500,617 | - | - |
| | | 172,162 | 5,500,617 | - | - |
| Total Revenue | | 24,409,710 | 36,691,964 | - | - |
| b. **Interest revenue from:** | | | | | |
| — other persons | | 2,702 | 54,650 | - | - |
| Total interest revenue | | 2,702 | 54,650 | - | - |

## Note 3 Profit from Ordinary Activities

| | Economic Entity | Parent Entity |
|---|---|---|

| | Note | 2004 $ | 2003 $ | 2004 $ | 2003 $ |
|---|---|---|---|---|---|
| Profit from ordinary activities before income tax has been determined after: | | | | | |
| a. **Expenses:** | | | | | |
| Cost of sales | | 13,397,548 | 20,747,437 | - | - |
| Borrowing costs: | | | | | |
| — partly owned subsidiaries | | - | 90,432 | - | - |
| — other persons | | 341,071 | 610,735 | - | - |
| Total borrowing costs | | 341,071 | 701,167 | - | - |
| Depreciation of non-current assets: | | | | | |
| — buildings | | 2,736 | - | - | - |
| — plant and equipment | | 648,903 | 828,691 | - | - |
| — leased plant and equipment | | 137,035 | 189,608 | - | - |
| Total depreciation | | 788,674 | 1,018,299 | - | - |
| Amortisation of non-current assets: | | | | | |
| — research and development expenditure | | 6,880 | 6,854 | - | - |
| Total amortisation | | 6,880 | 6,854 | - | - |
| Bad and doubtful debts: | | | | | |
| — trade debtors | | 12,339 | 40,000 | - | - |
| Total bad and doubtful debts | | 12,339 | 40,000 | - | - |
| Contingent rentals on finance leases | | - | 95,592 | - | - |
| b. **Revenue and Net Gains** | | | | | |
| Net gain on disposal of non-current assets: | | | | | |
| — property, plant and equipment | | - | 1,833,493 | - | - |
| Foreign currency translation gains | | - | 68,155 | - | - |
| c. **Significant Revenues and Expenses** | | | | | |
| The following significant revenue and expense items are relevant in explaining the financial performance: | | | | | |
| Consideration on disposal of property plant and equipment | | 172,162 | 5,500,617 | | - |
| Carrying amount of net assets sold | | (117,012) | (3,667,124) | | - |
| Net gain on disposal of non-current assets | | 55,150 | 1,833,493 | - | - |

## Note 4 Income Tax Expense

| | Note | Economic Entity 2004 $ | 2003 $ | Parent Entity 2004 $ | 2003 $ |
|---|---|---|---|---|---|
| a. The prima facie tax on profit from ordinary activities before tax is reconciled to the income tax as follows: | | | | | |
| Prima facie tax payable on profit from ordinary activities before tax income tax at 30% (2003:30%) | | | | | |
| — Economic entity | | 386,735 | 667,772 | | |
| — Parent entity | | | | | |
| — other members of the income tax consolidated group net of intercompany transactions | | | | 386,735 | - |
| | | 386,735 | 667,772 | 386,735 | - |
| Add: | | | | | |
| Tax effect of: | | | | | |
| — non-deductible depreciation and amortisation | | 821 | - | 821 | - |
| — other non-allowable items | | 7,163 | (206,484) | 7,163 | - |
| — write downs to recoverable amounts | | - | (53,313) | - | - |
| Under provision for income tax in prior year | | - | - | - | - |
| | | 394,719 | 407,975 | 394,719 | - |
| Less: | | | | | |
| Tax effect of: | | | | | |
| — non tax-affected overseas income | | (60,289) | - | (60,289) | - |
| — share of net profits of associates and joint venture entities | | 54,619 | - | 54,619 | - |
| — tax losses transferred from controlled entities | | - | - | - | - |
| Income tax expense attributable to profit from ordinary activities before income tax | | 389,049 | 407,975 | 389,049 | - |

| | | | | | |
|---|---|---|---|---|---|
| Allocation of income tax expense to wholly-owned subsidiaries under the Tax Sharing Agreement | | - | - | (389,049) | |
| Income tax attributable to parent entity | | - | - | - | - |
| b. Income tax expense attributable to: | | | | | |
| Profit from ordinary activities before income tax | | 389,049 | 407,975 | - | - |
| Extraordinary items | 4 | | | | |
| | | 389,049 | 407,975 | - | - |

## Note 5 Dividends

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Note** | $ | $ | $ | $ |
| Interim unfranked ordinary dividend of 2 (2003: nil) cents per share | | 406,844 | - | 406,844 | - |
| Unfranked redeemable preference dividend of 9.0% (2003:9.0%) per share | | 157,500 | 315,000 | 157,500 | 315,000 |
| | 23 | 564,344 | 315,000 | 564,344 | 315,000 |

## Note 6 Earnings per Share

| | Economic Entity | |
|---|---|---|
| | 2004 | 2003 |
| | $ | $ |
| a. **Reconciliation of Earnings to Net Profit or Loss** | | |
| Net profit | 900,067 | 1,817,931 |
| Net profit/(loss) attributable to outside equity interest | - | (29,138) |
| Converting preference share dividends | (157,500) | (315,000) |
| Earnings used in the calculation of basic EPS | 742,567 | 1,473,793 |
| Dividends on converting preference shares | 157,500 | 315,000 |
| Earnings used in the calculation of dilutive EPS | 900,067 | 1,788,793 |
| b. **Weighted average number of ordinary shares outstanding during the year used in calculation of basic EPS** | 10,236,882 | 6,736,882 |
| Weighted average number of options outstanding | 442,466 | 298,630 |
| Weighted average number of converting preference shares on issue | - | 3,500,000 |
| Weighted average number of ordinary shares outstanding during the year used in calculation of dilutive EPS | 10,679,348 | 10,535,512 |

c. **Classification of securities**

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 7 Cash Assets

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Note** | $ | $ | $ | $ |
| Cash at bank | | 235,687 | 276,720 | 31,631 | 275 |
| | | 235,687 | 276,720 | 31,631 | 275 |

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 | | 235,687 | 276,720 | 31,631 | 275 |
| Bank overdrafts | 18 | (1,035,590) | - | - | - |
| | | (799,903) | 276,720 | 31,631 | 275 |

## Note 8 Receivables

| Economic Entity | Parent Entity |
|---|---|

| | 2004 | 2003 | 2004 | 2003 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Trade debtors | 4,571,139 | 3,958,098 | - | - |
| Provision for doubtful debts | (210,157) | (201,781) | - | - |
| | 4,360,982 | 3,756,317 | - | - |
| Short term deposits | - | - | - | - |
| Other debtors | 239,597 | 1,169,479 | - | - |
| Amounts receivable from: | | | | |
| — wholly-owned subsidiaries | - | - | 1,609,021 | 3,721,515 |
| — associated companies | 290,451 | 337,580 | | |
| | 4,891,030 | 5,263,376 | 1,609,021 | 3,721,515 |

## Note 9 Inventories

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Raw materials and stores at cost | 969,897 | 614,134 | - | - |
| Work in progress at cost | 748,215 | 738,723 | - | - |
| Finished goods at cost | 3,041,588 | 2,764,363 | - | - |
| | 4,759,700 | 4,117,220 | - | - |

## Note 10 Investments Accounted for Using the Equity Metho

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| Associated companies and joint venture entities | 1,227,529 | 1,728,934 | - | - |

a. **Associated Companies**

Interests are held in the following associated companies

| | Percentage Owned (%) | |
|---|---|---|
| | 2004 | 2003 |
| PT Ace Oldfields | 49 | 49 |
| Concrete Oumpings Systems Australia Pty Ltd | 25 | 25 |
| Backyard Installations Pty Ltd | 45 | 45 |
| Brisbane Garden Sheds Pty Ltd | 50 | - |
| Adelaide Garden Sheds Pty Ltd | 50 | - |

## Note 11 Other Financial Assets

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Note** | $ | $ | $ | $ |
| NON-CURRENT | | | | | |
| Listed investments, at cost | | | | | |
| — shares in other corporations | | 1,430 | 1,380 | - | - |
| | | 1,430 | 1,380 | - | - |
| Unlisted investments, at cost | | | | | |
| — shares in controlled entities | 12 | - | - | 7,209,076 | 7,209,076 |
| | | - | - | 7,209,076 | 7,209,076 |
| | | 1,430 | 1,380 | 7,209,076 | 7,209,076 |

## Note 12 Controlled Entities

a. **Controlled Entities**

| | Country of Incorporation | Percentage Owned (%) | |
|---|---|---|---|
| | | 2004 | 2003 |
| Parent Entity | | | |

| | | | |
|---|---|---|---|
| Oldfields Holdings Limited | | | |
| **Subsidiaries of Oldfields Holdings Limited** | | | |
| Oldfields Access Pty Limited | Australia | 100 | 100 |
| Oldfields International Pty Limited | Australia | 100 | 100 |
| Oldfields Administration Pty Limited | Australia | 100 | 100 |
| Shed Holdings Pty Limited | Australia | 100 | 100 |
| Midco Pty Limited | Australia | 100 | 100 |
| Advantage Scaffolding Pty Limited | Australia | 100 | 100 |
| Advantage Contracting Pty Limited | Australia | 100 | 100 |
| Oldfields Paint Applications (NZ) Limited | NZ | 100 | 100 |
| Oldfields NZ Limited | NZ | 100 | 100 |
| Oldfields USA Inc. | USA | 100 | 100 |

## Note 13 Property Plant and Equipment

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| LAND AND BUILDINGS | | | | |
| Freehold land at: | | | | |
| — at cost | 200,000 | - | - | - |
| Total Land | 200,000 | - | - | - |
| Buildings at: | | | | |
| — at cost | 154,054 | 29,324 | - | - |
| Less accumulated depreciation | (2,736) | - | - | - |
| Total Buildings | 151,318 | 29,324 | - | - |
| Total Land and Buildings | 351,318 | 29,324 | - | - |
| PLANT AND EQUIPMENT | | | | |
| Plant and equipment | | | | |
| At cost | 8,300,803 | 6,741,826 | - | - |
| Accumulated depreciation | (2,642,483) | (2,488,376) | - | - |
| | 5,658,320 | 4,253,450 | - | - |
| Leasehold improvements | | | | |
| At cost | 10,714 | - | - | - |
| Accumulated amortisation | - | - | - | - |
| Total leasehold improvements | 10,714 | - | - | - |
| Leased plant and equipment | | | | |
| Capitalised leased assets | 1,674,409 | 514,162 | - | - |
| Accumulated depreciation | (328,335) | (68,851) | - | - |
| | 1,346,074 | 445,311 | - | - |
| Total Plant and Equipment | 7,015,108 | 4,698,761 | - | - |
| Total Property, Plant and Equipment | 7,366,426 | 4,728,085 | - | - |

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 | Buildings | Leasehold Improvement | Plant and Equipment | Leased Plant and Equipment | Total |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ |
| Economic Entity: | | | | | | |
| Balance at the beginning of year | - | 29,324 | - | 4,253,450 | 445,311 | 4,728,085 |
| Additions | 200,000 | 124,730 | 10,804 | 2,664,670 | 847,800 | 3,848,004 |
| Disposals | - | - | - | (306,675) | (105,006) | (411,681) |
| Transfers | - | - | - | (376,445) | 376,445 | - |
| Foreign exchange movement | - | - | - | (2,428) | - | (2,428) |
| Depreciation expense | - | (2,736) | (90) | (574,252) | (218,476) | (795,554) |
| Carrying amount at the end of year | 200,000 | 151,318 | 10,714 | 5,658,320 | 1,346,074 | 7,366,426 |

## Note 14 Deferred Tax Assets

| Economic Entity | | Parent Entity | |
|---|---|---|---|
| 2004 | 2003 | 2004 | 2003 |

| | $ | $ | $ | $ |
|---|---|---|---|---|
| Future income tax benefit | 2,346,952 | 2,968,663 | 2,005,695 | - |

## Note 15 Intangible Assets

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| Goodwill at cost | 2 | 2 | - | - |
| Accumulated amortisation | - | - | - | - |
| | 2 | 2 | - | - |
| Patents, trademarks and licences at cost | 7,449 | 3,700 | - | - |
| Accumulated amortisation | - | - | - | - |
| | 7,449 | 3,700 | - | - |
| | 7,451 | 3,702 | - | - |

## Note 16 Other Assets

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Prepayments | 477,366 | 459,340 | - | - |
| NON-CURRENT | | | | |
| Research and development — at cost | 72,002 | 68,279 | - | - |
| Accumulated amortisation | 20,563 | 13,709 | - | - |
| | 51,439 | 54,570 | - | - |

## Note 17 Payables

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| CURRENT | | | | |
| Unsecured liabilities | | | | |
| Trade creditors | 2,073,998 | 1,720,429 | - | - |
| Sundry creditors and accrued expenses | 1,638,592 | 2,777,274 | 60,642 | 29,096 |
| Amounts payable to: | | | | |
| — wholly-owned subsidiaries | - | - | 988,210 | 948,995 |
| — other related parties specified | 413,903 | 319,991 | - | - |
| | 4,126,493 | 4,817,694 | 1,048,852 | 978,091 |

## Note 18 Interest Bearing Liabilities

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | Notes | $ | $ | $ | $ |
| CURRENT | | | | | |
| Unsecured liabilities | | | | | |
| Directors loans | | 370,000 | - | - | - |
| Redeemable preference shares | 21b | - | - | - | - |
| | | 370,000 | - | - | - |
| Secured liabilities | | | | | |
| Bank overdrafts | 18a, c | 1,035,590 | - | - | - |
| Bank loans | 18a, d | 308,560 | 100,000 | - | - |
| Lease liability | 18a, d | 183,674 | 151,947 | - | - |
| Hire purchase liability | 18a, e | 708,196 | 266,469 | - | - |
| | | 2,236,020 | 518,416 | - | - |
| | | 2,606,020 | 518,416 | - | - |
| NON-CURRENT | | | | | |
| Unsecured liabilities | | | | | |
| Bills of exchange and promissory notes | 18f | - | - | - | - |
| Converting preference shares | 21c | - | - | - | - |

| | | | | | |
|---|---|---|---|---|---|
| | | - | - | - | - |
| Secured liabilities | | | | | |
| Bank loans | 18a, d | 1,438,155 | 1,400,000 | - | - |
| Lease liability | 18a, d | 260,205 | 337,950 | - | - |
| Hire purchase liability | 18a, e | 855,835 | 331,424 | - | - |
| | | 2,554,195 | 2,069,374 | - | - |
| | | 2,554,195 | 2,069,374 | - | - |
| a. Total current and non-current secured liabilities: | | | | | |
| Bank overdraft | | 1,035,590 | - | - | - |
| Bank loan | | 1,746,715 | 1,500,000 | - | - |
| Lease Liability | | 443,879 | 489,897 | - | - |
| Hire purchase liability | | 1,564,031 | 597,893 | - | - |
| | | 4,790,215 | 2,587,790 | - | - |
| b. The carrying amounts of non-current assets pledged as security are: | | | | | |
| First mortgage | | | | | |
| Freehold land and buildings | | 351,318 | - | - | - |
| Floating charge over assets, including listed investments at market value | | 21,013,692 | 19,601,990 | | |
| Total assets pledged as security | | 21,365,010 | 19,601,990 | - | - |

c. The bank overdrafts of the parent entity and subsidiaries are secured by floating charges over the assets of the parent entity and its subsidiaries.

d. The bank and mortgage loans are secured by registered first mortgages over certain freehold property of the parent entity and the subsidiaries

e. Lease liabilities are secured by a charge over the leased assets. Hire purchase liabilities are secured by a charge over the hire purchase assets.

## Note 19 Tax Liabilities

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| NON-CURRENT | | | | |
| Provision for deferred income tax | 225,640 | 458,299 | 225,640 | - |
| Future income tax benefits attributable to tax losses | - | - | - | - |
| Provision for deferred income tax | 225,640 | 458,299 | 225,640 | - |

## Note 20 Provisions

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Notes** | $ | $ | $ | $ |
| CURRENT | | | | | |
| Employee entitlements | 20a | 663,089 | 696,952 | - | - |
| Dividends on Preference Shares | | - | 157,500 | - | 157,500 |
| | | 663,089 | 854,452 | - | 157,500 |
| NON-CURRENT | | | | | |
| Employee entitlements | 20a | 82,342 | 133,508 | - | - |
| | | 82,342 | 133,508 | - | - |
| a. **Aggregate employee entitlements liability** | | 745,431 | 830,460 | - | - |
| | | No. | No. | No. | No. |
| b. **Number of employees at year-end** | | 124 | 119 | - | - |

## Note 21 Contributed Equity

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |

| | Note | $ | $ | $ | $ |
|---|---|---|---|---|---|
| 10,236,882 (2003:6,736,882) fully paid ordinary shares | 21a | 8,525,550 | 4,675,550 | 8,525,550 | 4,675,550 |
| nil (2003:3,500,000) fully paid converting preference shares | 25b | - | 3,500,000 | - | 3,500,000 |
| | | 8,525,550 | 8,175,550 | 8,525,550 | 8,175,550 |
| a. **Ordinary shares** | | | | | |
| At the beginning of the reporting period | | 4,675,550 | 4,675,550 | 4,675,550 | 4,675,550 |
| Shares issued during the year | | | | | |
| 3,500,000 on 1st February 2004 | 25b | 3,500,000 | - | 3,500,000 | - |
| Conversion Payment received | 25b | 350,000 | - | 350,000 | - |
| | | 3,850,000 | - | 3,850,000 | - |
| At reporting date | | 8,525,550 | 4,675,550 | 8,525,550 | 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 |
| Shares issued during year | | | | | |
| — 1st February 2004 | 25b | 3,500,000 | - | 3,500,000 | - |
| At reporting date | | 10,236,882 | 6,736,882 | 10,236,882 | 6,736,882 |
| b. **Converting Preference Shares** | | | | | |
| At beginning of the reporting period | | 3,500,000 | 3,500,000 | 3,500,000 | 3,500,000 |
| Preference shares converting on 1st February 2004 | | (3,500,000) | | (3,500,000) | - |
| At reporting date | | - | 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 |
| Preference shares converting on 1st February 2004 | | (3,500,000) | - | (3,500,000) | - |
| At reporting date | | - | 3,500,000 | - | 3,500,000 |

The converting preference shares pay a dividend of 9% p.a. and were converted to ordinary shares in accordance with the converting preference share agreement on 1st February 2004 on payment of $0.10 per share.

c. At 30 June 2004 there were 499,500 unissued ordinary shares for which options were outstanding.

## Note 22 Reserves

| | Note | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | | $ | $ | $ | $ |
| Capital profits | 22a | 1,228,445 | 1,228,445 | - | - |
| Asset revaluation | 22b | - | - | - | - |
| Asset realisation | 22c | 740,885 | 740,885 | 901,620 | 901,620 |
| Foreign currency translation | 22d | (1,325,361) | (996,625) | - | - |
| General | 22e | - | - | - | - |
| | | 643,969 | 972,705 | 901,620 | 901,620 |
| a. **Capital Profits Reserve** | | | | | |
| **Movements during the year** | | | | | |
| Opening balance | | 1,228,445 | 1,228,445 | - | - |
| profits | | - | - | - | - |
| Closing balance | | 1,228,445 | 1,228,445 | - | - |

The capital profits reserve records non-taxable profits on sale of investments

| | | | | | |
|---|---|---|---|---|---|
| b. **Asset Revaluation Reserve** | | | | | |
| **Movements during the year** | | | | | |
| Opening balance | | - | 610,462 | - | 901,620 |
| Revaluation increment on freehold land and buildings | | - | (610,462) | - | - |
| Transfer prior year revaluation increment to asset realisation reserve being increment realised on sale of freehold property | | - | - | - | (901,620) |
| Closing balance | | - | - | - | - |

The asset revaluation reserve records revaluations of non-current assets

c. **Asset Realisation Reserve**

| | | | | |
|---|---|---|---|---|
| **Movements during the year** | | | | |
| Opening balance | 740,885 | 190,885 | 901,620 | - |
| Realised increment on freehold property sold during the year transferred from asset revaluation reserve | - | 550,000 | - | 901,620 |
| Capital profit on sale of freehold property transferred from retained profits | - | - | - | - |
| Closing balance | 740,885 | 740,885 | 901,620 | 901,620 |

The asset realisation reserve records realised gains on sale of non-current assets

d. **Foreign Currency Translation Reserve**

| | | | | |
|---|---|---|---|---|
| **Movements during the year** | | | | |
| Opening balance | (996,625) | (167,034) | - | - |
| Adjustment arising from the translation of foreign controlled entities' financial statements | (328,736) | (829,591) | - | - |
| Closing balance | (1,325,361) | (996,625) | - | - |

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

e. **General Reserve**

| | | | | |
|---|---|---|---|---|
| **Movements during the year** | | | | |
| Opening balance | - | - | - | - |
| Transfers from retained profits | - | - | - | - |
| Transfers to retained profits | - | - | - | - |
| Closing balance | - | - | - | - |

The general reserve records funds set aside for future expansion of the economic entity

## Note 23 Retained Profits

| | | Economic Entity | | Parent Entity | |
|---|---|---|---|---|---|
| | | 2004 | 2003 | 2004 | 2003 |
| | **Note** | $000 | $000 | $000 | $000 |
| Retained profits at the beginning of the financial year | | 1,601,990 | 1,582 | 718,105 | 1,033,105 |
| Net profit attributable to the members of the parent entity | | 900,066 | 1,788,793 | - | - |
| Dividends provided for or paid | | (564,344) | (315,000) | (564,344) | (315,000) |
| Adjustment to retained earnings on adoption of equity accounting | | - | 126,617 | - | - |
| Retained profits at the end of the financial year | | 1,937,712 | 1,601,992 | 153,761 | 718,105 |

## Note 24 Segment Reporting

**Primary Reporting - Business Segments**

| | Manufac turing | Wholseale | Hire | Other | Eliminations | Economic Entity |
|---|---|---|---|---|---|---|
| | 2004 | 2004 | 2004 | 2004 | 2004 | 2004 |
| | $ | $ | $ | $ | $ | $ |
| **REVENUE** | | | | | | - |
| External Sales | - | 15,730,786 | 8,342,847 | - | - | 24,073,633 |
| Other segments | - | 220,997 | 115,080 | - | - | 336,077 |
| Total sales revenue | - | 15,951,783 | 8,457,927 | - | - | 24,409,710 |
| Share of net profits of equity accounted associates and joint venture entities | | | | | | |
| Total segment revenue | - | 15,951,783 | 8,457,927 | - | - | 24,409,710 |
| Unallocated revenue | | | | | | |
| Total Revenue from ordinary activities | | | | | | 24,409,710 |
| **RESULT** | | | | | | |
| Segment result | - | 150,852 | 1,147,436 | - | - | 1,298,288 |
| Share of net profits of equity accounted associates and joint venture entities | | | | | | |
| | | | | | | (9,172) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Profit from ordinary activities before income tax expense | | | | | | 1,289,116 |
| Income Tax Expense | | | | | | |
| Profit from ordinary activities after income tax expense | | | | | | 1,289,116 |
| Extraordinary items after income tax expense | | | | | | |
| Net profit | | | | | | 1,289,116 |
| **ASSETS** | | | | | | |
| Segment assets | 1,271,178 | 12,202,970 | 7,890,862 | - | - | 21,365,010 |
| Unallocated assets | | | | | | |
| Total assets | | | | | | 21,365,010 |
| **LIABILITIES** | | | | | | |
| Segment liabilities | - | 3,412,457 | 6,845,322 | - | - | 10,257,779 |
| Unallocated liabilities | | | | | | |
| Total liabilities | | | | | | 10,257,779 |
| **OTHER** | | | | | | |
| Investments accounted for using the equity method | 1,271,178 | (43,649) | - | - | - | 1,227,529 |
| Acquisitions of non-current segment assets | - | 542,835 | 3,117,864 | | | 3,660,699 |
| Depreciation and amortisation of segment assets | - | 338,580 | 456,974 | | | 795,554 |
| Other non-cash segment expenses | - | 138,633 | 85,824 | - | - | 224,457 |

| | Manufacturing 2003 $ | Wholesale 2003 $ | Hire 2003 $ | Other 2003 $ | Eliminations 2003 $ | Economic Entity 2003 $ |
|---|---|---|---|---|---|---|
| **Primary Reporting - Business Segments** | | | | | | |
| **REVENUE** | | | | | | |
| 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 |
| **RESULT** | | | | | | |
| 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 |
| **ASSETS** | | | | | | |
| Segment assets | 1,689,970 | 12,305,707 | 5,606,313 | - | - | 19,601,990 |
| Total assets | | | | | | 19,601,990 |
| **LIABILITIES** | | | | | | |
| Segment liabilities | - | 3,617,983 | 5,233,760 | - | - | 8,851,743 |
| Total liabilities | | | | | | 8,851,743 |

**OTHER**

| | | | | | | |
|---|---|---|---|---|---|---|
| Investments accounted for using the equity method | 1,689,966 | 38,968 | - | - | | 1,728,934 |
| 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 | | | 7,529 |

**Secondary reporting — Geographical segments**

| | Segment Revenues from External Customers | | Carrying Amount of Segment Assets | | Acquisitions of Non-current Segment Assets | |
|---|---|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ | $ | $ |
| Geographical location: | | | | | | |
| Australia | 24,367,211 | 30,070,747 | 17,996,703 | 16,029,951 | 3,660,699 | 395,622 |
| New Zealand | 42,499 | 30,751 | 2,212,042 | 1,872,873 | - | - |
| South East Asia | - | 3,590,466 | 1,388,922 | 1,699,162 | - | 223,479 |
| | 24,409,710 | 33,691,964 | 21,597,667 | 19,601,986 | 3,660,699 | 619,101 |

## Note 25 Cash Flow Information

| | Economic Entity | | Parent Entity | |
|---|---|---|---|---|
| | 2004 | 2003 | 2004 | 2003 |
| | $ | $ | $ | $ |
| **a. Reconciliation of Cash Flow from Operations with Profit from ordinary activities after Income Tax** | | | | |
| Profit from ordinary activities after income tax | 900,067 | 1,817,931 | - | - |
| Cash flows excluded from profit from ordinary activities attributable to operating activities | | | | |
| Non-cash flows in profit from ordinary activities | | | | |
| Amortisation | 6,880 | 6,854 | - | - |
| Depreciation | 788,674 | 1,018,299 | - | - |
| Net gain on disposal of property, plant and equipment | (55,150) | (1,833,493) | - | - |
| Net loss on disposal of controlled entity | - | 90,480 | | |
| Share of associated companies net profit/(loss) after income tax and dividends | 228,499 | | | |
| Share of joint venture entity net profit after income tax and dividends | (219,327) | (170,752) | | |
| Changes in assets and liabilities | | | | |
| (Increase)/decrease in trade and term debtors | (557,536) | (793,770) | 2,112,494 | 691,209 |
| (Increase)/decrease in prepayments | (18,026) | (53,852) | | (224) |
| (Increase)/decrease in inventories | (642,480) | 4,428,792 | | - |
| (Increase)/decrease in trade creditors and accruals | 1,858,157 | (12,134,622) | (172,973) | (572,333) |
| Increase/(decrease) in non-current assets | (1,515,893) | 3,836,207 | (2,005,695) | - |
| Increase/(decrease) in deferred taxes payable | (232,659) | 458,297 | 225,640 | - |
| Increase/(decrease) in provisions | (242,529) | (214,247) | (157,500) | (157,500) |
| Cash flows from operations | 298,676 | (3,571,748) | 1,966 | (38,848) |
| **b. Credit Standby Arrangements with Banks** | | | | |
| Credit facility | 3,000,000 | 3,000,000 | | - |
| Amount utilised | (2,564,150) | (1,500,000) | | - |
| Unused credit facility | 435,850 | 1,500,000 | - | - |

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.